ICEA LION
LIFE ASSURANCE

2023 INTEGRATED REPORT

ENDLESS POSSIBILITIES

60 years of Protecting & Creating wealth

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

THE NAIROBI DECLARATION ON SUSTAINABLE INSURANCE

UN GLOBAL COMPACT United Nations Global Compact

GCR RATINGS AAA

CONTENTS

01 WHO WE ARE

02 - WHERE & HOW WE OPERATE

03 - GOVERNANCE STATEMENTS

04 - OUR RISK LANDSCAPE

06 - 2023 AUDITED FINANCIAL STATEMENTS AND RELATED NOTES

05 - OUR VALUE CREATION

FINANCIAL STATEMENTS

07 - APPENDICES

FOREWORD

THE THEME TO OUR REPORT

The theme of our 2023 integrated report is titled **"ENDLESS POSSIBILITIES".** In this report we share the story of our business which is marked by significant progress and achievements across the key markets where we operate. Moreover, 2023 marked the second year of executing our 2022-2024 strategy towards attaining the goals that we set for ourselves.

ICEA LION LIFE ASSURANCE AT 60

This year holds special significance for ICEA LION Life Assurance as we celebrate a remarkable milestone of 60 years of existence. We take pride in our enduring commitment to safeguarding and nurturing the financial future of our clients. For six decades, ICEA LION Life has been a steadfast exemplar of trust, stability and reliability, dedicated to *protecting and creating wealth* for individuals and families across generations. Our journey, marked by resilience, integrity and good corporate governance has empowered countless lives, steering them towards prosperity and financial security. More details on our highly successful journey through the years are as set out in **Our History** section on page 14.

REALIGNMENT OF OUR BUSINESS

In early 2023, we successfully concluded the reorganization of ICEA LION Group subsidiaries within the Group's corporate structure marking a significant milestone for our future endeavors. This restructuring involved the sale and integration of the Asset Management and General Insurance businesses in Uganda into their Kenyan counterparts. As a result, our corporate structure is now optimized to centralize the management of all Life Companies under a single business vertical. This realignment is aimed at enhancing business efficiency and facilitating a more focused approach in leveraging synergies across the Group.

OUR BUSINESS PERFORMANCE AND FINANCIAL POSITION

The year 2023 was a remarkable one for our business and the greater ICEA LION Group. The Life companies in Kenya and Uganda cemented their industry leadership positions with market shares of 16% and 20% respectively.

In Kenya, our main market, the Company Gross Written Premium and Contributions grew by 33% (Kshs 6.8 billion) to Kshs 27.4 billion. Consolidated Profit Before Tax for the year was Kshs 4.2 billion up from Kshs 3.2 billion in 2022. The Kenyan Company's industry leading balance sheet closed the year at Kshs 153 billion from Kshs 134 billion in 2022 representing a growth of 15% (Kshs 19 billion). Additionally, the Company's financial strength is reflected in the **AAA** rating affirmed for the second year running by Global Credit Rating (GCR), an affiliate of Moody's Ratings. Our Integrated Report also captures various key metrics of our business both financial and non-financial in the section **A snapshot of ICEA LION Life** as well as how we create value across the 6 capitals in the **Our Value Creation** section.

OUR PEOPLE

People with integrity and talent remains our greatest asset and differentiator as a Group. This is encapsulated in one of our core values i.e *Our People are Important to Us*. In 2023, various key initiatives involving our staff were carried out among them being the Engagement Survey, the Culture Campaign and the Graduates Management Trainees Program as set out below.

- **Engagement Survey**
  During the year, we conducted an Employee Engagement Survey dubbed **Your Voice Matters.** Based on this survey, the majority of our employees feel connected and are committed to ICEA LION Life. Moreover, the majority of our staff members are aware, can demonstrate the required behaviors and are happy to recommend ICEA LION Life to others.

- **The Culture Campaign**
  In July 2023, the Group launched a cultural transformation campaign dubbed **It Starts with Us**. This initiative involved delineating red and green behaviors - representing actions to avoid and ones to consistently embrace. To ensure the widespread understanding and adoption of these behaviors, the Group organized and executed culture change team-building sessions for all employees during the year.

- **The Graduate Management Trainees Program**
  This Program was rolled out in in 2023 with a commitment to not only offer employment opportunities for new graduates but also to ensure that we keep building a strong talent pool for our business.

OUR BRAND

In early 2024, the ICEA LION Group unveiled a lively Brand Thematic Campaign titled **What's Your Plan?**. The **What's Your Plan?** campaign introduces a fresh perspective with its inclusive, optimistic tone and bold, vivid colours, resonating with the diverse aspirations of its target audience. Departing from the conventional conservatism of the insurance and investments sector, ICEA LION positions itself as a contemporary lifestyle brand, empowering individuals to realize their dreams and aspirations. The core theme revolves around the significance of planning for the future, framing insurance and investments as integral components of everyday life.

OUR ROLE IN SUSTAINABILITY

In the dynamic landscape of Environmental, Social and Governance (ESG) considerations, ICEA LION Group is steadfast in its commitment to sustainability, innovation and thought leadership. The year 2023 marked significant milestones underscoring our unwavering commitment to ESG principles across various facets of our operations.

One of the foundational pillars of our commitment was the strategic appointment of a Group ESG Specialist and ESG Champions drawn from our different business units. This dynamic team is instrumental in integrating and operationalizing ESG principles within our business framework. Recognizing the importance of knowledge dissemination, ESG training sessions were conducted for the Board, Group Executives and ESG Champions, ensuring a comprehensive understanding and alignment with our sustainability objectives.

Our Group CEO, Mr. Philip Lopokoiyit, emerged as a trailblazer in the realm of sustainable insurance. His appointment as the first Chairperson of the Nairobi Declaration on Sustainable Insurance (NDSI) and subsequent elevation to the Vice Chairperson of the UNEP, FI Principles for Sustainable Insurance (PSI) Board attests to our leadership in shaping ESG discourse regionally and globally.

One of the significant milestone was our involvement in the re-launch of the Africa Financial Alliance on Climate Change (AFAC), an initiative led by African Development Bank (AfDB) during the Inaugural Africa Climate Summit (ACS) in Nairobi. NDSI serving as the Insurance Partner for AFAC, our CEO's participation in his capacity as the NDSI chair displayed our dedication to driving transformative change within the financial services sector.

Another impactful contributions extended to COP28, where our CEO addressed audiences in the NDSI event titled 'Thirty Months On: Assessing Progress and Prospects of the Nairobi Declaration for Sustainable Insurance.' This insightful session, held in December 2023, delved into the achievements and future prospects of the NDSI.

Our comprehensive engagement in ESG initiatives, our leadership appointments and our active participation in global forums reaffirm ICEA LION Group's commitment to sustainability, environmental responsibility and societal well-being. We look forward to the continued integration of ESG principles into our business operations and the positive impact this will have on our stakeholders and the broader community in which we operate.

IN CONCLUSION

We trust that the readers of this report including all our stakeholders will find the report useful in helping them understand our business, strategy, purpose for existence as well as our aspirations. We are confident that "endless possibilities" lie ahead of the ICEA LION Group as we continue making a mark and positively impacting the lives of all our stakeholders as well as our environment.

OUR SUSTAINABILITY, INTEGRATED THINKING & REPORTING JOURNEY

2017

- Joined **UNEP-FI's Principles for Sustainable Insurance (PSI)**.
- Committed to four **PSI Principles.**
- Released our 1st Sustainability Report.

2018

- We adopted sustainable practices in energy, paper and water use. **(MULIKA GARAMA INITIATIVE).**
- Released our 2nd Sustainability Report.

2019

- Adopted **Integrated Thinking** and the concept of value creation within the **6 Capitals**.
- Developed our **1st Integrated Report.**
- Integration of the Environmental and Social Management System

2020

- Realigned strategies and product development initiatives to the **SDGs.**
- Released our 2nd Integrated Report with additional disclosures

2021

- Co-curated 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 **solarbased 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 conjuction with UN High Level Champions, FSD Africa, African Risk Capacity & Namib-Re

2023

- Joined **UN Global Compact**

ABOUT OUR REPORT

OUR REPORTING SCOPE AND BOUNDARY

Our integrated report is the primary report of ICEA LION Life Assurance Company Limited and its subsidiary (together, the Group) to our stakeholders. This report is a concise, material and honest assessment, reviewed and authorized by our Board of Directors of how we create value in the short, medium and long-term.

The integrated report includes both the Company, ICEA LION Life Assurance Company Limited and its subsidiary, ICEA LION Life Assurance Company (Uganda) Limited together referred to as the 'Group' and Unless otherwise stated, this report covers the financial period, 1 January 2023 to 31 December 2023.

This report aims to inform our stakeholders of both our Financial and Non-Financial performance during the year. This report describes how we create value for our stakeholders as well as enumerates our strategies towards the creation of this value. 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 this report is a description of the history of the Group, details of our staff complement numbers as well as our regional footprint in Kenya and Uganda.

The report describes our operating context in Kenya and Uganda and sets our strategy focus areas and outcome. Additionally, the report includes statements from the Chairman, Chief Executive Officer, and the Chief Financial Officer and describes our Corporate Governance Practices and Risk Management approach.

OUR REPORTING FRAMEWORKS

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 to 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).

FORWARD-LOOKING STATEMENTS

Included in this report are various forward looking statements describing how we see the future and the impact that will have on our strategy. These forward looking statements involve risk and uncertainty as they relate to future events which are difficult to predict. Given this context the outcomes of the forward looking statements may well turn out to be very different from what is currently described.

ASSURANCE

Our Board Committees provide internal assurance to the Board on an annual basis on the execution of our strategic priorities. The Group's internal controls and risk management is overseen by the Board Audit and Risk management Committee. Our annual financial statements have been audited by our external auditors KPMG Kenya.

DIRECTOR'S STATEMENT OF RESPONSIBILITY

The Board acknowledges its overall responsibility for good corporate governance across the Group and ensures that the Group's governance policies and mechanisms are appropriate to its structure, business and risks. The Board ensures adherence to the standards and practices of good corporate governance.

The Board has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards, and is supported by qualified legal and compliance professionals.

The Board has applied its collective mind to the contents of this report and believes that it fairly presents the Groups material matters and that it offers a balanced view of our strategy, business model, financial and non-financial activities and value creation. The Board of Directors supported by the Board Audit and Risk Committee acknowledges its responsibility for this integrated report.

On the recommendation of the Board Audit and Risk management committee, the Board approved the integrated report on 15th March 2024.

J Wangai	**K Thuo**	**G G Nyakundi**
Chairman	Director	Chief Executive Officer and Principal Officer

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.	-About Us -ICEA LION Group Staff Complement -Our History -Who We Are -Our Regional Footprint	-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.	-Board Chairman Statement -Board Committees' Chairmen Statements	-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.	-Operating Context -Chief Executive Officer Statement -Chief Financial Officer Statement	-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.	-Our Business Model -Our Strategy -Our Leadership Structure	-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.	-How We Create Value -The 6 Capitals -Materiality Assessment	-King IV -GRI -IIRC
6.	**This section presents a detailed view of the Group's corporate governance practices**	-Corporate Governance Statements -Statements from the Chairmen of the various Board Committees - The Risk Landscape	-Corporate Governance Statements -Statements from the Chairmen of the various Board Committees - The Risk Landscape	-CGC -King IV -GRI -IIRC -IRA Corporate Governance Guidelines
7.	**This section sets out the Group's Audited Financial Statements**	This section sets out the Group's Audited Financial Statements.	-Financial Statements	-IFRSs -The Companies Act -The Income Tax Act -IRA guidelines

01 - WHO WE ARE

WHAT'S YOUR PLAN?

A SNAPSHOT OF ICEA LION LIFE

Human Capital

Aspect		2023	2022	Increase or Decrease
ICEA LION Life Employees Kenya +Uganda		222	210	▲
Women in our Workforce		51%	54%	▼
Women in Senior Management		39%	33%	▲
Proportion of staff who are engaged (based on Employee Engagement Survey)	Kenya	84%	N/A	
	Uganda	94%		
	Average	89%		
Staff Fatalities		NIL	NIL	▼
Employees with disabilities		NIL	NIL	◀▶

Intellectual Capital

Aspect	2023	2022	Increase or Decrease
No of Customer Portals	6	6	◀▶
No of products distributed digitally	1	1	◀▶

No of customers on our social media platforms (Group)

	2023	2022	
Facebook	69,745	67,432	▲
Twitter	12,225	10,600	▲
LinkedIn	30,836	24,500	▲
Instagram	8,447	7,400	▲
YouTube	1,840	1,620	▲

Social & Relationship Capital

Aspect	2023	2022	Increase or Decrease
No of Customers	332,390	295,941	▲
No of Agents	172	199	▲
No of Brokers	9	5	▼

Natural Capital

Aspect	2023	2022	Increase or Decrease
Water Consumption	11,028	8,463	▲
Waste Recycled (Weight)	5,972 Kg	-	

Manufactured Capital

Aspect	2023	2022	Increase or Decrease
Investment Properties-Commercial	1	1	◀▶
Investment Properties-Residential	3	3	◀▶
No of Branches Kenya	20	20	◀▶
Inclusive of UG	30	30	◀▶

Financial Capital

Aspect	2023 Kshs'000	2022 Kshs'000	Increase or Decrease
Insurance Revenue (Group)	9,323,991	8,248,736	▲
Sum Insured (Group)	564,720,117	355,748,323	▲
Taxes Paid	1,030,564	493,340	▲
Levies Paid	96,709	68,846	▲
Profit Before Tax	4,234,104	3,241,097	▲

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.

ICEA LION GROUP STAFF COMPLEMENT ACROSS EAST AFRICA

NOTE

- Kenya
- Uganda
- Tanzania

WHAT DRIVES US

MISSION
To Protect and Create Wealth

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

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

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 HISTORY

1964 - 1966

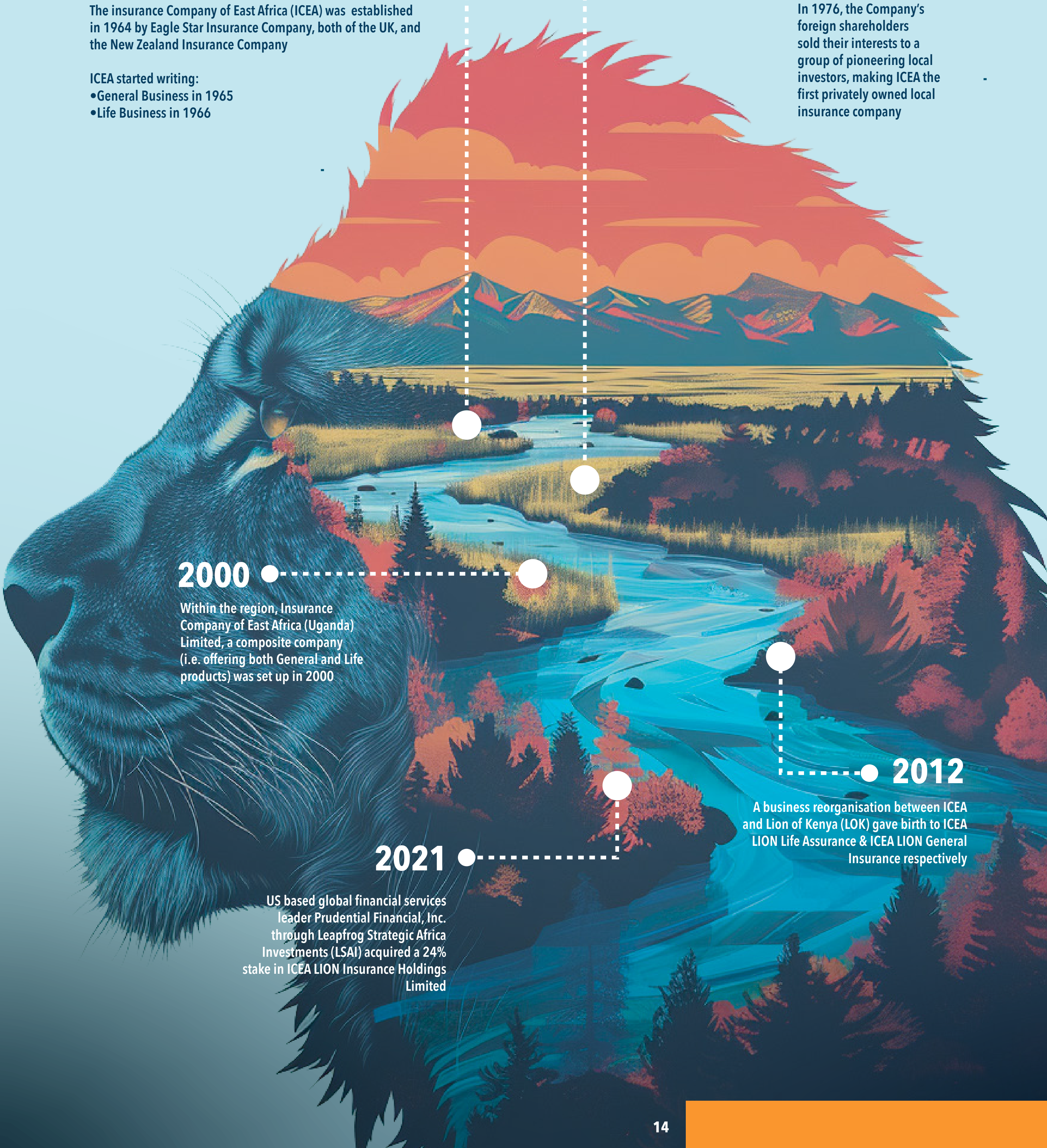
The insurance Company of East Africa (ICEA) was established in 1964 by Eagle Star Insurance Company, both of the UK, and the New Zealand Insurance Company

ICEA started writing:

- General Business in 1965
- Life Business in 1966

1976

In 1976, the Company's foreign shareholders sold their interests to a group of pioneering local investors, making ICEA the first privately owned local insurance company



2000

Within the region, Insurance Company of East Africa (Uganda) Limited, a composite company (i.e. offering both General and Life products) was set up in 2000

2012

A business reorganisation between ICEA and Lion of Kenya (LOK) gave birth to ICEA LION Life Assurance & ICEA LION General Insurance respectively

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

OUR REGIONAL FOOTPRINT

KENYA

KENYA HEAD OFFICE - ICEA LION CENTRE
RIVERSIDE PARK - CHIROMO ROAD WESTLANDS
P.O. BOX 46143 - 00100
NAIROBI TEL: +254 (0) 20 2750000
MOBILE: +254 719 071000 | 730 151000
CONTACT CENTRE: 0719 071999 EMAIL: INFO@ICEALION.COM

UPPER HILL BRANCH
1ST FLOOR, WILLIAMSON HOUSE P.O. BOX 46143 - 00100 NAIROBI TEL:+254 (0) 20 2751771
MOBILE: +254 719 071771

KENYATTA AVENUE BRANCH
GROUND FLOOR, JKUAT TOWERS P.O. BOX 46143 - 00100 NAIROBI TEL:+254 (0) 20 27501302
MOBILE: +254 719 071302

MOMBASA ROAD BRANCH
1ST FLOOR, TULIP HOUSE
P.O. BOX 46143 - 00100 NAIROBI TEL: +254 (0) 20 2751850 MOBILE: +254 719 071850

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 P.O. BOX 46143 - 00100 NAIROBI
TEL:+254 (0) 20 27501553
MOBILE: +254 719 071553

WESTLANDS BRANCH
3RD FLOOR UNGA HOUSE, MUTHITHI ROAD
P.O. BOX 46143 - 00100, NAIROBI TEL: +254 (0) 20 2751880 MOBILE: +254 719 071880

KAREN BRANCH
1st FLOOR, KAREN OFFICE PARK,
LANGATA ROAD
P.O. BOX 46143 - 00100, NAIROBI TEL: +254 (0) 20 2751780 MOBILE: +254 719 071780
IR LIFE

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,
TOM MBOYA ST
P.O. BOX 3066 - 20100, NAKURU
MOBILE: +254 719 071600

ELDORET BRANCH
THE ANCHOR HOUSE 5 TH FLOOR
KENYATTA STREET
P.O. BOX 4807 - 00100 ELDORET
MOBILE: +254 719 071551

KISUMU BRANCH
AL IMRAN PLAZA,
OGINGA ODINGA STREET
P.O. BOX 3122 - 40100, KISUMU
MOBILE: +254 719 071512

KAKAMEGA BRANCH
1ST FLOOR, MEGA MALL,
KAKAMEGA – WEBUYE ROAD
P.O. BOX 3122 - 40100 KISUMU
MOBILE: +254 719 071226

NANYUKI BRANCH
1ST FLOOR CEDAR MALL,
NANYUKI - RUMURUTI ROAD
P.O. BOX 1803 - 10100 NYERI
MOBILE: +254 719 071432

NYERI BRANCH
KONAHAUTHI BUILDING, KIMATHI WAY
P.O. BOX 1803 - 10100 NYERI
MOBILE: +254 719 071651

MERU BRANCH
1ST FLOOR, ROYAL BUSINESS PARK
TOM MBOYA STREET,
P.O. BOX 46143 - 00100 NAIROBI
MOBILE: +254 719 071000 | 730 151000

KERICHO BRANCH
2ND FLOOR, GREEN SQUARE MALL,
KERICHO – KISUMU HIGHWAY
P.O. BOX 3122 - 40100 KISUMU
MOBILE: +254 719 071249

KISII BRANCH
WAUMINI PLAZA KISII
OPPOSITE OURU CENTRE
P.O. BOX 3122 - 40100 KISUMU
MOBILE: +254 719 071092

MOMBASA TOWN BRANCH
MEZZANINE 2, ACACIA CENTRE
P.O. BOX 90101 - 80100, MOMBASA
MOBILE: +254 719 071701

MOMBASA NYALI BRANCH
2ND FLOOR, NYALI CENTRE,
SOUTH WING LINKS ROAD
P.O. BOX 90101 - 80100, MOMBASA
MOBILE: +254 719 071890

UGANDA

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
3RD FLOOR, PRIME PLAZA
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

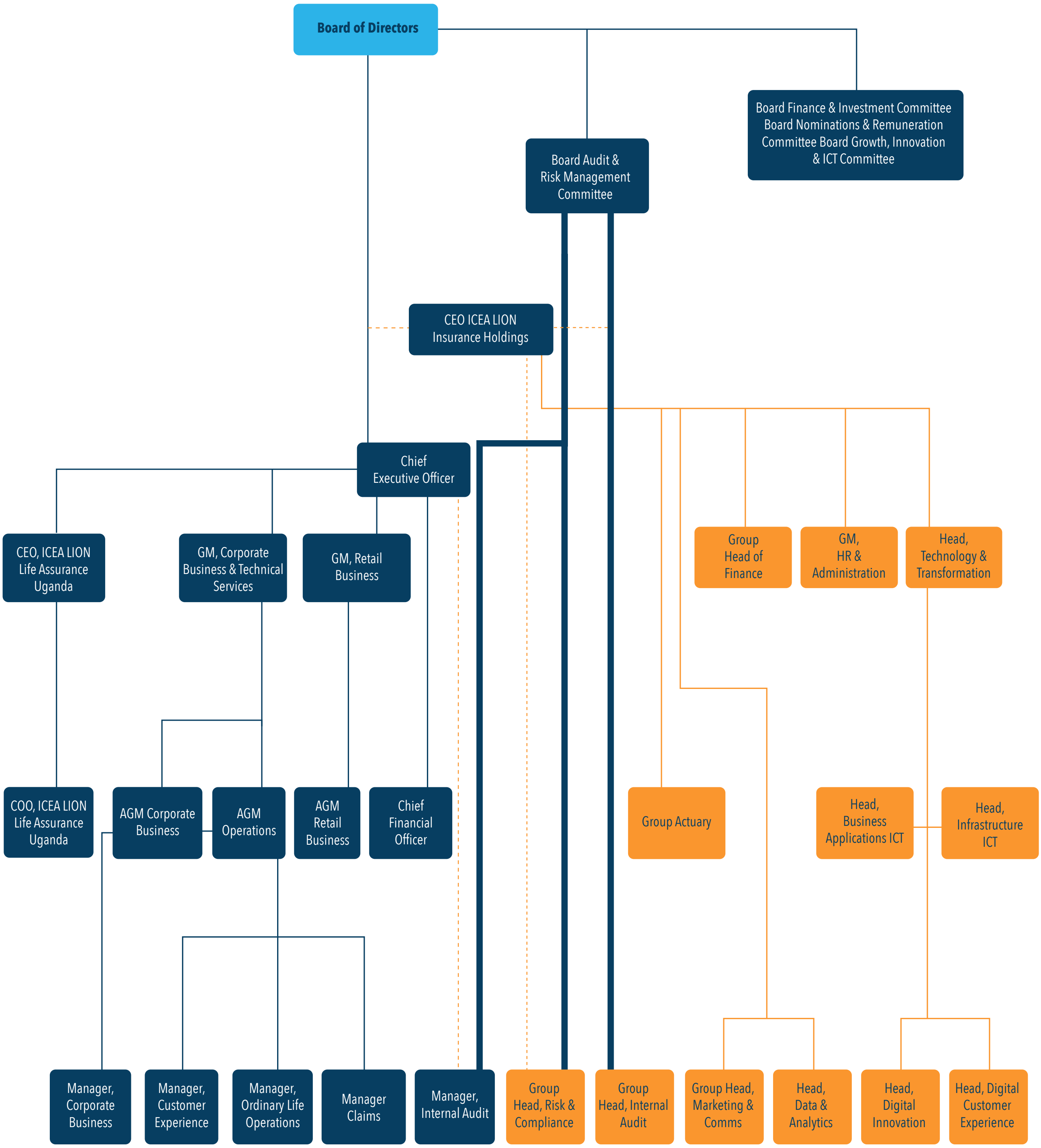
KAMPALA ROAD BRANCH
GROUND FLOOR, ZEBRA PLAZA
TEL: +256 392 000115

KABALE BRANCH
2ND FLOOR, NSSF BUILDING,
TEL: +256 393 239200

ARUA BRANCH
KKT PLAZA, BLOCK A - DUKA ROAD
TEL: +256 392 001095

MBARARA BRANCH
1ST FLOOR, THE HIGH STREET PLACE
HIGH STREET
TEL: +256 417 706712/ +256 392 280501

OUR LEADERSHIP STRUCTURE



HOW WE CREATE VALUE

Embracing the International Integrated Reporting Council (IIRC) framework, we employ the six capitals approach to illustrate the creation and transformation of value within our organization, ultimately contributing to the long-term viability of the Group. The accompanying Table delineates the relationship between the capitals and our business model.

SOCIAL CAPITAL

INITIATIVES

Our Medical Second Opinion (MSO) saw a decline from 47 policies in 2022 to 17 in 2023. We will embark on higher engagement & promotion of this **1**	The Group Investment through our investment company, ICEA LION Asset Management (ILAM) investment in Acorn Student Accommodation (ASA) Real Estate Investment Trusts (REIT) Supplemental Offer grew to KES 267 Million in 2023 from 256 Million in 2022 **2**	Approximate number of orphans supported by the Milele Trust portfolio through the ICEA LION Trust Company (ILTC) is 107 saving the Government welfare a total amount of KES 2.568Million (107* 12months* KES2,000 per month) **3**	In 2023 we issued 6 Group Policies Incorporating Work and Injury Benefit Assurance (WIBA) products against Occupational Safety and Health Standards. **4**
In 2023 we issued 1450 Annuity policies (A product to the underserved, senior citizens). Saving the Government welfare KES 34.8 Million (1450* 12months* KES2000 per month) **5**	In 2023 we issued 4500 Child Endowment Assurance (CEA) policies (An education product for children even when parents have passed on) saving the government welfare KES 108 Million (4500* 12months* KES 2000 per month) **6**	In 2023 our premium of De-risking, Inclusion and Value enhancement of Pastoral economies in the horn of Africa Project (DRIVE) was KES 33,721,290. This is an index-based Livestock insurance product for pastoralists which has been implemented as an asset protection drought insurance cover whose aim is to keep the livestock alive. **7**	In 2023, the Marketing & Communication department, Risk & Compliance and the ICEA LION Asset Management Company, came up with a disclaimer for people looking to invest through our MMF solution as a requirement by CMA. This disclaimer appears in all our social media **8**

ALIGNMENT TO SDG

ALIGNMENT TO OTHER SUSTAINABILITY PRINCIPLES

Alignment to United Nations Environmental Program Finance Initiative Principles for Sustainable Insurance (UNEP, FI PSI)

PSI Principles for Sustainable Insurance

Alignment to the Nairobi Declaration on Sustainable Insurance (NDSI)

THE NAIROBI DECLARATION ON SUSTAINABLE INSURANCE

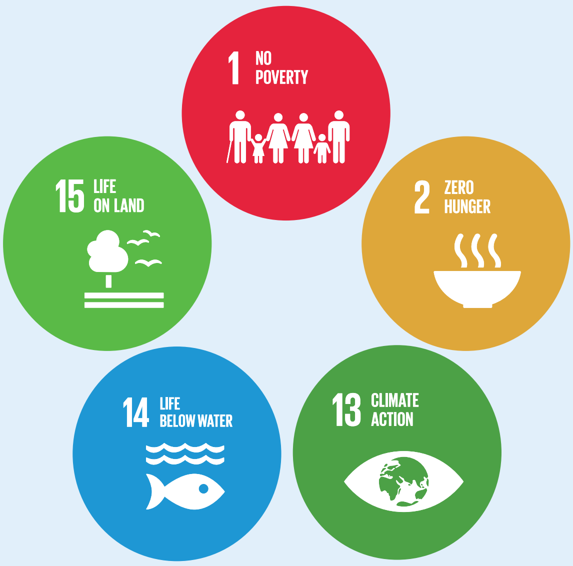
HOW WE CREATE VALUE

NATURAL CAPITAL

INITIATIVES

1. ICEA LION Group became early adopters of Task Force on Nature Related Financial Disclosures (TNFD)
2. We participated & spoke in the first in-person UNEP, FI Africa & Middle East Roundtable post Covid
3. We participated & spoke in the Inaugural Africa Climate Summit (ACS) in Nairobi
4. We participated and spoke during COP28 in Dubai
5. ILAM ESG Investing Client sensitization in October 2021
6. Our Safari plan product uptake (product insuring lodges alongside Mara River) increased from 153 policies in 2022 to 196 in 2023 with a claim reduction from 96 to 71 respectively. This is as a result of incorporating flood risk mapping and early warning.
7. ILTC Milele Trust portfolio invested in the ACORN greenbond worth KES .6.79m. In addition, some of our clients (where ILTC holds administration mandate) invested in the ACORN greenbond worth KES 7.9m.
8. We have integrated solutions within our current program structure to underwrite Electric vehicles and Solar Insurance Solutions and shall be tracking our performance from 2024

ALIGNMENT TO SDG



ALIGNMENT TO OTHER SUSTAINABILITY PRINCIPLES

Alignment to United Nations Environmental Program Finance Initiative Principles for Sustainable Insurance (UNEP, FI PSI)

PSI
Principles for Sustainable Insurance

Alignment to the Nairobi Declaration on Sustainable Insurance (NDSI)

THE NAIROBI DECLARATION ON SUSTAINABLE INSURANCE

CHAIRMAN'S STATEMENT

DEAR STAKEHOLDERS,

As Chairman of ICEA LION Life Assurance Company Limited, I am pleased to present our 2023 integrated report, which reflects commendable performance in the face of significant headwinds that adversely impacted businesses across all sectors of the economy. The outstanding performance is as a result of carefully developed strategies and plans, executed by our dedicated hard-working members of staff. The first half of 2023 was impacted by continuation of political activity associated with the August 2022 General Elections. 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 adjustments to our strategy. Through business process re-engineering, we have revamped our processes thus reducing the time and cost it takes to deliver on our customer promise. We continue to invest heavily in technology and digital capabilities to sustainably serve our customers and other stakeholders.

ICEA LION LIFE ASSURANCE AT 60

This year holds special significance for ICEA LION Life Assurance as we celebrate a remarkable milestone of 60 years of existence. We take pride in our enduring commitment to safeguarding and nurturing the financial future of our clients. For six decades, ICEA LION Life has been a steadfast exemplar of trust, stability and reliability, dedicated to ***protecting and creating wealth*** for individuals and families across generations. Our journey, marked by resilience, integrity and good corporate governance, has empowered countless lives, steering them towards prosperity and financial security. More details on our highly successful journey are as set out in **Our History** section on page 14.

STRATEGY

Our 2022 to 2024 strategy is rooted in our corporate mission, ***To Protect and Create Wealth***. The Board reaffirms its dedication to aiding Management in executing robust business strategies and attaining enduring growth and profitability. Our approach is predicated on fostering sustainable and enduring expansion while giving adequate attention to the interests of all stakeholders. This strategy is centered on five key pillars i.e profitable growth, retail distribution expansion, operational efficiency, customer retention and key enablers as covered in more detail on pages 34 to 35 of the Integrated Report. In our pursuit of ambitious growth, we remain cognizant of the volatile and uncertain economic landscape in which we operate and are keen on upholding long-term sustainable business practices.

PERFORMANCE

Although we do not pursue growth for its own sake, it is nonetheless gratifying that in the year under review, the Company posted its highest ever top line performance. Gross premiums and contributions for the year stood at Kshs 27.4 billion, registering a growth of 33% compared to 2022, while Profit Before Tax for the year was Kshs 3.6 billion. The Company's total assets as at 31 December 2023 stood at Kshs 153 billion, an outcome that firmly secures our leading position in the insurance sector in Eastern and Central Africa in terms of asset base.

Management continues to benefit from the support of a committed Board that remains focused on ensuring a robust delivery against our strategic targets. Employees across the organization have demonstrated great ability to respond and adjust to change with speed. The **Chief Financial Officer's Statement** on pages 25 - 29 provides further details of the performance of the Company and its subsidiary and also brings out key economic metrics that prevailed during the year.

By demonstrating resilience in a time of uncertainty, we have made great strides towards reinforcing our stakeholders' trust and confidence in the Company, notwithstanding significant internal and external market shocks. This performance underscores the effectiveness of our leadership team, and in this regard, I would like to thank Management for delivering commendable results in a challenging year.

PEOPLE AND CULTURE

Being a purpose-driven business, the Company's values play a significant role in attracting and retaining exceptional talent and in the way we operate internally. As a result, our culture continues to serve as an important pillar in driving high performance and placing the Company consistently among the top performers in the insurance sector. During the year 2023, the Company launched a campaign geared towards developing and entrenching a set of agile culture behaviors that will propel it into the future. 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. The Company's culture and values remains a significant focus area for the Board.

BRAND THEMATIC CAMPAIGN

In early 2024, the ICEA LION Group launched a brand thematic campaign titled "What's your plan?". This thematic campaign principally focuses on better alignment of our brand with the organizational strategy as well as maximizing on emotional connections made with consumers to create a pipeline of products and services while reinforcing our brand promise and values.

The "What's Your Plan?" campaign is not about discarding the past but rather about multiplying opportunities by exploring untapped segments while building on our existing strengths developed over the last 60 years. It honours our successful legacy while positioning our brand as a leader for the next growth phase. At its core, the campaign is simple, bold, brave, colorful, and inclusive. The foundation of our brand strategy lies in differentiation to establish a unique identity. We view our well-defined brand strategy not merely as a marketing tactic but as a fundamental driver for our long-term growth and sustainability.

REALIGNMENT OF SUBSIDIARIES

With the completion of realignment of the subsidiaries within the Group corporate structure in early 2023, the Group is now better structured for the future. Part of the restructuring involved divestment from Asset Management and General Insurance businesses and this helps ensure that all Life Companies are managed under one business vertical. Consequently, this year's consolidated financial statements only include our Life business sub- group . This realignment will lead to better business management and sharper focus towards achieving greater Group synergy.

GOING FORWARD

We remain alert to the fact that our market leadership is constantly being challenged. To maintain our competitive advantage, we will continue giving top attention to maximising shareholder value through digital transformation, customer obsession and financial prudence. Moving forward, we will continue to seek opportunities to drive our business with our diversified range of products and services by leveraging our strong track record and the capabilities that we have built over the years. This is a strategy we believe will serve us well in maintaining our momentum on building and sustaining the long term value of the business. We acknowledge the importance of a relentless pursuit of value creation, business sustainability, and growth strategies on all business segments of the Company. As a Group, we remain alert to the importance of continuously monitoring our operating environment in order to capitalise on emerging opportunities while mitigating relevant risks. As always, championing professionalism and integrity remain core values of the Company. Our business fundamentals remain strong and we are confident that the Company remains well positioned to deliver sustainable value to our all our stakeholders.

APPRECIATION

The creditable performance we see this year is the result of the resourcefulness and resilience of our talent as well as dedication and hard work of current and former Company employees. I would like to take this opportunity to thank our Executive Team, my Board colleagues and indeed all our staff for their contribution to the Company's success. Despite continuing economic headwinds, the Company is well-positioned for further growth and I look forward to the year ahead with confidence.

As we embark on the next phase of our journey, we remain steadfast in our mission to continue protecting and creating wealth and keep our multigenerational promises to our current and future clients, partners and the communities in which we operate. Cheers to 60 years of unwavering dedication and here's to the boundless possibilities that lie ahead.

BOARD OF DIRECTORS


M C E N

CHAIRMAN
JOSEPH WANGAI


M E N

DIRECTOR
JAMES NDEGWA


M ICT

DIRECTOR
MARIAM ABDULLAHI


M F ICT

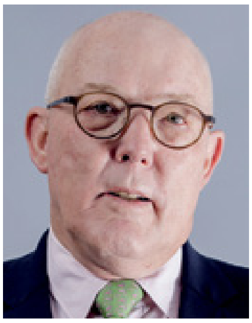
DIRECTOR
MUGWE MANGA


M A

DIRECTOR
KAIRO THUO


M A

ROBIN NDEGWA
ALTERNATE DIRECTOR


M A E N F ICT

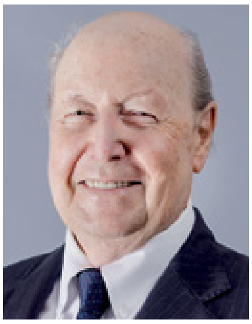
DIRECTOR
DOUG LACEY


M A E N F ICT

DIRECTOR
ANDREW NDEGWA


M A F ICT

ALTERNATE DIRECTOR
PATRICK MUGAMBI


M A

DIRECTOR
DAVID HUTCHISON


M A

DIRECTOR
ERNEST NDEGWA


M A E N F ICT

DIRECTOR
NORMAN KELLY

CHIEF EXECUTIVE OFFICER
GEORGE NYAKUNDI

COMPANY SECRETARY
KENNEDY ONTITI

COMMITTEE KEY

- M Main Board
- A Audit Risk & Compliance
- C Chairman
- E Executive
- N Nomination & Renumeration
- F Finance & Investment
- ICT Growth, Innovation and ICT

CHIEF EXECUTIVE OFFICER'S STATEMENT

It is my pleasure to present the Company's Integrated Report for the year ended 31st December, 2023. As a Company, we are fully aligned with our mission of protecting and creating wealth. This mission, combined with our use of technology, enables us to develop the products and platforms that answer the needs of our customers. These efforts and the effective operational implementation of our strategy, have enabled us to deliver the strong performance in 2023.

PERFORMANCE ON 2022 TO 2024 STRATEGY

In 2022, we unveiled our three-year strategic plan, inspired by our vision to be the leading pan African provider of insurance and financial services and underpinned by our brand promise of *through every life changing moment, we are better together*. In accordance with our mission, we have been executing our commercial strategy focused on profitable business growth, revamp and expand the retail model, improving operational efficiency and customer retention.

On profitable business growth, our goal is to grow the business across all product lines by pursuing new markets and partnerships while offering a differentiated service value proposition. In 2023, we delivered 33% in revenue growth in the midst of a challenging environment and uncertainty caused by rising inflation, interest rates and geo-political tensions that disrupted global supply chains.

In 2023, we accelerated our retail strategy by launching the new Mombasa branch, rationalizing our productive sales force through recruitment of experienced talent, activity management and consistent training. The partnerships created with banks and major government institutions have increased the level of activity and have contributed to growth in the number of policies issued. Our focus on diaspora markets has also borne fruits and we launched a brand thematic campaign in 2024 to project our brand to this market niche. These initiatives have led to 26% growth of the retail business in 2023.

The Company has realized significant milestones on operational efficiency driven by business process re-engineering (BPR). This has significantly reduced our operational costs and supported reinvestments for growth. The BPR initiative continues to improve the quality of our customer experience by enabling faster transaction processing and reducing operational turnaround times. In 2023, we revamped the Mobile App and Partners Portal. The expected outcome is that quotations, clients onboarding and uploading documents will be more efficient and will free up time for the Financial Advisors to focus on the core business of selling. This will also reduce the costs attributed to the printing of physical forms. This 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.

In order to achieve the customer retention strategic objective included in the company's 2022 to 2024 strategic plan, the business continues to focus on three key pillars supporting customer experience: Customer Understanding, Customer Engagement and Experience Measurement. These pillars are supported by two key enablers that is Governance and Culture. The Company maintains competitive incentive programs to reward Financial Advisors who have maintained acceptable persistency. Through the use and enhancement of data analytics, we continue to extract deeper insights of our customer needs, aspirations and service requirements.

NSSF

The Company has developed a strategy to leverage the NSSF Act to grow its pension portfolio. A re-organization of the Business Development and Operations roles has been implemented to provide for an optimal structure to ensure that the business is positioned to execute the NSSF strategy.

System set-up to enable administration of Tier 2 contributions is complete and we have started receiving contributions from some employers.During the year, we conducted a digital marketing campaign and held a seminar for our corporate pension customers where we had over 250 participants. The main purpose of the seminar was to create awareness on the new NSSF Act and encourage our customers to opt out of the Act with the Company. We continue engaging and assisting the remaining corporate customers to make the application to opt out with ICEA LION Life. Training has also been held for the internal and external Financial Advisors to create awareness and encourage them to market the Company's NSSF solution to corporate customers.

CULTURE TRANSFORMATION

Our people are our strength and a key enabler of our strategy implementation. During the year under review, the Group embarked on a remarkable culture transformation journey to reinforce the desired green behaviors. This was cascaded to all employees and change champions appointed to monitor and evaluate the progress of implementation. We continue to engage our employees through regular engagement surveys.

LOOKING INTO THE FUTURE

As we head into the final year of our 2022 to 2024 strategy, our commitment remains to grow our business in a consistent and sustainable way, while delivering long-term value to all our stakeholders. We are confident in the strength of our brand and the character and talent of our people. While the operating environment remains uncertain, we remain sharply focused on executing our strategic priorities. We are cognizant of the risks that may affect its successful implementation and have put in place an elaborate enterprise risk management strategy to ensure that our business thrives in the face of potential threats to our Company.

The customer remains at the center of our business and we will sustain investment in our brand, leverage our portfolio strength to drive quality market share and growth. We will continue to embed efficiency across the business through our BPR initiative and this will enable continued growth, improved agility, and customer retention.

The customer remains at the center of our business and we will sustain investment in our brand, leverage our portfolio strength to drive quality market share and growth. We will continue to embed efficiency across the business through our BPR initiative and this will enable continued growth, improved agility, and customer retention. With these, combined with our capable and motivated people, we are well positioned to navigate the challenges and capture opportunities in the market.

CONCLUSION

On behalf of the members of staff and management, I wish to express my sincere gratitude to the Board of Directors for their support and counsel and for delivering a strong corporate governance environment. I would like to recognize and celebrate our customers, suppliers, partners, and regulatory agencies. I also wish to recognize and celebrate our management and all our staff for their continued resilience and agility throughout the year. Our people have demonstrated a deep commitment to the business, creativity and innovation that have enabled the business to deliver outstanding performance during the year. I remain optimistic about the prospects for our business, our brand, its people and in our mission of *protecting and creating wealth*.

OUR LEADERSHIP TEAM

GEORGE NYAKUNDI
CHIEF EXECUTIVE OFFICER

KEVIN NYAKERI,CFA
CHIEF FINANCIAL OFFICER

DAVID MUCHIRI
GENERAL MANAGER – RETAIL BUSINESS

ASMAN MUGAMBI
GENERAL MANAGER CORPORATE BUSINESS & TECHNICAL SERVICES

GLADYS MUSEMBI
ASSISTANT GENERAL MANAGER – OPERATIONS

CHRISTINE MUTAHI
ASSISTANT GENERAL MANAGER - CORPORATE BUSINESS

PATRICIA KIHARA
ASSISTANT GENERAL MANAGER - RETAIL BUSINESS

KENNETH MUCHIRI
MANAGER - CORPORATE BUSINESS

KENNEDY ODENYO
MANAGER - CORPORATE BUSINESS

FELIX CHOMBA
MANAGER – CLAIMS

MUIRI WAICHINGA
MANAGER - ORDINARY LIFE OPERATIONS

ENID OTIENO
MANAGER - INTERNAL AUDIT

MARGARET NDUNGU
COMPANY ACTUARY

BENSON NZIMI
FINANCE MANAGER

OUR SHARED SERVICES TEAM

PHILIP LOPOKOIYIT
CEO ICEA LION INSURANCE HOLDINGS

NAOMI MUNYI
GROUP HEAD OF FINANCE ICEA LION INSURANCE HOLDINGS

JULIANA NGULI
GENERAL MANAGER - HUMAN RESOURCES & ADMINISTRATION

ANTHONY MUTURI
GROUP ACTUARY

CYNTHIA KANTAI
GROUP HEAD – MARKETING AND COMMUNICATIONS

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

DR. ABIUD MULONGO
GROUP HEAD – DIGITAL

LEONARD SHALAKHA
GROUP TAX COMPLIANCE MANAGER

OUR SUBSIDIARIES TEAM

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

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

CHIEF FINANCIAL OFFICER'S STATEMENT

ECONOMIC BACKGROUND

In our main market Kenya, amidst concerns about the country's debt situation, geopolitical tensions, drought, a strong US Dollar and high interest rates, 2023 was a challenging year for the economy. The Kenyan shilling depreciated by 26.8% against the US dollar and inflation generally remained high. Responding to these economic pressures, the Central Bank's Monetary Policy Committee raised the CBR rate from 8.75% at the beginning of the year to 12.5% by year-end. Despite these obstacles, Kenya's GDP expanded by 5.5% in Q3 2023, primarily fueled by a revival in agricultural activities due to improved rainfall. Nonetheless, despite the tough economic landscape, I am pleased to report that the Group achieved strong results for the year 2023.

GROUP BUSINESS PERFORMANCE OVERVIEW

The financial results for year 2023 have been presented in accordance with the new IFRS-17 accounting standard for Insurance Contracts, replacing IFRS 4. Accordingly, to provide a consistent basis for comparison, the 2022 figures have been restated from IFRS 4 to IFRS-17.

KEVIN NYAKERI, CFA

CHIEF FINANCIAL OFFICER

i. INSURANCE REVENUE

The Group's Insurance Revenues grew by 12% to Kshs 9.3 billion (2022 Kshs 8.2 billion). This growth was largely driven by new business growth in Ordinary Life, Annuity and Group risk business segments.

ii. INSURANCE SERVICE EXPENSES

In 2023, the Group recorded total insurance service expenses of Kshs 8.8 billion (2022 Kshs 8.8 billion) largely made up of claims and insurance expenses worth Kshs 6.96 billion (2022: 5.8 billion). The increase in insurance service expenses is in line with the higher business volumes reported during the year.

iii. INVESTMENT INCOME

The Group's realized investment income grew by 24% to Kshs 16.8 billion in 2023, compared to Kshs 13.6 billion in 2022. This increase was primarily driven by higher interest income from government securities and fixed deposits. However, this growth was partially offset by revaluation losses on treasury bonds and equities, which were impacted by increased interest rates and lower prices of listed equities. Put together, the Group achieved total investment income of Kshs 13.3 billion in 2023, up from Kshs 10.9 billion in 2022.

iv. PROFITABILITY

Group Profit Before Tax increased by 31% to Kshs 4.2 billion from Kshs 3.2 billion in 2022. The increase in profitability was due to higher interest income on the back of robust business growth as well as better insurance service result arising from relatively lower insurance service expenses. Although higher interest rates led to unrealized losses on bonds, they also resulted in an unwinding of the effect of discounting on actuarial liabilities. This effect was recognised as a finance income during the year that partially offset the insurance finance expenses.

v. BALANCE SHEET STRENGTH & SHAREHOLDER MATTERS

Group total assets grew by Kshs 23 billion to close the year at Kshs 167 billion representing a growth of 16%. Following increased profitability, Group total equity grew to Kshs 22.7 billion, whereas the Company's Capital Adequacy Ratio (CAR) remained strong at 323%, well above the regulatory risk-based CAR of 200%.

On the back of continued strong profitability, The Board declared a dividend of Kshs 840 million for the year (2022: Kshs 840 million)

OUR GLOBAL CREDIT RATING

For the second year in a row, Global Credit Rating (GCR) an affiliate of Moody's Investors Service affirmed ICEA LION Life Assurance Company Limited Kenyan financial rating at AAA (KE) with a stable outlook. The rating is underpinned by the parent company, ICEA LION Insurance Holdings' solid financial profile, which reflects a very strong risk adjusted capitalization, sound liquidity, and a strong market position.

OUR SUBSIDIARY PERFORMANCE

ICEA LION LIFE ASSURANCE COMPANY (UGANDA) LIMITED

Total Insurance Revenue for the ICEA LION Life Assurance (Uganda) Limited grew by 21% to UGX 52 billion (2022: UGX 43 billion), while Company assets grew by 26% to UGX 300 billion (2022 : UGX 238 billion). The Company'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. The subsidiary is now a market leader in Uganda and is well positioned to continue to profitably grow.

FINANCIAL REPORTING EXCELLENCE – FiRe AWARD

ICEA LION Life Assurance emerged as the Second Runner-Up in the insurance category at the ICPAK Financial Reporting Awards 2023. This award is a significant accomplishment and affirms ICEA LION's commitment to excellence in Integrated Reporting, underscoring our leadership and dedication to Environmental, Social, and Governance (ESG) principles. This follows the Company's accolade in 2022 FiRe Awards as the Winner Insurance Category for Integrated Reporting in recognition to our unrelenting quest for good corporate governance and financial reporting.

ESG MATTERS – THOUGHT LEADERSHIP AND INDUSTRY PACESETTING

As an insurer, at the core of our business is risk management including principles tied to environmental, social, and governance (ESG) criteria. Utilizing ESG principles fosters sustainable insurance practices by establishing strong governance frameworks and addressing environmental and social risks. Climate change, societal matters in addition to good governance have emerged as worldwide concerns, evident in regulatory shifts, customer demands, and investor expectations regarding ESG-related risks and rewards. Sustainable business strategies offer benefits such as cost savings, revenue growth, risk mitigation, promotion of diversity and inclusion and enhanced access to financing. Conversely, neglecting sustainability raises legal, regulatory and reputational risks for companies. To this end, we discuss our specific efforts and contribution in more detail under the ***Foreword*** section on pages 4-5 and ***Our Value Creation*** Section on pages 58-73 of this report.

To this end, the International Sustainability Standards Board (ISSB) issued its inaugural International Sustainability Disclosure Standards (IFRS SDS or the Standards) on June 26, 2023. These standards are applicable for reporting periods starting from January 1, 2024, onwards. The two standards are:

- *IFRS S1: General Requirements for Disclosures of Sustainability-related Financial Information.*
- *IFRS S2: Climate-Related Disclosures.*

According to the IFRS Organization, "IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1." More information about these standards can be found on the *IFRS website @https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/*

More broadly, the ISSB's aim in developing these standards is to ensure a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets. The standards are likely to have a profound impact on how businesses report and manage their ESG risks and opportunities. As an industry sustainability pacesetter, we are well positioned to adopt and apply these standards in our sustainability reporting. It is our firm belief that the internationalization of sustainability accounting and disclosures will promote standardization of ESG reporting.

Finally, we firmly uphold the principles of sustainability as encapsulated in the three P's: People, Planet, and Profitability. As a Group, we remain steadfast in our commitment to doing sustainably profitable business. In this regard, the timeless adage *"We do not inherit the earth from our ancestors, we borrow it from our children"* underlies our approach to business. This philosophy is part of the reason we have been around for 60 years and it will ensure that our impact on society and the planet will echo through the ages.

IFRS 17 IMPLEMENTATION

As a Group, we implemented the new and complex IFRS 17 accounting standard IFRS 17 that was effective from January 1st, 2023. The implementation of this standard necessitated significant investments in talent, systems and engagement of and with various stakeholders. Notably, IFRS 17 had the most pronounced impact on Life insurance companies, prompting our Group to devote extensive resources to this initiative. Over the past two years, a dedicated team comprising members from Finance, Technology and Actuarial departments worked tirelessly to ensure successful implementation of the standard.

To this end, I salute and extend my sincerest appreciation to this core team and our implementation partner, Deloitte East Africa, for their exceptional efforts. In recognition of their contributions, I have dedicated "Wall of fame" to honor these outstanding team members who facilitated the adoption of this onerous IFRS 17 standard across the region. Lastly, I owe an immense debt of gratitude to our esteemed Board of Directors for their invaluable guidance and support throughout this significant project.


Lilian Njuguna


Gabriel Mbaluto


Cyrus Wakonyo


Francis Sesi


Sheila Muriira


Julius Irungu


Benson Nzimi


Jedidah Kithia

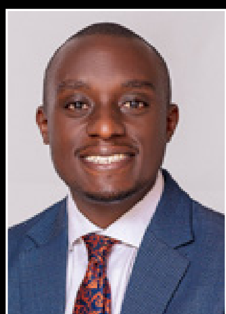

Kevin Nyakeri, CFA


Margaret Ndungu


Caroline Maina


Joseph Ndichu


Anthony Muturi


Philip Ahabwe


Amon Arindwaruhanga

LOOKING AHEAD

As previously stated, 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 demands a judiciously considered business philosophy that safeguards the long-term interests of all stakeholders.

To this end, the key sources of our competitive advantage continue to be 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.

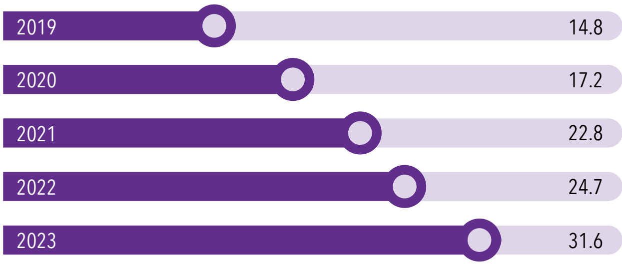
GROUP FINANCIAL HIGHLIGHTS*

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Insurance revenue	9,324	8,249	7,371	5,858
Insurance service expense	(8,807)	(8,786)	(6,986)	(6,450)
Total investment return	13,267	10,855	11,935	9,888
Total Expenses	(1,105)	(1,054)	(947)	(889)
Profit/(Loss) before tax	4,234	3,241	3,599	2,782
Income Tax	(1,031)	(516)	(886)	(365)
Profit/(Loss) after tax	3,204	2,725	2,712	2,417
Other comprehensive Income	263	10	-	-
Total Comprehensive Income	**3,467**	**2,734**	**2,712**	**2,417**

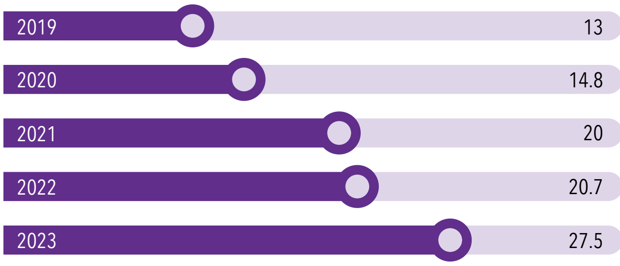
	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Assets				
Investment property	9,886	9,425	9,886	9,425
Government securities	112,885	112,815	103,700	105,973
Deposits with financial institutions	29,492	6,945	27,773	5,868
Equities	6,288	8,029	6,066	7,844
Other Assets	8,083	7,203	5,422	4,886
Total	**166,635**	**144,417**	**152,847**	**133,996**
Liabilities;				
Insurance contract liabilities	138,157	118,428	127,271	110,555
Deferred tax	3,538	3,060	3,538	3,060
Other liabilities	2,228	2,845	1,823	2,056
Total liabilities	**143,923**	**124,332**	**132,632**	**115,670**
Total Equity	22,712	20,085	20,215	18,326
Total Liabilities and Equity	**166,635**	**144,417**	**152,847**	**133,996**

* Group financial highlights have been presented only for two years because IFRS 17 was effective in 2023 with restated 2022 numbers

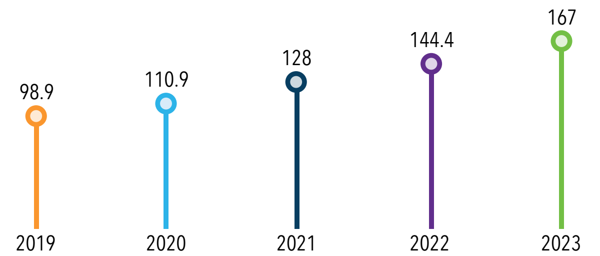
GROUP GWP (Figures in billions)



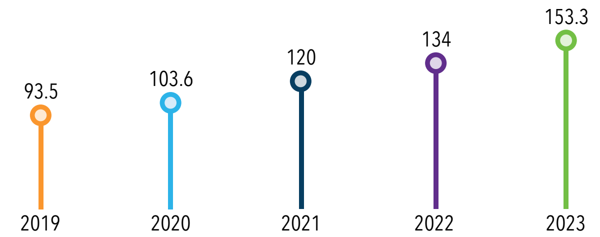
COMPANY GWP (Figures in billions)



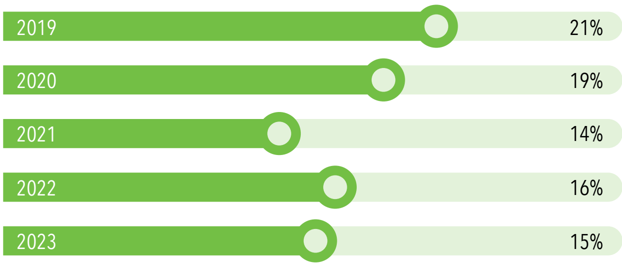
GROUP TOTAL ASSETS (Figures in billions)



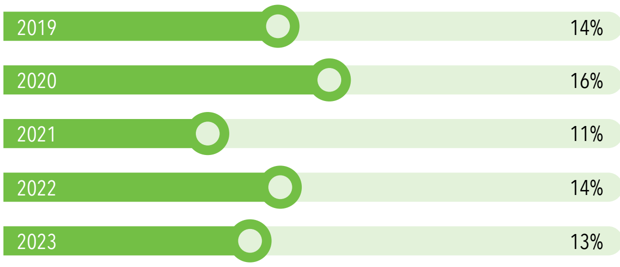
COMPANY TOTAL ASSETS (Figures in billions)



GROUP TOTAL EXPENSES RATIO



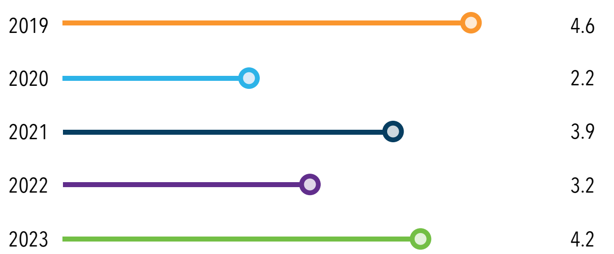
COMPANY TOTAL EXPENSES RATIO



COMPANY CAPITAL ADEQUACY RATIO (CAR) 2023

COMPANY CAPITAL ADEQUACY RATIO (CAR) 2022

GROUP PROFIT BEFORE TAX (Figures in billions)



COMPANY PROFIT BEFORE TAX (Figures in billions)

02 - WHERE & HOW WE OPERATE

OPERATING CONTEXT

GLOBAL ECONOMY

The global economy remained depressed in 2023 due to persistent inflationary pressures coupled with tightening of monetary policies. High global fuel and energy prices for most of the year resulted in slowdown of economic activity. Central Banks around the world increased interest rates to manage inflation pressures. Emerging and developing economies experienced increase in debt distress as dollar demand increased. The Russia-Ukraine war continued to worsen the already constrained supply chains. The IMF, projects a growth rate of 3.0% in 2023, 0.5% points lower than the 3.5% growth records in 2022.

KENYAN ECONOMY

2023 experienced a rebound in the agricultural sector due to commencement of sufficient long rains within the country and government fertilizer subsidy program. However, the Country's business environment experienced a stronger downward trend. The Kenyan Shilling depreciated against the dollar due to increased dollar demand by importers. This was worsened by the pressure on forex reserves by Government debt servicing. The Monetary Policy Committee raised the Central Bank Rate several times in an effort to tame the depreciating shilling and anchor inflation. The National Treasury presented Kenya's FY'2023/24 budget which focuses mainly on the high cost of living, economic recovery and fiscal consolidation to preserve the country's debt sustainability. In 2023, the Kenyan economy is projected to grow at an average of 5.3%, higher than the 4.8% growth observed in 2022.

THE LIFE INSURANCE INDUSTRY

According to the Insurance Regulatory Authority (IRA) Q3 2023 report, Insurance Industry Gross Written Premium (GWP) stood at Kes 269.3 billion representing an increase of 13.2% from KES 237.90 billion in Q2 2022. Life Sector insurance premium stood at Kes 115.6 billion and increase of 12% from Kes 103.5 billion in 2022. Deposit Administration and Life Assurance classes remained the biggest contributors to the long-term insurance business GWP accounting for 33.3% and 24.6% respectively. The top ten Life insurance companies control 83.78% of the market. ICEA LION Life Assurance maintained its second position in the industry with a market share of approximately 17.8%.

OUR GROUP PERFORMANCE

	2023 KES Billion	2022 KES Billion
Gross Written Premium	31.6	237
Profit Before Tax	4.2	3.2
Total Assets	167	144

FUTURE OUTLOOK & OPPORTUNITIES

Historically, insurance penetration in Kenya has remained at a low 2.3% compared to other major economies, and way below the global average. Insurance in Kenya is still seen as a luxury that is not accessible to the majority of Kenyans especially the large informal sector. Its uptake has been driven mostly by mandatory legislation. The low penetration of insurance offers good opportunities to reach the un-insured with innovative products and services that address key risks in the economy.

KENYAN ECONOMY

	2023	2022
Gross Domestic Product (GDP) (USD bn)	120	110
Private Sector Credit Growth (%)	12.1%	12.5
91 Day Treasury Bill Rate (%)	16%	9.4%
10 Year Treasury Bond Rate	15.7%	13.8%
GDP Growth Rate	5.5%	5.6%
Average Headline Inflation	7.7%	7.6%
182 Day Treasury Bill Rate	16%	9.8%
15 Year Treasury Bond Rate	15.7%	13.9%
GDP per Capita (USD)	2,188	2,072
USD/KES Exchange Rate	156.5	123.4
364 Day Treasury Bill Rate	16.1%	10.3%
20 Year Treasury Bond Rate	15.9%	14.1%
Account Deficit	4.1%	4.7%

2023 - Average Headline Inflation **7.69%**

2022 - Average Headline Inflation **7.64%**

UGANDAN ECONOMY

	2023	2022
Gross Domestic Product (GDP) (USD)	46.8*	43.57B (USD)
91 Day Treasury Bill Rate (%)	10.4%	8.7%
10 Year Treasury Bond Rate	15%	16.1%
GDP Growth Rate	6.1%*	6%
Average Headline Inflation	2.6%	7.2%
182 Day Treasury Bill Rate	12.4%	11.9%
15 Year Treasury Bond Rate	16%	16.1
GDP per Capita (USD)	1,056*	1,106
USD/Ushs Exchange Rate	3,695	3,714
364 Day Treasury Bill Rate	12.8%	11.9%
GDP Growth Rate Q3	6.1%*	7.5%

2023 - Average Headline Inflation **2.6%**

2022 - Average Headline Inflation **7.20%**

STAKEHOLDER MAPPING

OPENING STATEMENT

At ICEA LION, we take pleasure in fostering transparent and meaningful relationships with our diverse stakeholder community. Guided by a commitment to alignment and relevance, our Stakeholder Mapping & Communications strategy bridges our corporate objectives and the expectations of those we impact. Anchored firmly within our current Group Strategic Plan (2022-2024), this comprehensive approach ensures that our engagement efforts resonate with the dynamic landscape of our industry.

In recognizing the evolving nature of stakeholder dynamics, we dedicate ourselves to identifying and implementing tailored engagement strategies for each stakeholder group. This proactive approach strengthens our connections with key stakeholders and contributes to our sustainable growth. As a testament to our commitment, we undertake a thorough review and update of our stakeholder engagement strategies annually, aligning them seamlessly with the outcomes of the strategic planning period.

Our stakeholders are integral contributors to our success, and we view effective communication and engagement as essential elements in our shared journey. By consistently refining and enhancing our strategies, we strive to create a positive impact, build trust, and nurture enduring partnerships that extend beyond the boundaries of the present, echoing our commitment to excellence and sustainability.

In ICEA LION's endeavour to formulate a robust strategy for engaging and overseeing its Group and Company stakeholders, the initial step involves identification and assessment of their respective needs.

We consider the following in identifying and confirming who an ICEA LION stakeholder is:

i. If the stakeholder will be directly or indirectly affected by ICEA LION's business activities
ii. If ICEA LION will be affected by the activities of this stakeholder
iii. If the stakeholder holds a position from which they can influence ICEA LION's activities
iv. If the stakeholder has an impact on ICEA LION's resources (human, financial etc.)
v. If the stakeholder has special skills or capabilities that ICEA LION requires
vi. If the stakeholder can potentially benefit from ICEA LION's initiatives and operations or are in a position to resist an initiative or project
vii. At what point and how the stakeholder has the greatest impact on ICEA LION

Our stakeholders are integral contributors to our success, and we view effective communication and engagement as essential elements in our shared journey. By consistently refining and enhancing our strategies, we strive to create a positive impact, build trust, and nurture enduring partnerships that extend beyond the boundaries of the present, echoing our commitment to excellence and sustainability.

The individual stakeholder plans play a pivotal role in defining the roles and responsibilities of each significant stakeholder, along with a comprehensive examination of their interests, involvement, interdependencies, influence, and potential impact on the success of ICEA LION Group.

Within these plans, a proactive approach is taken to address the dynamic nature of stakeholder relationships. Special attention is given to articulating a clear methodology for identifying new stakeholders or those experiencing shifts in influence, ensuring that ICEA LION is adeptly positioned to manage emerging challenges and opportunities. It is crucial to note that even stakeholders with minor influence are acknowledged and recognized, albeit managed differently to suit their level of impact.

Moreover, the stakeholder plans extend beyond mere identification to specific actionable strategies for optimizing outcomes from each stakeholder group. This involves a thorough understanding of their expectations, concerns, and aspirations, aligning ICEA LION's actions with the diverse needs of its stakeholders.

Additionally, recognizing the interconnected nature of stakeholder relationships, the plans identify, address, and manage interdependencies that may impact ICEA LION. This forward-looking approach underscores our commitment to creating a resilient and adaptive framework that responds to the current stakeholder landscape and anticipates and navigates potential challenges on the horizon.

These plans serve as dynamic roadmaps, guiding ICEA LION in fostering robust relationships, mitigating risks, and maximizing mutual benefits with each stakeholder group to pursue sustainable success.

We are devoted to achieving our mission of 'To Protect and Create Wealth' for every stakeholder. Our dedication to engaging stakeholders is integral to our governance and strategy, as outlined in our Stakeholder Management Plan. These directives dictate how we convey, interact, and disseminate essential information about the Group to stakeholders throughout our Kenya, Uganda, and Tanzania network. We have formulated strategies for engaging stakeholders that consider the necessary processes to identify individuals, groups, and organizations that may influence or be influenced by our business activities.

OUR STAKEHOLDERS

OUR BUSINESS MODEL

Sustainability is at the core of all our interactions

MODEL SERVICE PROVIDER ECOSYSTEM
Our network of partners that enable us deliver on our promises e.g. reinsurers, doctors & associated suppliers' capabilities.

Digitally - Led

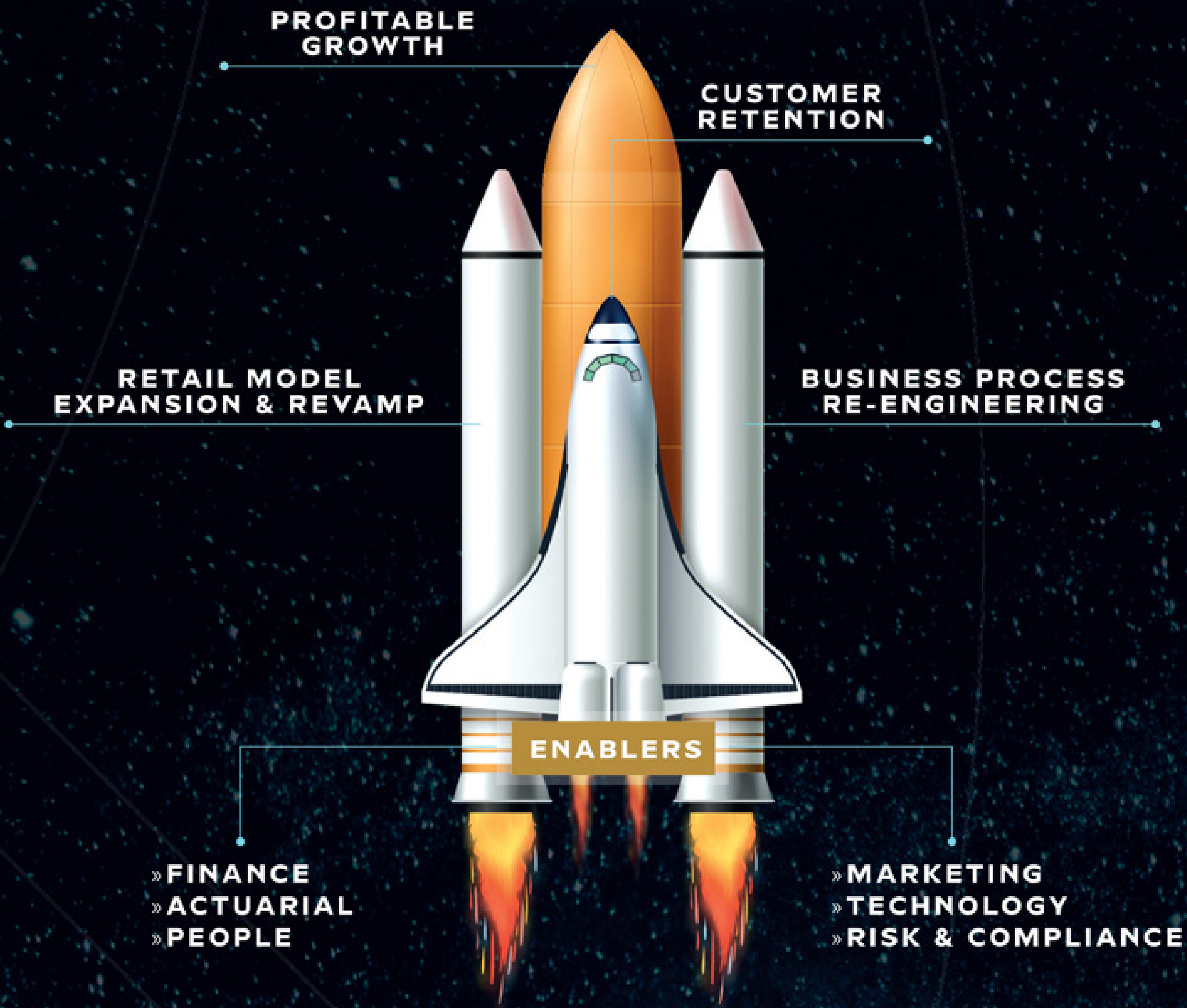
DIVERSIFIED DISTRIBUTION CHANNELS
Development of connection channels to enable us to attract, reach and retain targeted customers.

Towards Shared Value People | Planet | Profit 6 Capitals Model

PRODUCTS & SERVICES
We deliver products and services that provide capacity and protection to retail and corporate customers to enable them manage their risks.

OUR STRATEGY

2022 - 2024



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

OUR STRATEGIC PRIORITIES

1 PROFITABLE BUSINESS GROWTH

Our strategy is to grow the business across all product lines in a profitable and sustainable way by focusing on the following areas:
- Business acquisition through a differentiated service value proposition
- Developing new markets and partnerships
- Harvesting Group synergies and developing innovative product solutions

2 REVAMP AND EXPAND THE RETAIL MODEL

Our retail agency force continues to be a great source of growth. We will focus on sharpening our retail model by:
- Refreshing the agency value chain to increase productivity
- Growing our footprint in the retail market

3 IMPROVING OPERATIONAL EFFECIENCY

We will achieve operational efficiencies by redesigning our business operating model by:
- Streamlining and simplifying processes.
- Implementing a fit for purpose organizational structure
- Identifying, developing and building relevant talent for the future

4 CUSTOMER RETENTION

Exceptional customer experience will be a differentiator for the ICEA LION brand and will be achieved through:
- Deeply understanding our customers to provide relevant solutions
- Providing digital, Omnichannel capabilities for customer engagement
- Pivoting from transactional to relationship centered engagement with our customers

5 ENABLERS

- Finance
- Actuarial
- Brand
- Technology
- People
- Risk & Compliance

OUR SUCCESS MEASURES

Gross Written Premium ▸ No. of active agents ▸ Expense ratio and Profit Before Tax ▸ NPS-Score CSI-Score ▸ Brand index and brand equity

OUR TARGET OUTCOMES

Growth in funds ▸ Growth in footprint and productivity ▸ Operational efficiency and profitability ▸ Increased persistency and customer retention ▸ Brand awareness

03 - GOVERNANCE STATEMENTS

WHAT'S YOUR PLAN?

CHAIRMAN'S GOVERNANCE STATEMENT

"We recognize that achieving effective corporate governance is an ongoing process, not a final destination, demanding constant dedication and enhancement. Our enduring commitment signifies our devotion to exemplary corporate governance practices and a culture promoting sustainable returns is deeply embedded in our principles."

On behalf of the ICEA LION Life Assurance Board, it is my pleasure to share with you this comprehensive 2023 Corporate Governance Report.

We are dedicated to attaining the utmost levels of accountability, integrity, fairness, responsibility, and transparency. To fulfill this goal, we have established formal frameworks to uphold corporate governance, regularly assessing and enhancing them. In alignment with this commitment, we adhere to best-practice governance principles, incorporating the King IV Corporate Governance Code to guide our processes. Our disclosures also adhere to the International Integrated Reporting Council (IIRC) Framework. In this report, I highlight key features of the current corporate governance practices.

BOARD OF DIRECTORS

The Company's Board holds the responsibility for advancing corporate governance standards and ensuring adherence across all organizational entities. This is achieved through the utilization of Board Committees, the establishment of business principles and practices, and the implementation of robust internal control and risk management processes. These measures have been implemented to protect and augment the value for stakeholders.

BOARD CHARTER & WORK PLAN

Our Board Charter incorporates clauses to guarantee the adherence to best practices in corporate governance by the Board. The work plan includes a structured schedule highlighting matters exclusively reserved for the Board's consideration, ensuring comprehensive oversight of significant issues. The plan outlines the schedule of both Board and its committee meetings, along with the primary agenda items for each session. Additional special meetings are scheduled when required.

OUR BOARD CHARTER

Key components in our Board charter include the following:

- Size and composition of the Board in compliance with regulatory guidelines and best practice
- Role/functions of the Board
- Board Tenure
- Guidelines on appointment to the Board
- Board training
- Board induction processes
- Performance evaluation of the Board and its committees
- Board remuneration policies

BOARD COMPOSITION & APPOINTMENTS

Our Board of Directors consists of the Chief Executive Officer, and ten 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 recognizes 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 2023, our Board convened four times on predetermined dates to assess and supervise the implementation of strategic initiatives and business plans. The meetings also involved reviewing quarterly financial results, approving financial reports, and exercising effective control over strategic, financial, operational, and compliance matters. To fulfill these responsibilities, the Board delegates authority to the Chief Executive Officer for day-to-day operations. Advance notice of Board meetings, in accordance with the Company's Articles of Association, is provided along with agendas and relevant documents to all directors. These documents include regular progress reports on business and discussion papers addressing specific issues. The Company Secretary is consistently available to address matters related to the Board and its Committees.

Furthermore, reports from regulatory bodies such as the Insurance Regulatory Authority, the Kenya Revenue Authority, auditors, actuaries, and rating agencies are thoroughly examined during Board meetings, with appropriate actions taken in response.

Board Evaluation

Guidelines mandating board evaluation set the baseline, and the external consultant-led evaluation, overseen by the Chairman and Company Secretary, extends beyond a routine compliance check. Our assessment substantially enhances performance on four fronts: at the Organizational, Board, Individual Board Member, and Stakeholder levels. Over the last five years, consecutive annual board evaluations have been conducted, resulting in noteworthy enhancements.

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 our organization to realize its strategic objectives in conjunction with the senior leadership team.

OUR BOARD COMMITTEES

Our Board has established various committees to enhance the effectiveness of fulfilling our responsibilities and obligations. Each committee comprises a minimum of two non-executive directors, along with executive management members from ICEA LION who participate upon invitation. These committees provide quarterly reports on their activities to the Board.

(a) Board Audit & Risk Management Committee

This committee is chaired by a non-executive director. There are three 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 2023 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 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.

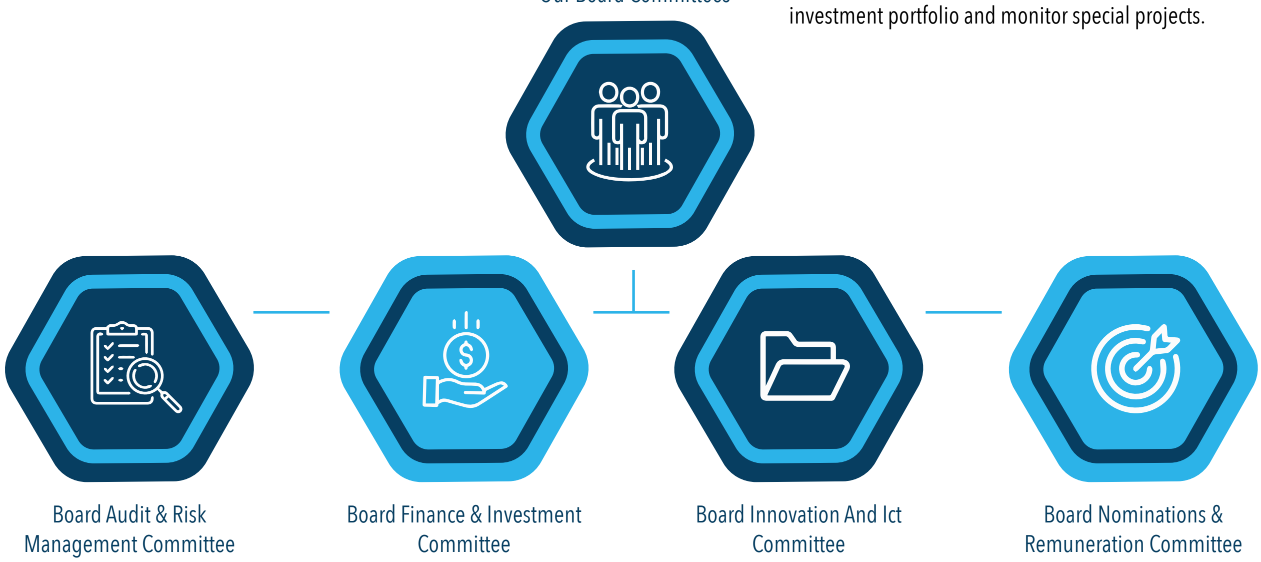
The Audit, Risk and Compliance Committee is also responsible for monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. Additionally, the committee is responsible for ensuring entrenchment of good corporate governance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

(b) Board Finance & Investments Committee

Two non-executive directors, one of whom is independent, and two other directors sit on this committee. 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, and review the performance of the investment portfolio and monitor special projects.

Our Board Committees



(c) Board Growth, Innovation and ICT Committee

This committee is chaired by a non-executive director. Two other non-executive directors, both of whom are independent, and two other directors also sit in. The CEO, Head of Transformation and Innovation, Head of Infrastructure, Head of Business Applications and the Manager, Risk and Compliance, attend by invitation. This committee met four times in 2023. 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

Two non-executive directors, one of whom is independent, and two other directors sit on this committee. 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.

BOARD OF DIRECTORS MEETING ATTENDANCE

Main Board Meeting

Name	Designation	17.03.23	16.06.2023	15.09.2023	24.11.2023
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	🟢	🟢	🟢	🟢
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 Apologies* 🔴

Board Audit, Risk & Compliance Committee

Name	Designation	16.03.2023	13.06.2023	14.09.2023	21.11.2023
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	🔴	🔴	🟢	🟢
P Lopokoiyit	Member	🟢	🟢	🟢	🟢
G. Nyakundi	CEO	🟢	🟢	🟢	🟢

Present 🟢 *Absent with Apologies* 🔴

Board Growth, Innovation & ICT Committee

Name	Designation	13.03.2023	12.06.2023	11.09.2023	20.11.2023
M. Manga	Chairman	🟢	🟢	🟢	🟢
A S M Ndegwa	Member	🟢	🟢	🟢	🟢
J K Kimeu	Member	🟢	🟢	🟢	🟢
P K Mugambi	Member	🟢	🟢	🟢	🟢
M. Abdullahi	Member	🔴	🔴	🟢	🟢
P. Lopokolyit	Member	🟢	🟢	🟢	🟢
G. Nyakundi	CEO	🟢	🟢	🟢	🟢

Present 🟢 *Absent with Apologies* 🔴

Board Remuneration & Nominations Committee

Name	Designation	13.03.2023	08.11.2023
J P M Ndegwa	Chairman	🟢	🟢
A S M Ndegwa	Member	🟢	🟢
J. Wangai	Member	🔴	🟢
J K Kimeu	Member	🟢	🟢
P. Lopokolyit	Member	🟢	🟢
G. Nyakundi	CEO	🟢	🟢

Present 🟢 *Absent with Apologies* 🔴

Board Finance & Investment Committee

Name	Designation	13.03.2023	12.06.2023	11.09.2023	20.11.2023	13.12.2023
A S M Ndegwa	Chairman	🟢	🟢	🟢	🟢	🟢
J K Kimeu	Member	🟢	🟢	🟢	🟢	🟢
P K Mugambi	Member	🟢	🟢	🟢	🟢	🟢
M Manga	Member	🟢	🟢	🟢	🟢	🟢
P Lopokoiyit	Member	🟢	🟢	🟢	🟢	🟢
G. Nyakundi	CEO	🟢	🟢	🟢	🟢	🟢

Attendance at Full and Board Committee meetings was commendable

Board Executive Committee

Name	Designation	24.03.2023	02.06.2023	07.12.2023
J Wangai	Chairman	🟢	🟢	🟢
A S M Ndegwa	Member	🟢	🟢	🟢
D. Lacey	Member	🟢	🟢	🟢
N. Kelly	Member	🟢	🟢	🟢
P Lopokoiyit	Member	🟢	🟢	🟢
G. Nyakundi	CEO	🟢	🟢	🟢

Attendance at Full and Board Committee meetings was commendable

PRINCIPAL OFFICER & SENIOR MANAGEMENT

In our commitment to enhancing efficiency and execution capabilities, we have established a robust management team. The quality of our senior leadership team continues to effectively manage risks and governance and demonstrate a firm commitment not only to executing tasks correctly but also to pursuing the right objectives. Our team possesses the key qualifications and experience in their respective fields. Additionally, we adhere to the "fit and proper persons' criteria" as outlined in compliance with the "Guidelines of Suitability of Persons" mandated by the Insurance Regulatory Authority. Directors have undergone induction on how the Group governs itself, makes decisions, defines its principles, and upholds the standards of governance it aims to uphold.

OUR SUSTAINABILITY PRACTICES

We endeavor to consciously integrate sustainability into our value chains in a bid to promote resilience and reduce risks beyond 'business as usual'. ICEA LION Group continues to demonstrate a strong commitment in leading African Insurers in underwriting climate risk and promoting sustainability through Nairobi Declaration on Sustainable Insurance (NDSI) partnerships. NDSI, currently the largest coalition of African insurers continues to play a fundamental role of bringing to the forefront a collective of underwriters committed to tackling ESG-related issues.

Through NDSI, we continue to partner with financial institutions to prop up support for Africa's climate-induced risks exposures. Working closely with the African Development Bank Group in designing and operationalization of the Africa Climate Risk Insurance Facility for Adaptation (ACRIFA) has been key area of focus for us. ACRIFA is a facility that will deploy concessionary, high-risk capital, and grants to catalyse the development and uptake of a range of targeted climate insurance solutions.

In addition, we are committed to adopt the recently launched Taskforce on Nature-related Financial Disclosures (TNFD) recommendations and are part of the TNFD pilot programme supported by FSD Africa to build institutional capacity create more awareness.

ICEA LION is a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) and 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.

We are also members of the African Natural Capital Alliance, a membership body of leading financial sector institutions, academia/research and civil society organizations across the African continent, that are working together to support African economies to shift towards nature-positive growth.

INTERNAL CONTROL & RISK MANAGEMENT SYSTEMS

Internal control and risk management systems are essential elements of corporate governance, aiding organizations in efficient operation, informed decision-making, and navigating uncertainties. These systems play a crucial role in safeguarding assets and ensuring compliance.

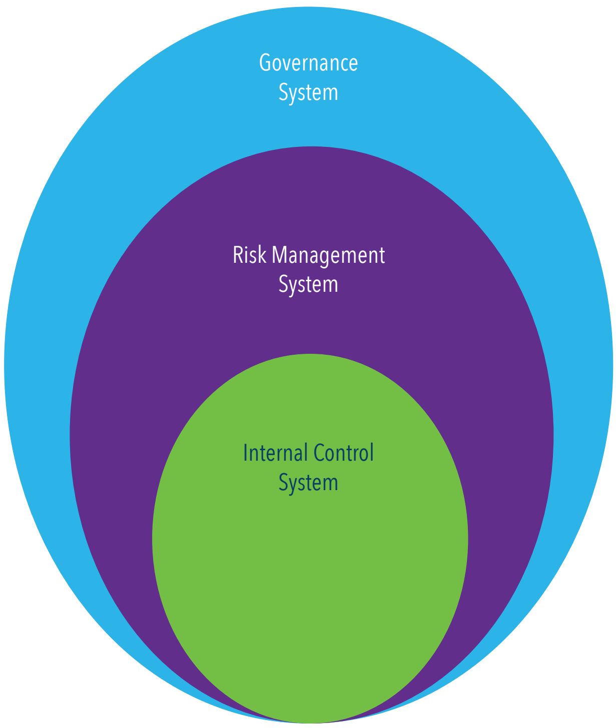
In response to potential risks that may impact stakeholders adversely, our company has instituted a comprehensive integrated risk management process in our day-to-day activities. This is reinforced by robust corporate governance structures, enhancing our ability to identify, monitor, and manage risks effectively.

These structures encompass well-defined internal procedures, clearly outlined reporting hierarchies, and systematic training programs for our staff. These training initiatives aim to equip our staff with a clear understanding of business risks, the potential consequences of neglecting or improperly managing risks, and universally accepted techniques for effective risk management.

A dedicated risk management and compliance function, overseen by a senior officer, has been established within our company. This function serves as the focal point for in-house risk management compliance monitoring, authentication, and related activities. The Board of Directors has set the risk appetite, cascaded to the senior management team under the coordination of this function.

Additionally, we maintain an independent internal audit function, led by a senior officer. This function evaluates the sufficiency and effectiveness of ICEA LION's adherence to internal controls and reports on strategies, policies, and procedures.

Our internal control systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives. They provide reasonable assurance against significant financial misstatements or losses.



Relationship between internal control, risk management and governance systems - Source: OECD (2022).

The board ensures the effectiveness of the internal control framework through ongoing monitoring, assessments, and reporting. Key approaches include regular reporting from management, independent assessments by the internal audit function, external audit evaluations during annual audits, reviews of risk management reports, monitoring key performance indicators related to internal controls, direct communication with management to gain insights, periodic assessments of the internal control framework, and ongoing training for board members. These measures collectively contribute to the board's confidence in the robustness and responsiveness of the internal control system in mitigating risks.

COMPLIANCE & ANTI-MONEY LAUNDERING PROGRAM

The company's ongoing success is rooted in the trust, respect, and integrity-driven behavior of its employees. ICEA LION ensures compliance with local and international standards through its anti-money laundering program, promoting rule-compliant and values-based corporate leadership. These guidelines include:

- The Corporate Governance Code for Private Sector Organisations;
- UNEP FI Principles of Sustainable Insurance
- The Anti-Money Laundering Guidelines by the Insurance Regulatory Authority (IRA);
- The UK Corporate Governance Code;
- Organisation for Economic Co-operation and Development (OECD) Principles on Corporate Governance;
- The King IV Report; and
- Financial Action Task Force (FATF) among others.

We are cognizant of both local and international principles in a bid to mitigate the risk of violating legal and regulatory requirements, ensuring compliance. This commitment also ensures that our customers benefit from the integration of sustainability and social responsibility into our corporate behavior. The company is dedicated to upholding and enhancing its corporate governance standards, striving for full compliance with the King IV Governance code.

ICEA LION's Code of Business Conduct and Ethics establishes standards of conduct aligned with these principles, mandatory for all employees. It provides clear guidance on values-aligned behavior, aiding employees in decision-making and avoiding conflicts of interest. This code serves as the foundation for fair dealings with customers and is supported by internal guidelines. Interactive training programs are developed to effectively communicate the principles of the Code of Conduct and compliance guidelines.

The compliance team's responsibilities include advising business units on laws, creating, implementing, and monitoring internal guidelines, and regularly training employees on relevant rules. An independently managed whistle-blower system is in place, allowing confidential reporting of irregularities. Employees raising concerns in good faith are protected from retribution.

ACTUARIAL FUNCTION

ICEA LION has established an internal actuarial function responsible for assessing and advising the management on various aspects, including technical provisions, premium and pricing activities, and compliance with statutory and regulatory requirements. Additionally, the company has engaged an "Appointed Actuary," who is a Fellow of The Actuarial Society of Kenya, aligning with the guidelines for the Actuarial Function issued by the Insurance Regulatory Authority.

CONFLICT OF INTEREST

Our directors are obligated to consistently act in the best interests of ICEA LION. It is our practice to prevent directors from placing themselves in situations where their personal interests could clash with those of ICEA LION. Any transactions conducted with directors or their affiliated companies must be conducted at arm's length and be fully disclosed. The board has implemented a policy mandating that directors, management, and staff disclose all potential sources of conflicts of interest. Furthermore, they are expected to recuse themselves from decisions where a conflict of interest may arise.

DIRECTORS' EMOLUMENTS

The aggregate number of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 35 (iii) to the financial statements for the year ended 31 December 2023. (See page 185)

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 35 to the financial statements for the year ended 31 December 2023. (See page 184 -185)

COMPLIANCE WITH THE LAW

Our Board is content that ICEA LION, to the best of its knowledge, has established mechanisms to adhere to all relevant laws. According to the Board's knowledge, no director, employee, or agent of the Company has engaged in any indictable offense while conducting ICEA LION's affairs, nor have they been implicated or utilized as a channel for money laundering or any other activity conflicting with the applicable laws.

CONDUCT OF BUSINESS & PERFORMANCE REPORTING

ICEA LION conducts its business following a meticulously devised strategy, annual business plans, and budgets that articulate precise objectives. Well-defined roles and responsibilities have been established with delegated authority duly approved. The management team regularly reviews and discusses performance against the objectives. A quarterly business review report is prepared by the management and presented to the Board, where any arising issues are thoroughly discussed. Continuous monitoring is maintained on performance trends, forecasts, and the actual performance against the budget.

DISCLOSURE OF INFORMATION & RELATIONSHIP WITH THE INSURANCE REGULATORY AUTHORITY

ICEA LION discloses details about its financial status and the risks it faces. This disclosure provides a comprehensive overview of our company, encompassing aspects such as financial position, performance, and corporate governance, among others. This information is communicated to the Insurance Regulatory Authority and other pertinent stakeholders.

ACCOUNTABILITY, AUDIT & SHAREHOLDER RELATIONS

Our Board acknowledges its duty to provide a fair and comprehensible evaluation of ICEA LION's financial status and future outlook. The financial statements adhere to IFRS and the stipulations of the Kenyan Companies Act 2015, undergoing an audit based on International Auditing Standards.
Our directors acknowledge and affirm their responsibility for the financial statements, including the provision of additional information in this integrated report deemed beneficial to shareholders and other stakeholders.

STAKEHOLDER GROUPS

We acknowledge that our success is dependent on striking a balance among the interests of our key stakeholders. The targeted operating model prioritizes both market management and customer value, emphasizing customer-centricity and innovation initiatives. To ensure ongoing progress, we actively measure customer satisfaction and brand value.

Achieving excellence in customer experience and market success is inseparable from the dedicated support and commitment of our employees. Consequently, we are making substantial investments in our talent pool by offering opportunities for personal and institutional development.

With these highlights, I am pleased to present statements from the Chairmen of our Board Committees.

BOARD FINANCE & INVESTMENT COMMITTEE STATEMENT

It is my pleasure to present the report of the Board Finance and Investment Committee for the year ended 31st December 2023.

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.

ANDREW NDEGWA
COMMITTEE CHAIRMAN

FOCUS AREAS IN 2023

The Committee mainly focused on reviewing the equity asset class and the counterparty models, and the property portfolio. Further, a review of Alternative Investment opportunities in Venture Capital, Private Credit, Real Estate, and offshore mutual funds amongst others is ongoing. In line with this, a review of the Investment Policy Statements (IPS) to support these investments, while considering the impact of business and market risks to both assets and liabilities, is underway.

PERFORMANCE OF OUR INVESTMENTS

The investment environment in the year 2023 was largely characterized the depreciation of the Kenyan shilling, higher interest rates, elevated inflation and depressed bond and equity markets. Against this challenging environment, our Company's investment portfolio grew by Kshs 18 billion, from Kshs 131.5 billion to Kshs 149.5 billion, marking a growth of 14.2%. This portfolio growth was due to new business inflows and the reinvestment of net realized investment income after covering claims payments and management expenses.

Our investment in the fixed income asset class was largely unchanged at Kshs 104 billion from Kshs 106 billion in 2022. Government securities constituted 69.5% of the Company portfolio as a result of our liability driven investing strategy coupled with the need to ensure capital preservation and stability of returns. Despite a strong performance in terms of realized interest income on the back of higher interest rates, the marked-to-market component of the portfolio witnessed a decrease in value as bond prices fell in response to the rising interest rates.

As a tactical response towards our broader portfolio diversification strategy, cash & cash equivalents stood at Kshs 27.74 billion forming 18.6% of the Company's investments, in large part due to the challenges experienced by our bond, equities and properties investments. This asset class generated competitive double digit returns due to aggressive bank deposit placements on the back of increased interest rates during the year. The significant holdings in cash and cash equivalents provides us with ample liquidity to diversify our portfolio as and when opportunities arise.

To this end, we have in place an Alternative Investments Framework, for identification of suitable opportunities while ensuring robust risk management in both selection and post investment management of assets. Based on our continued efforts in this area, we are confident that our portfolio diversification strategy will be realized over the medium term.

Our real estate holdings, which constitute about 6.6% of the Company investment portfolio, returned a revaluation gain of Kshs 0.291 billion. This was largely due to increased occupancy and rental income from our investment properties. Underpinning this improved performance were operational interventions in the form of refurbishments, marketing and increased rollout of new rental models. Additionally, our strategic development plans remain on course to improve the property overall portfolio yield in the long term.

Our real estate holdings, which constitute about 6.6% of the Company investment portfolio, returned a revaluation gain of Kshs 0.291 billion. This was largely due to increased occupancy and rental income from our investment properties. Underpinning this improved performance were operational interventions in the form of refurbishments, marketing and increased rollout of new rental models.

Reflecting the broader market trend, the performance of the equities portfolio which represents about 5% of the Company investment assets, was subdued. The Company's equity portfolio outperformed the market, experiencing a decline of 18.1% compared to the market-weighted NSE 25 share index, which fell by 24% (2022, 16%). As a long-term insurer, we invest strategically in select companies which have strong fundamentals and we consider this volatility may present an opportunity to cautiously invest in such businesses.

LOOKING FORWARD

In 2024, the possibility of interest rate cuts in developed economies could positively spur activity in Frontier Markets including Kenya. Nevertheless, investor demand for higher interest rates, local fiscal pressures, currency weakness and higher inflation pose risks to both growth and financial markets stability. As a result, market participants are expected to remain cautious.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

"Our commitment to governance, risk management, and compliance is not a task; it's a pledge to navigate the corporate seas with integrity, resilience, and unwavering ethical standards."

As the Chair of the Audit and Risk Management Committee, it is my privilege to present our report. Our committee convenes quarterly to review external auditors' plans, internal audit reports, matters concerning ethics and policyholders' protection and any proposals affecting the Company's internal control environment.

Our responsibilities extend to monitoring and supervising the management's financial reporting process and championing the establishment of robust corporate governance practices. In the past year, macroeconomic risks, driven by inflationary pressures and heightened regulatory demands, took centre stage. These encompassed Anti-Money Laundering compliance, data privacy, IFRS 17 compliance, and cybersecurity/data security concerns.

KAIRO THUO
COMMITTEE CHAIRMAN

The Committee remains steadfast in reviewing the effectiveness of internal controls, providing enhanced oversight across all facets of the company.

In respect of financial statements, the Committee's focus was:
- The accounting judgments made by management that could have a significant effect on the Group's financial results.
- Oversight of ICT changes affecting financial systems and controls.
- The clarity of disclosure of financial information.
- Whether the financial statements, taken as a whole, give a true and fair view of the Company's financial performance.

The Statement of Directors' Responsibilities on this can be found on page 81 of this report.

Company Capital Adequacy

The Committee verified that the Company's capital adequacy was acceptable and its Capital Management strategy was robust enough to back its intended 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 function 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.
•Provide oversight in the implementation of a comprehensive AML/KYC compliance program.
• 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 53 to 57 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 experience finance, internal audit and risk team members
- Segregation of duties, clear lines and accountability and delegation of authority
- 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 control were identified during these reviews.

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.

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.

The Committee is satisfied with the performance of the internal audit function and will continue to provide support in ensuring it 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 issues 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.

BOARD REMUNERATION & NOMINATION COMMITTEE STATEMENT

I am pleased to present the 2023 Nomination and Remuneration Report on behalf of the members of the Committee (BNR).

The Nomination and Remuneration Committee is the custodian of the ICEA LION Group remuneration governance structure that ensures that the Group remunerates fairly, responsibly and in a transparent manner to promote achievement of the business objectives and outcomes.

The Groups remuneration practices are centered on the creation of sustainable value and rewarding individual performance relative to business performance, stakeholder interests and market benchmarks.

The Group remuneration policy is therefore designed to:

- Build a high-performance culture that recognizes employees for the contribution they make to the business while encouraging excellence in delivery.

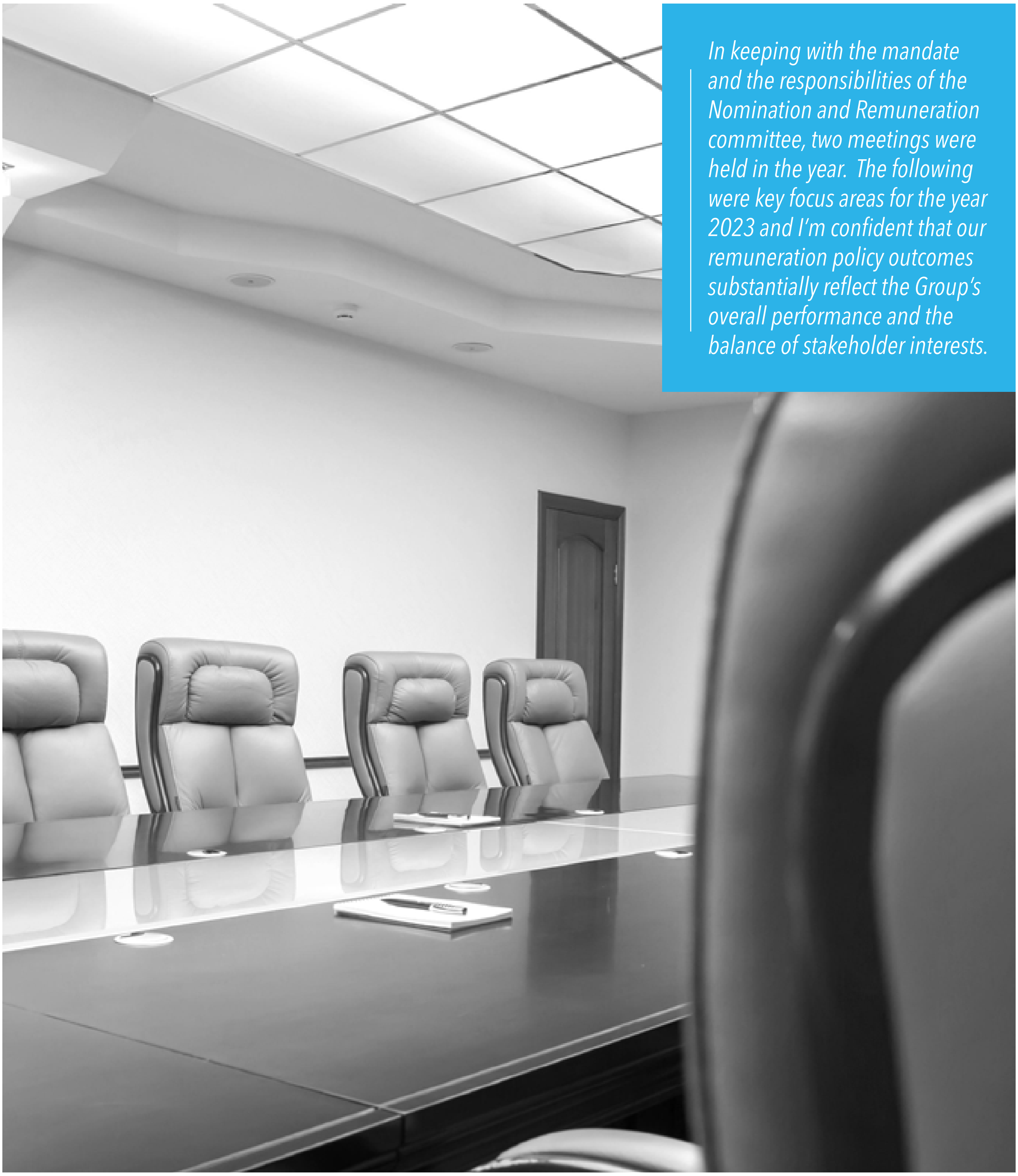
- Prudently manage the total cost of employment for all employees and its impact on the Group's overall cost base and financial performance.
- Consistently promote the group's culture of fairness and equity
- Attract, retain, reward and motivate employees and executives of the highest caliber.
- Focus all employees on delivering sustainable growth and financial performance for all stakeholders.
- Review and benchmark remuneration regularly through independent external professional service providers to ensure that the Group remains aligned and competitive in the diverse markets we operate.
- Review and determine the Company's policy and practices on remuneration and advise on the specific remuneration packages of senior managers so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance.
- Review the remuneration of Non-Executive Directors and recommend changes from time to time as mandated by the Board.

In keeping with the mandate and the responsibilities of the Nomination and Remuneration committee, two meetings were held in the year. The following were key focus areas for the year 2023 and I'm confident that our remuneration policy outcomes substantially reflect the Group's overall performance and the balance of stakeholder interests.

REFLECTING ON 2023 AND REMUNERATION DECISIONS

In the year 2023, the Committees operations were guided by the remuneration policy that set out and guided the delivery of the following priority areas:

- Determining the remuneration outcomes of the year having considered the financial performance of the Group, the delivery to stakeholders and individual contributions to the business strategic outcomes.
- Attracting and retaining top talent, critical skills, and ensuring talent availability to achieve the Groups ambitious targets.
- Reviewed and recommended to the board fair and responsible remuneration changes informed by market benchmarking in respect of fixed remuneration based on position market remuneration, pay for performance differentials and specific country-level interventions to address significant cost-of-living related pressures.
- Recommendation and approval by the board the payment of staff salary increments and short term incentive effective January 2023 that considered the overall operating environment, the respective performance of each business and the benchmark survey outcome.
- Performance Management being a critical initiative through which remuneration outcomes are assessed, there was continued focus on the evolution of the Group's performance management framework, outcomes and processes to remain relevant and competitive, to effectively balance stakeholder interests to support high performance culture for retention and attraction of the best talent.
- This committee reviewed new nominees to the Board and was mandated to assess the performance and effectiveness of Directors through Board evaluations.
- The Committee also reviewed the People and Culture strategy in the Group and recommended to the Board for approval.



In keeping with the mandate and the responsibilities of the Nomination and Remuneration committee, two meetings were held in the year. The following were key focus areas for the year 2023 and I'm confident that our remuneration policy outcomes substantially reflect the Group's overall performance and the balance of stakeholder interests.

• Annual board performance evaluation that was independently facilitated by a external service provider whose outcome continued to improve the effectiveness of the board and committees.

• Established the Graduate Management Program that was implemented for identifying high potential future talent.

• Oversaw the Culture Transformation program launch and the modeling of the desired behaviors (Red- what we never do, and Green- what we always do) as a strategic driver of the business objectives.

APPRECIATION

I would like to acknowledge with appreciation my colleagues on the Nomination and Remuneration Committee and those on the subsidiaries for their diligence and support that has ensured that we achieve great results during the year. I also thank our staff across the Group for their dedication, diligence and their loyalty that has enabled the Group to remain strong and competitive. I look forward to another year where we continue to build on our strong foundation.

BOARD INNOVATION & ICT COMMITTEE

GLOBAL OVERVIEW: A REFLECTION ON 2023

The year 2023 will be etched in memory, marked by numerous and devastating armed conflicts in Russia and Ukraine, Israel and Palestine, and Sudan closer to home. These conflicts have cast a shadow over global economies, exacerbating energy and commodity prices.

The impact of these conflicts has rippled into East African economies, leading to a spike in the cost of living, thereby reducing disposable income for citizens. Concurrently, Kenya is navigating a shift in tax policy, contributing to business uncertainty and increased compliance costs.

ADVANCEMENTS IN ARTIFICIAL INTELLIGENCE (AI)

On a positive note, 2023 was a watershed year for the maturation of Artificial Intelligence (AI). AI applications witnessed unprecedented sophistication and ubiquity, influencing diverse industries, from healthcare and finance to entertainment and retail.

While the full impact of AI remains unpredictable, its potential for the insurance industry is both promising and imminent. The ICEA LION Group proudly spearheaded AI integration, notably deploying it to automate underwriting instructions in 2023, a pivotal step in enhancing efficiency. This is merely the tip of the iceberg, as AI holds the promise of revolutionizing customer experiences and reducing operational costs across various fronts, including claim processing, fraud detection, and customer service through chatbots and virtual assistants.

EMPOWERING WOMEN: ICEA LIONESS PRODUCT

We extend gratitude to the team in Uganda for successfully crafting the ICEA LIONESS product, specifically designed for women. Recognising the pivotal role women play in creating and safeguarding wealth for their families, ICEA LIONESS offers a unique, tailor-made product that combines savings and protection, with added benefits such as guaranteed maturity values, free cancer screening, and an antenatal package. Notably, LIONESS is an end-to-end digital product, enabling women to self-onboard through web or WhatsApp channels, bringing convenience to their homes. We wish the group continued success as it pioneers digital products for crucial segments of our society.

EXPANDING DIGITAL SERVICES THROUGH WHATSAPP

Our commitment to digital innovation is evident in the array of products and services accessible through the Whatsapp channel. In addition to ICEA LIONESS, customers can now renew motor insurance, file claims, seek medical second opinions, and manage Unit Trust investments, including funds withdrawal for Joint, Junior, and Chama accounts.

STRATEGIC PARTNERSHIPS AND DIGITAL INTEGRATION

The ICEA LION Group remains committed to extending its services through trusted partners, brokers, agents, and valuers. Our interactions have undergone significant digitization through the well-established Partners' portal. We are actively pursuing deeper digital integrations with partners to enhance cost efficiency and eliminate inefficiencies, ultimately benefiting our customers.

EMBRACING INSURTECHS AND FINTECHS

Recognising the need to leverage digital capabilities for competitiveness and growth, the board emphasizes the creation of strong partnerships with Fintechs and Insurtechs. To achieve this, a proactive approach is required, accommodating new business models that foster innovation without being encumbered by outdated yet successful models. With a clear vision, this challenging but necessary transformation is within our grasp.

We extend gratitude to the team in Uganda for successfully crafting the ICEA LIONESS product, specifically designed for women. Recognising the pivotal role women play in creating and safeguarding wealth for their families, ICEA LIONESS offers a unique, tailor-made product that combines savings and protection, with added benefits such as guaranteed maturity values, free cancer screening, and an antenatal package.

We continue to encourage the group to persist in creating innovative digital products, setting the pace in the industry, and fully capitalizing on the potential of AI. We trust that 2024 will witness fundamental changes to our operating model, accelerating innovation and growth for the ICEA LION Group.

LOOKING AHEAD TO 2024

As we turn our attention to 2024, a sense of optimism prevails. The conclusion of the previous year brought about improved rainfall, offering a glimmer of hope for many Kenyans as it is anticipated to alleviate the cost of living. Additionally, we express our aspirations for global conflicts to find peaceful resolutions.

Anticipating a potential easing of the United States Dollar as the Fed rates look to decline and the USA enters into an election year, we look forward to the positive impact on the economy. The forecasted shift holds the promise of making imports and inputs more affordable in the upcoming year, potentially benefiting various sectors.

In closing, I extend my sincere appreciation to the tireless efforts of the ICT team across the group. Their unwavering commitment to delivering innovative and fresh concepts has significantly enhanced the customer and user experience. These endeavours are poised to generate lasting value for the Group in the long term.

Hongera!

04 - OUR RISK LANDSCAPE

WHAT'S YOUR PLAN?

RISK LANDSCAPE - GOVERNANCE, RISK AND COMPLIANCE

This section provides a comprehensive overview of Governance, Risk Management, and Compliance (GRC) within our organization. Rooted in unwavering commitment, our governance structure ensures transparency and ethical standards, aligning decisions with organizational goals. The focus on risk management showcases a proactive approach, addressing risk identification, mitigation and continuous monitoring for organizational resilience. Amid evolving regulations, our dedication to compliance is evident through unwavering adherence to legal standards, thorough policy crafting, and ongoing training initiatives, fostering a culture of ethical conduct. This approach reflects our commitment to navigating challenges while upholding transparency, resilience, and ethical standards.

OUR APPROACH TO RISK MANAGEMENT

At ICEA LION, our strategic vision relies on robust risk management and governance as fundamental pillars. Navigating the intricacies of the contemporary business environment highlights the essential need for a structured approach to risk management. Our steadfast commitment is demonstrated through the embrace of globally recognized frameworks, positioning us as leaders in proactive risk mitigation and corporate governance excellence. This has empowered us to navigate complexities with confidence and resilience, ensuring sustained success in an ever-evolving landscape.

FIRST LINE OF DEFENSE (BUSINESS UNITS AND OPERATIONS)

At the heart of our risk management strategy lies the daily rhythm of our business units and operations, the first line of defense. Frontline employees are not just contributors; they are guardians actively managing and controlling risks as an integral part of their roles.

Operational controls are seamlessly woven into our processes, forming a vigilant fabric that ensures continuous risk awareness and mitigation. This illuminates the proactive role our operational teams play in fortifying ICEA LION against potential threats.

SECOND LINE OF DEFENSE (RISK MANAGEMENT AND COMPLIANCE)

The risk management and compliance function, our second line of defense stands as a sentinel, providing essential oversight, guidance, and independent assessment. These highly dedicated teams orchestrate key initiatives such as risk assessments, compliance monitoring, and control testing. Their efforts not only uphold our commitment to effective risk management but also ensure that our operations align seamlessly with regulatory requirements.

THIRD LINE OF DEFENSE (INTERNAL AUDIT)

Our internal audit function emerges as the ultimate arbiter of effectiveness. The team conducts independent evaluations, scrutinizing the very fabric of our risk management and control processes. Through findings and recommendations, internal audit contributes significantly to our journey of continuous improvement and assurance.

INTEGRATION OF THE THREE LINES

Harmony in diversity is not just a phrase; it's the ethos guiding the integration of our three lines of defense. These lines collaborate synergistically to create a comprehensive risk management framework. This collaboration enhances risk identification, mitigation, and compliance demonstrating the power of collective vigilance.

DEPARTMENTS, ALL STAFF

- Primary risk & control implementation
- Strategy execution
- Business Processes
- Day to day risk management by risk takers
- Promote strong ask culture

RISK AND COMPLIANCE

- Oversight & monitonng
- Risk management and compliance
- Design, Communicate and Implement Risk Management framework
- Assist management in establishing controls and processes
- Develop centralized policies and standards
- Monitor and report on ask to the Board
- Escalate critical issues and emerging risks

INTERNAL AUDIT

- Review and evaluation the design and implementation of risk management holistically.
- Ensure the effectiveness of the first layer of defense and the second layer of defence.

Adaptability remains our watchword as we navigate an ever-evolving landscape of risks and regulatory nuances to ensure that ICEA LION remains a stalwart guardian against the unpredictable winds of change.

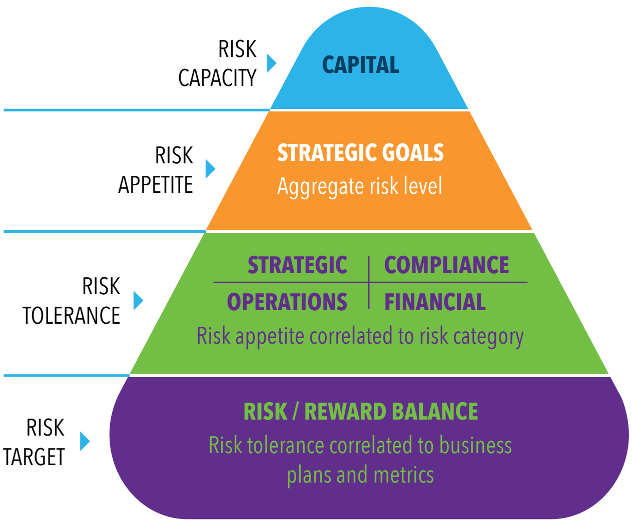
BUILDING RESILIENCE THROUGH RISK INTELLIGENCE

In fostering organizational resilience, we have instituted a robust integrated risk management framework that permeates our daily business endeavours. Bolstered by steadfast corporate governance structures, our commitment to effective risk identification, monitoring, and management is unwavering. Heading this charge is our dedicated risk management and compliance function, led by a seasoned senior officer. Ensuring its independence, this function maintains a direct reporting line to the Board Audit and Risk Committee, serving as the nexus for in-house risk management, compliance monitoring, and authentication activities.

Central to our strategy is the establishment of a comprehensive risk appetite, initiated and cascaded by the Board of Directors to our senior management team. Our proactive approach includes regular risk assessment exercises, evaluating key risks against predefined tolerance levels. This structured approach incorporates well-documented internal procedures, clear reporting lines, and systematic training programs for our staff. These programs aim to equip our team with a profound understanding of business risks, the repercussions of inadequate risk management, and universally accepted techniques for effective risk mitigation.

Our journey towards integrating risk management has been marked by continuous improvement, exemplified by recent strides in quantifying risk through the implementation of the Risk-Based Capital regime, endorsed by the Insurance Regulatory Authority. This evolution underscores our commitment to staying at the forefront of risk intelligence, fortifying our organization against unforeseen challenges and reinforcing our resilience in a dynamic business landscape

THE RISK PYRAMID



Risk Appetite, the cornerstone of Enterprise Risk Management, PECB 2016

The Risk Appetite Process and Setting form a pivotal aspect of our organizational strategy, defining the boundaries within which we operate and make decisions. This process involves a thorough evaluation of our tolerance for risk and, aligning it with our business objectives. By clearly defining our risk appetite, we establish a framework that guides decision-making, ensuring a balanced approach that maximizes opportunities while effectively managing potential threats. This proactive and structured approach to risk management empowers us to navigate uncertainties with confidence and resilience

RISK FACTORS AND MEASUREMENT

Traversing the challenges of the 21st century involves grappling with heightened complexity, uncertainty, and vulnerability. These arise from geopolitical power shifts, rapid technological transformations, and the ever-expanding interconnectivity that amplifies the dissemination of risks. In this dynamic environment, prioritizing the comprehension of risk factors and deploying effective measurement strategies becomes crucial for fostering sustainable success and resilience. The following section provides an overview of the key risks we diligently monitor in this evolving landscape.

Insurance Risk

Insurance risks primarily stem from insufficient or unsuitable practices in reinsurance, reserving, underwriting, claims management, product design, and pricing, which could result in financial losses and the subsequent inability to fulfil obligations. To effectively address and minimize these risks, we have implemented a comprehensive risk management system tailored to the scale and intricacy of our operations. This encompasses the implementation of policies related to product design, pricing, underwriting, claims management, reserving, and reinsurance.

Business Risks

a) Cost risks pertain to the possibility that the costs involved in managing policies exceed anticipated levels or that there is a reduction in new business volume to an extent that prevents the company from covering its fixed expenses

b) Policyholder behaviour risks involve the unpredictable and unfavourable actions taken by policyholders in exercising their contractual options, such as prematurely terminating contracts, surrendering policies, making partial withdrawals, renewing policies, and opting for annuities.
The company establishes assumptions about policyholder behaviour using accepted actuarial methods and relies on its own historical data whenever possible. In the absence of such data, assumptions are informed by industry data or expert judgment. These assumptions serve as a foundation for assessing the economic consequences of policyholder behaviour across various scenarios within our internal models.
Furthermore, the company consistently oversees cost and behaviour risks, comparing them against approved key business risk indicators.

To fulfil our contractual obligations to policyholders, the company prudently manages its assets, considering the liability profile, solvency position, and overall risk-return profile. We have established clear risk tolerance and target return metrics guiding our operations. The appropriateness of asset allocation forms the basis of our investment strategy, subject to periodic reviews to ensure comprehensive protection for the company

Investment Risks

Investment risks emanate from the performance of investments, which may deviate from benchmarks or expectations. These risks can materialize through the loss of principal, coupons, or equity value, potentially resulting in impairments and reduced net income.

To prudently manage investment risks, the Board, through its Board Finance and Investment Committee, actively reviews and recommends the company's asset allocation policies and strategies. This encompasses asset liability matching, investment policies, and strategies. The ongoing monitoring of compliance with the approved investment strategy, including the investment mix, underscores our commitment to making informed decisions and optimizing investment performance.

Operational Risks

Operational risks encompass potential losses stemming from insufficient or malfunctioning internal processes, human errors, or external events. To effectively mitigate these risks, we have implemented robust processes for managing human capital, addressing cyber/ICT challenges, and combating fraud. Oversight of operational controls is diligently executed across the three lines of defence.

Our commitment to operational excellence includes continuous monitoring, proactive measures, and a comprehensive approach to risk management. By reinforcing these key elements, we aim to fortify our operational resilience and ensure the smooth functioning of internal processes, thereby minimizing the impact of potential disruptions.

Market Risks

Market risks can manifest due to fluctuations in market movements, potentially subjecting the company to changes in the value of its assets, liabilities, or income generated from its assets. The primary market risks faced by the company include the following:

- Interest-rate risk; changes in interest rates will impact the value of financial instruments.
- Exchange-rate risk; risk of financial loss due to changes in exchange rates in relation to the Company's operating activities.
- Liquidity Risks; risk of insufficient liquid assets to meet payouts from policies (surrender, expenses, maturities, etc.), forcing the sale of assets at lower prices, leading to losses.

To manage and mitigate the market risks faced by the Company, an array of Risk Management techniques is employed, including:

- Establishing and overseeing functional limits on market risks.

- Conducting Asset & Liability Management (ALM), which involves determining an optimal strategic asset allocation aligned with the structure of liabilities to reduce risk to the desired level.
- Implementing a disciplined investment process, involving comprehensive analysis by the Investment arm and a second opinion provided by Risk Management.

Reputational Risks

We recognize the critical importance of safeguarding the Company's image, as damage to our reputation can significantly impact our ability to retain clients and attract new business. A breakdown in trust and confidence may arise from various sources, such as adverse media coverage or social media incidents. With a firm commitment to managing reputational risks, we maintain zero tolerance for any compromise in this regard.

To ensure swift and effective responses, we have established a dedicated Crisis Management Team. This team is equipped to handle reputational risks arising from diverse challenges, including adverse media exposure and incidents in the realm of social media. By proactively addressing these risks, we aim to fortify our reputation and sustain strong business relationships.

Business Continuity Risks

The risk of business disruption stemming from internal and external events, such as technological failures, natural disasters like floods, and civil unrest, is acknowledged and actively managed. Our commitment to ensuring the continuity of business activities is underscored by the formalization of comprehensive plans for business continuity, disaster recovery, and crisis management.

In anticipation of various risk events, we have implemented robust strategies to navigate potential challenges and maintain operational resilience. These plans, meticulously designed and regularly reviewed, are aimed at minimizing the impact of disruptions on our business, thereby reinforcing our dedication to continuous and uninterrupted service delivery.

Compliance risks

These risks emanate from potential violations or non-compliance with laws, regulations, agreements, prescribed practices, or ethical standards. Additionally, there is a risk associated with the possibility of misinterpreting effective laws or regulations. Mitigating compliance risks is a priority for us, and we achieve this by ensuring that all our activities strictly adhere to regulations, codes of conduct, best practices, and internal policies. Our commitment to compliance is further reinforced by independent assurance and oversight provided by dedicated compliance and internal audit teams. This multifaceted approach underscores our dedication to upholding high standards and legal integrity across all facets of our operations.

Fraud Risk Management

Fraud risk is characterized by intentional dishonest activities or wilful misrepresentation that may cause harm to the Company and can be perpetrated by management, employees, or third parties.

Our approach integrates fraud risk management seamlessly into enterprise risk management activities. We are unwavering in our commitment to upholding the highest standards of openness, probity, and accountability across all aspects of our operations. To foster a culture of honesty and maintain a zero-tolerance stance against fraud and corruption, we have instituted a board-approved fraud management policy.

To ensure swift and effective responses, we have established a dedicated Crisis Management Team. This team is equipped to handle reputational risks arising from diverse challenges, including adverse media exposure and incidents in the realm of social media. By proactively addressing these risks, we aim to fortify our reputation and sustain strong business relationships.

Key components of our fraud management system include:

- Implementation of a whistle-blowing policy through an independently managed hotline.
- Implementation of an Anti-Bribery policy.
- Imposition of sanctions, including legal actions, against individuals found guilty of fraud.
- Conducting fraud awareness programs through comprehensive training initiatives.
- Implementation of due diligence processes for vetting new staff, suppliers, and other stakeholders.

Through these measures, we aim to fortify our defences against fraud and corruption, promoting a culture of integrity and accountability within our organization.

Navigating Shifting Tides: Unveiling Emerging Risks

In today's interconnected and fast-paced world, the nature of risk is undergoing a transformative shift. Unprecedented geopolitical events, exemplified by the resurgence of war in Europe that have ushered in lasting consequences. Concurrently, the escalation of climate risks and the growing threat of cyberattacks to both public and private intangible assets and data present new challenges. This evolving global risk landscape poses a substantial challenge to organizations, testing their ability to absorb financial losses.

As we peer into the future, the emerging risks on the horizon are poised to influence the solvency and profitability of the insurance sector. Factors such as sustained high levels of inflation, lapses, significant unrealized loss positions, and the potential reduction in demand for insurance due to strains on household purchasing power will play pivotal roles in shaping the risk landscape for insurers. The Company has identified key emerging risks that may affect how we do business but at the same time present new opportunities to us. These include;

Rapidly Evolving Regulatory Compliance Changes

Regulatory and financial crime compliance challenges continue to evolve, placing greater pressure on firms. Changes in regulatory frameworks, new legislation or legal actions can create compliance challenges and increase operational costs. Non-compliance can result in fines, penalties, reputational damage or even loss of license. Regulators have committed to a more intensive supervisory approach to monitor the risk with the twin aim of improving transparency in markets and products. The increased scrutiny can also make it more difficult for insurers to bring new services and products to market and increase the cost of compliance. Despite the challenges presented by heightened scrutiny, we consider compliance a strategic investment. It serves as a fundamental element in maintaining credibility, fortifying resilience against reputational risks, and contributing to the overall stability of the insurance industry. The company has implemented a robust compliance management framework under board oversight, showcasing our commitment to navigating the evolving regulatory landscape with diligence and adaptability.

Modern Technologies Disruption and Adoption

Modern technologies like artificial intelligence (AI), machine learning, and blockchain continue to reshape the insurance industry, necessitating its adaptation for sustained competitiveness. The effective automation of tasks at scale has become a key differentiator, setting successful companies apart from their peers. As technology rapidly advances, traditional insurance models are susceptible to disruption, with Insurtech companies leveraging AI, big data, and blockchain to introduce innovative products and services, challenging established insurers and potentially impacting market share.

In response to these trends, our company is proactively integrating these disruptive technologies. We are strategically leveraging AI, machine learning, and blockchain for enhanced underwriting and claims processes, data-driven insights, and the development of innovative product offerings. By embracing these technologies, our goal is not only to meet current industry standards but also to stay competitive and innovative in the rapidly evolving insurance landscape.

Cybersecurity and Data Security Threats

The insurance industry holds vast amounts of sensitive customer data, making it an attractive target for cybercriminals. Data breaches and cyber attacks; ransomware attacks and distributed denial of service attacks can result in financial losses, reputational damage, regulatory penalties and legal liabilities. Cyber attacks are becoming increasingly sophisticated and are a major threat as high-profile cyberattacks have recently hit the industry. The stakes in combatting cyber risks are high because hackers can steal sensitive data, such as customer information and financial records, disrupt operations, impact financial stability and severely negatively impact company reputation.

To address the rising challenges of cybersecurity and data security threats, our company is committed to strengthening our defences through cutting-edge cybersecurity technologies, the implementation of extensive training programs, and the establishment of robust incident response plans aimed at proactively mitigating potential risks. This concerted effort underscores our dedication to staying ahead of evolving threats, ensuring the security of our operations, and safeguarding the trust and confidentiality of our customers' data.

Climate Change and Sustainability

Climate change presents substantial risks, resulting in global economic losses, property damages, and health implications. The insurance industry potentially faces challenges, including increased claims, rising reinsurance costs, and difficulty in assessing climate-related risks. As a testament to our dedication to sustainability, we actively participate in initiatives such as the Nairobi Declaration on Sustainable Insurance (NDSI) and seek to collaborate with financial institutions to support and mitigate Africa's exposure to climate-induced risks. Our close partnership with the African Development Bank Group in designing and operationalizing the Africa Climate Risk Insurance Facility for Adaptation (ACRIFA) is a focal point for us. ACRIFA aims to deploy concessionary capital, high-risk funding, and grants to catalyse the development and adoption of targeted climate insurance solutions.

Furthermore, we have committed to adopting the recently launched Taskforce on Nature-related Financial Disclosures (TNFD) recommendations and are part of the TNFD pilot program supported by FSD Africa, focusing on building institutional capacity and creating awareness. ICEA LION is a proud signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) and the UN-convened Net-Zero Insurance Alliance (NZIA), uniting leading insurers and reinsurers globally in accelerating the transition to low carbon emissions by 2050.

> *To address the rising challenges of cybersecurity and data security threats, our company is committed to strengthening our defences through cutting-edge cybersecurity technologies, the implementation of extensive training programs, and the establishment of robust incident response plans aimed at proactively mitigating potential risks.*

Economic Uncertainty

Against the backdrop of the post-pandemic world, characterized by the ongoing war in Gaza and Ukraine, heightened geopolitical tensions, and financial market fluctuations, insurance companies find themselves operating in an environment fraught with uncertainty. Particularly noteworthy are the potential consequences during economic downturns, where reduced demand for policies, increased policy cancellations, heightened default rates, and lower investment returns collectively impact the profitability of the insurance companies.

Facing these challenges head-on, our company is actively implementing a series of strategic initiatives aimed at strengthening our position and navigating the evolving landscape. These initiatives include diversifying our investment portfolio to adapt to market fluctuations and optimize returns, embracing agility in our business models to respond swiftly to changing conditions, and fortifying underwriting processes and risk models to effectively address increased default rates and uncertainties associated with economic downturns.

We aim to emerge stronger, more resilient, and better equipped to serve our policyholders and stakeholders effectively.

Competition From Other Industries

The intensifying competition from non-traditional entities, such as technology companies and financial institutions, characterized by distinct business models and lower operational costs compared to traditional insurers, is expected to persist, exerting pressure on the profit margins of insurance companies.

In response to this challenge, we have implemented a series of strategic measures. These include introducing innovative product offerings, undergoing digital transformation to streamline operations, enhance customer experiences, and reduce costs, and establishing collaborations with technology firms and financial institutions to capitalize on their expertise and customer base. Furthermore, we consistently conduct thorough risk assessments and engage in scenario planning to proactively anticipate and address the potential impact of heightened competition.

05 - OUR VALUE CREATION

WHAT'S YOUR PLAN?

MATERIALITY MATRIX

This section of the report is organized in alignment with the six Capitals, aiming to provide our stakeholders with valuable insights into the Group, the material issues shaping our strategy, and our responsive actions to meet the needs of our stakeholders. We trust that this structured presentation enhances stakeholders' understanding of our operations and their impact on our sustained success.

In addition, this section will demonstrate our pursuit to living up to Principles for Sustainable Insurance (PSI) as summarized below:

PSI Principles for Sustainable Insurance

PRINCIPLE 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

PRINCIPLE 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

PRINCIPLE 3

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

PRINCIPLE 4

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Material issues encapsulate factors that wield a substantial impact on the Group's ability to execute its strategy, uphold commercial viability and maintain environmental and social relevance. These pivotal aspects possess the potential to significantly influence the decisions of key stakeholders, comprising mainly of shareholders, customers, suppliers, and staff.

To systematically gauge the significance of these material issues and appraise stakeholder and Group perceptions, our evaluation process rigorously tests these material issues against the criteria outlined in the Global Reporting Initiative (GRI) standard, ensuring a comprehensive and standardized approach to reporting.

It is essential to note that our last in-person materiality assessment was conducted in 2019. Subsequent engagements were temporarily halted due to the challenges posed by the COVID-19 pandemic. However, demonstrating our commitment to transparent and inclusive reporting, we are poised to resume in-person materiality assessments with our stakeholders in 2024. This renewed initiative underscores our dedication to staying attuned to the evolving landscape of material issues and maintaining a proactive approach in addressing them.

Shared Value
- Inclusivity
- Diversity
- Sustainable practices
- Local procurement
- Financial inclusion
- Non- discrimination

Operation Resilience
- Continuity & Availability of Services
- Accuracy of transactions Turn-around time
- Reliability
- Convenience
- Automation

Treating Customers Fairly
- Culture
- Trust
- Innovation
- Agility
- Flexibility
- Brand Promise
- Data protection

Health & Safety
- COVID19 protection
- Mental health
- Fitness & Wellbeing
- Occupational Health & Safety Compliance

Profitability
- Shareholder Value
- Sustainable Growth

Corporate Conduct
- Integrity
- Ethics
- Core Values
- Philosophy
- Governance
- Consistency
- Trust
- Stakeholder engagement
- Transparency
- Confidentiality Professionalism
- Brand

Digital Services
- Ease of transacting
- Engagement & Communication
- One stop financial services shop

Our People
- Retention Skills-matching
- Culture
- Succession
- Training Placement matching
- Remuneration
- Promotion
- Disability consideration
- Employee engagement
- Competence
- Rewards

Risk Management
- Resilience Succession strategy
- Prudence
- Compliance
- Diversification
- Audit results
- Credit Rating results
- Regulator inspection
- Standard Operating Procedures/ Policies
- Monitoring
- Due diligence

1) HUMAN CAPITAL

1. HUMAN CAPITAL REPORT

Human capital is the heart of our business, it is the channel through which our customers are provided with our products and services based on established relationships. Our people are our customers' most important asset enabling us to succeed in the market. Based on this premise, we seek to evolve while ensuring everyone can excel, grow, and deliver value to our customers, investors, and the community we serve. We endeavor to build the human capital for the future, drive ICEA LION winning culture, and employee engagement, promote employee wellbeing, and support organization diversity and sustainability through;

- Attracting the best and most diverse talent while continuously upskilling/ reskilling our employees.
- Driving ICEA LION winning culture and employee engagement by fostering a culture and work environment that enables us to deliver impact and business outcomes through an engaged workforce and offering distinctive value.
- Creating awareness and promoting employee wellbeing.
- Support organization diversity and ESG.

2. HUMAN CAPITAL FOR THE FUTURE

We recognize that our talent determines long-term success and greatly defines our human capability in the business and the market. We are therefore committed to attracting, hiring, developing, and retaining diverse talent and building a pool of talent key for the future of the business.

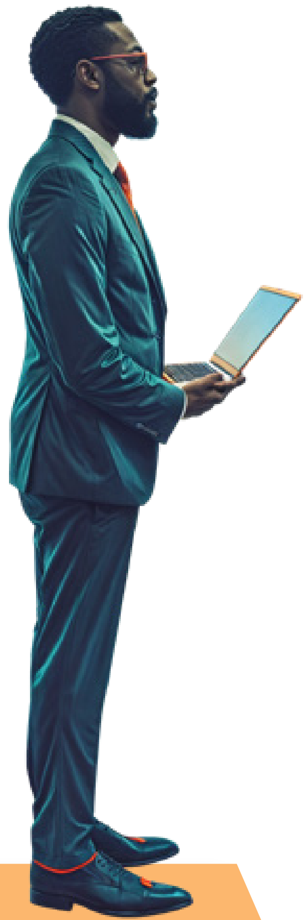
a) Our Workforce Composition

The tables and chart below provide sight of our workforce composition for Kenya and Uganda Life businesses for the period ended 31st December 2023:

(b) Graduate Management Program (GMT)

The inaugural GMT program was launched in March 2023 aimed at nurturing a talent pipeline for long term sustainability. The cohort saw 6 trainees from the life business in Kenya go through a robust on the job trainings to gain job experience and insights across different departments. The GMT program will continue in 2024.

OUR WORKFORCE COMPOSITION



HEADCOUNT

2023	2022
222	210

Kenya ▼ 2

2023	154
2022	156

Uganda ▲ 14

2023	68
2022	54

HIRES BY GENDER 2023

	Female	Male
Total	14	15
Kenya	5	7
Uganda	9	8

OVER 50 - Hires by Age

Kenya	2
Uganda	0
TOTAL	2

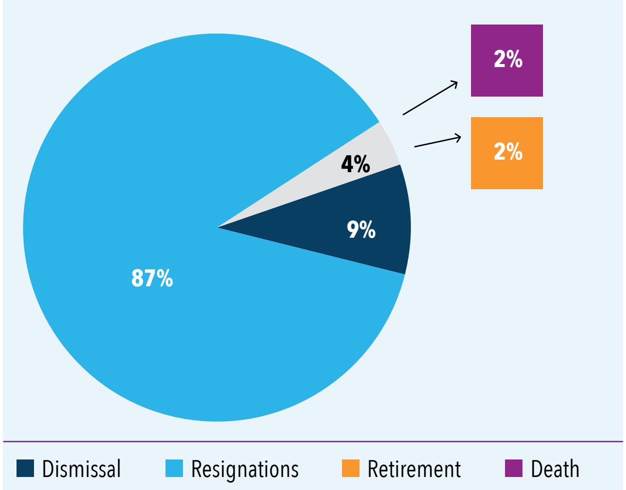
30 - 50 - Hires by Age

Kenya	9
Uganda	4
TOTAL	13

UNDER 30 - Hires by Age

Kenya	3
Uganda	13
TOTAL	16

Turnover Reasons In %



3. EMPLOYEE DEVELOPMENT AND EMPOWERMENT

(i) Employee Loans Benefit

An encouraging trend was noted within our employees investing in owning homes as a benefit that is favorably provided by the Group. Employee continue to benefit from the low cost loans that show 42 (12%) and 39 (9%) employees benefit from mortgages and Car loans respectively.

(ii) Employees Career Progression

Employee promotion strengthens loyalty, enhances staff motivation, retention and ignites morale that contributes to individual and business growth and wellbeing. During the period under review, 39 employees (Life (Ke) 19, ILAM (Ke) 12, Trust (Ke) 3, and Uganda Life & ILAM 5) were promoted having demonstrated great performance and mastery of relevant skills and growth overtime.

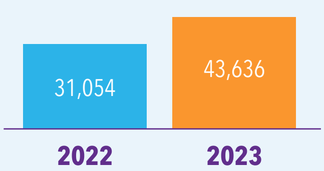
(iii) Career Development Plans for Talent Retention

The business took a strategic intent to support employees develop and document their career development plans through which the business will tap into to identify and purposefully develop talent to protect the business and to improve performance for the future. This provides roadmap for targeted talent development and alignment with the business needs in terms of skills for now and future.

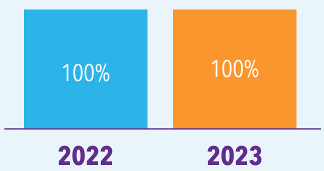
(iv) Employees Learning and Development

The Group embraces a continuous learning and up skilling programs that seek to support strategic business objectives as well as enhance the employee value proposition while building all round talent capabilities in all functions. The learning cost per employee improved by 40% compared to 2022. The classroom learning penetration rate was sustained at 100% while eLearning improved by 14% in 2023.

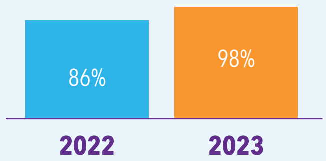
Learning Costs Per Employee In Kshs.



Percentage Classroom Learning Penetration Rate



Percentage E-learning Penetration Rate

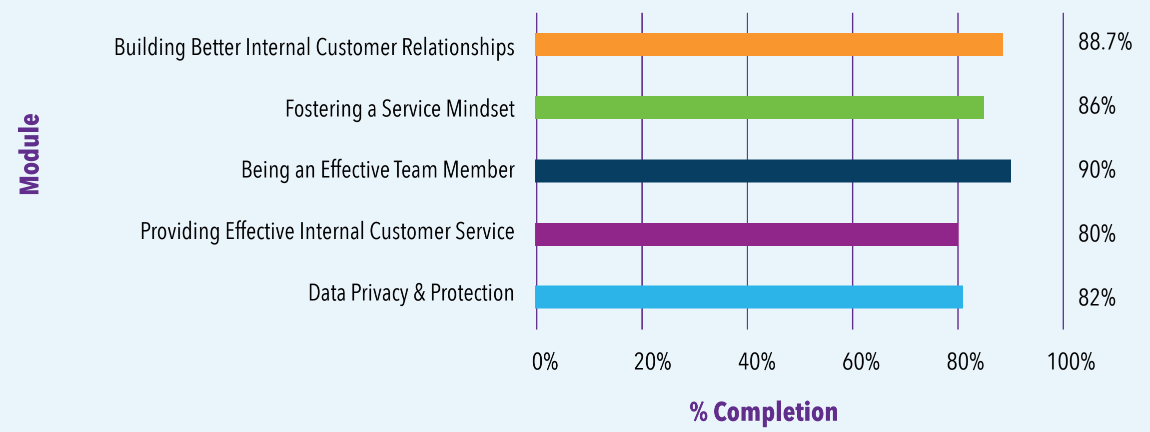


Blended approach was applied in the year through various interventions that included:

(a) E-Learning

The business invested in up skilling staff on Customer Obsession through targeted e-Learning and interactive employee discussions. The e-Learning platform utilization during the period was at 98.8%.

Other areas of eLearning focused on team collaboration and data privacy and protection with the below completion rates:



(b) Technical and Professional Training

The financial investment in staff development is an enabler for business growth, sustainability, competitiveness as well as ensuring regulatory compliance. During the period, there was an increase of 114.6% employee's uptake for the professional courses. One staff qualified for the Advanced Diploma in Insurance by the Chartered Insurance Institute (CII-UK). The table below shows the growth in this program of staff development.

Period	2023 (Headcount)	2022 (Headcount)
Technical & Professional Training	88	41

(c) Compliance & Regulatory Training

Increased changes in the regulations in the industry have necessitated the need to provide training programs to our employees requiring them to reskill and upskill as compliance is an integral part of our business. The Finance Act 2023 introduced significant changes in tax reforms requiring regulatory compliance and IFRS 17 came into effect in 2023 requiring the business to comply with these reporting standards. The table below shows some of the regulatory trainings that have taken place.

Course	2023	2022
AML/CFT (Completion)	88.4%	NIL
Finance Act 2023/Tax Training (employees)	16	NIL
IFRS 17 Training Recordings	2	NIL

(d) Leadership Development

Strong, future-oriented leadership is key for successful execution of our strategy and becoming more agile, inclusive, and accountable. We are committed to developing leaders who drive the link between the execution of the business strategy and the employees. As part of the leadership development program, we have sought to equip leaders with coaching skills that are critical in driving employee productivity in the business. This saw seven (7) certified coaches participate in high performance development program and another thirteen (13) middle level managers equipped with coaching skills across the businesses to enhance staff engagement and productivity.

4. ICEA LION CULTURE & EMPLOYEE ENGAGEMENT

(i) Culture Transformation

ICEA LION embarked on a culture transformation journey that sought to identify key behaviors that will seek to underlie our core values in driving a winning culture. The behaviors have been carefully defined and disseminated with an effort to foster an increased sense of unity at individual and company levels in support of our business operations while executing the strategy. In July 2023, we launched ICEA LION culture behaviors being the start of our transformation culture change journey. In a bid to make the behaviors known and stick, the business organized for all employees to attend culture change team-building sessions in September 2023.

The Culture and behavior Change campaign identified a unique identity and slogan dubbed:

it Starts with us

(ii) Employee Engagement: The delivery of our strategy is pegged on our employees. We are cognizant of the fact that the success in executing the strategy depends on the engagement levels of our employees. We conducted "Your Voice Matters" survey to enable us to better understand and measure all themes related to employee experience, as well as capture views and milestones in adopting the desired behaviors. The overall Group Sustained Engagement score was 91%.

2023 Your Voice Matters survey highlights;

Employee Engagement Index

Country	2023	
Kenya	84%	On average, 91% of our employees feel connected and are committed to ICEA LION Life
Uganda	94%	

Culture & Behaviors Index

Country	2023	
Kenya	88%	On average, 92% of our employees are aware and can demonstrate the required behaviors
Uganda	95%	

5. HEALTH AND WELLNESS

The health and well-being of our people are cornerstones of a sustainable future of work. We believe that the health of every employee is essential to achieve sustainable development and growth. A holistic well-being caring culture is an integral part of our business conduct. The wellness program improved by 17% from the previous year.

Wellness Program	
2022	2023
289	339

The following programs were held in the year:

• Mental Health Wellness Talk & Training of Mental & Substance use First Aiders

As part of our commitment to ensure the psychological health of our employees, a Mental Health Talk that created great awareness helping employees to discover ways to handle stress-related challenges. The Company invested in the sponsorship of 30 champions for mental health and substance use who will be instrumental in the early identification and initial support of mental-related cases in the business.

• Medical wellness checks for employees

As a tradition now, medical wellness for employees was carried out focusing on the general physical wellness and critical illnesses.

• Financial Planning Talks

Having been faced with the increase in the cost of living and taxation, a Financial Planning Talk was held that shed light on ways employees can better manage their income.

6. ORGANIZATION DIVERSITY & ESG

As part of our diversity and inclusion efforts, we strive to create an organization environment in which a diverse workforce can maximize their abilities. This will allow us to respond to changes in our business and society.

(a) Gender Parity

The business has continued to promote gender balance in our workplace. To celebrate Ladies' Month in March 2023 and Men's Month 2023 (Movember) the ICEA LION employees separately held an educative hangout with renowned personalities to share from their life experiences.

Men's Month 2023 (MOVEMBER)

(b) Environment Social Governance (ESG)

(i) Environment, Social Governance (ESG) Training

ICEA LION is a huge proponent of sustainability and hence ESG has become part of our strategy. The company sponsored 17 Executives and 20 ESG champions for ESG training to bring alignment in the pursuant of driving ESG agenda across the business and ICEA LION Group as a whole, training continues for the champions through the UN Global Compact online Academy.

Course	Executives	Champions
ESG Training-Check	7	8

(ii) 2023 National Tree Planting Day

With respect to the National Tree Planting Day, the Group Chairman, the Chairman for ICEA LION General Insurance, our Partners from MSI Japan, and ICEA LION employees embarked on a tree planting exercise at Riverside Park and Ngong Road Forest Sanctuary.

7. 2023 GROUP ACCOLADES

(i) AKI Sports Day

(ii) AKI Future Leaders of Insurance 2023

Jairus Otanga, Operations - Life

(iii) AKI Quiz Winners 2023

LOSS IN THE YEAR

The Group lost a key member of the financial advisory team and one of the best performing member of the sales team the late Mr. Titus Musembi Muasya.

From the ICEA LION family, fare thee well, till we meet again Titus.

2) INTELLECTUAL CAPITAL

USSD

To enhance user experience and meet expectations for swift transactions, we now offer customers the option to receive partial maturities via USSD/ Mpesa for amounts up to KES 250,000, ensuring a quick and secure payment process.

Self Service Portal

The Self-Service portal is a digital platform that provides customers with the ability to register as a new user, update their basic profile details such as names, email addresses, review their product portfolio, view and download statements, buy new products, make payments and lodge claims.

Partners' Portal

The Partner's portal is a digital platform meant to reduce turnaround times and automate the business flow between ICEA LION and its partners; scheme sponsors/employers and scheme trustees. The key functionalities include members' onboarding, contributions schedule uploading (Normal and Tier II), claim enquiries and scheme reports.

PRS Portal

This is a digital web portal that enables prospective and existing customers to purchase and contribute towards our ICEA LION Personal Retirement Scheme fund within 5 minutes. The platform supports multiple payments options from which our customers can choose their most convenient payment option. The portal is also seamlessly integrated into our Customer Relationship Management and our Core insurance systems. This enables us to promptly support our customers whenever they are stuck with an issue on the platform or when they have inquiries to be clarified.

Agent Mobile App

The Mobile app provides our Financial Advisors with a digital platform for efficiently onboarding customers, calculating policy premiums and benefits and sharing information with customers without requiring our them to fill manual proposal forms.

Cancer Insurance Portal

This portal provides customers with the ability to purchase the ICEA LION Cancer Insurance product and getting a quote online.

3) MANUFACTURED CAPITAL

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

Our investment properties provide the long-term investment returns that would enable us keep our promises to all stakeholders.
Below are the prime properties we own:
- ICEA LION Centre.
- Riverside Park.
- Clauson Court.
-St. Austine Gardens

BRANCHES AND GEOGRAPHICAL FOOTPRINT

Our manufactured capital includes ICEA LION's geographical footprint covering the head office, and branches. Our branch network also acts as a distribution network reaching devolved units within the counties.

The group pursues financial inclusion by having branches across the country that allows a greater population to access our products and services.

For all our properties, we have employed best practice processes in terms of health, safety and environmental management. Please refer to Page 15, Section 01 for more details on our branches.

During the year, we opened the new Mombasa branch. The branch is located at the Acacia Centre, Mezzanine 2, along Nyerere Road. The Commissioner and Chief Executive Officer of the Insurance Regulatory Authority (IRA) Mr Godfrey Kiptum, Senator Mombasa County Hon.Faki Mohamed Mwinyihaji, CEC Mombasa County, Transport and Infrastructure Hon Daniel Otieno Manyala , the Group Chairman Mr James Ndegwa and the Company Chairman Mr Joe Wangai graced this occasion.

OUR DIGITAL PLATFORMS AND OPERATING PHILOSOPHY

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.

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 on infrastructure over the past few years, 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 organization, external suppliers and distribution channels. Special focus has been given to our digital channels such as mobile apps and portals including the partners portal that were launched during the year.

BELOW IS A LIST OF OUR KEY ICT INFRASTRUCTURE

- CRM SOLUTION ZOHO
- SOCIAL MEDIA
- LIVE CHAT
- WEBSITE
- CONTACT CENTRE
- DATA SECURITY
- CYBER SECURITY
- ELECTRONIC DATA MANAGEMENT
- BUSINESS INTELLIGENCE PORTAL
- ROBUST FINANCIAL SYSTEMS
- ANALYTICS CAPABILITIES
- GOVERNANCE RISK & CONTROL MODULE
- UNIFIED THREAT MANAGEMENT SOLUTIONS
- MOBILE PLATFORMS
- HR MODULE ZOHO PEOPLE
- INTRANET
- CLOUD BASED SOLUTION
- SHARED ECONOMY MODEL
- DATA CENTRE
- BOARDVANTAGE

4) SOCIAL & RELATIONSHIP CAPITAL

OUR OPERATIONS

In alignment with global Environmental, Social, and Governance (ESG) trends, we have strategically appointed a Group ESG specialist and ESG champions across our organization. These individuals bear the responsibility for the day-to-day management of ESG considerations.

Our overarching goal is to seamlessly integrate ESG principles into our operations, as articulated in Principle 1 of the PSI (Principles for Sustainable Insurance). Principle 1 emphasizes incorporating environmental, social, and governance issues relevant to our insurance business into our decision-making processes. This proactive approach underscores our dedication to responsible and sustainable practices in every facet of our operations.

Starting in 2024, we are embarking on a proactive initiative to raise awareness and sensitize our stakeholders, including clients (both corporate and SME), suppliers, agents and brokers about ESG matters. This effort aims to encourage them to embark on a similar sustainability journey. Importantly, we seek to convey our intention to integrate ESG considerations into key aspects of our operations, such as underwriting, investment decisions, and supplier selection and retention.

In alignment with the Principles for Sustainable Insurance (PSI), specifically Principle 1, we emphasize our commitment to embedding relevant environmental, social, and governance matters to our insurance business decision-making processes. Furthermore, under Principle 2 “We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions” we aim to collaborate with our clients and business partners to enhance awareness, manage risks, and develop sustainable solutions.

Beyond our immediate stakeholders, we are committed to working with industry associations, including those within the Insurance and Investment sectors. We intend to collectively embark on the sustainability journey, aligning with the PSI principles and reinforcing our dedication to responsible business practices. Our commitment extends to engaging with governments, regulators, and other key stakeholders, as outlined in PSI Principle 3 “We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.”

> *In our steadfast continuous commitment to embody the Principles for Sustainable Insurance (PSI), the Nairobi Declaration on Sustainable Insurance (NDSI), and the Sustainable Development Goals (SDGs), we present a comprehensive account of our initiatives centered around Environmental, Social, and Governance (ESG), Nature, and Climate considerations.*

In accordance with PSI Principle 4 "We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles," we shall continue regularly disclosing our progress in implementing these principles publicly. This initiative is not only in line with the PSI but also in harmony with the Nairobi Declaration on Sustainable Insurance (NDSI), showcasing our commitment to contributing to broader national, regional and global sustainability goals.

In our steadfast continuous commitment to embody the Principles for Sustainable Insurance (PSI), the Nairobi Declaration on Sustainable Insurance (NDSI), and the Sustainable Development Goals (SDGs), we present a comprehensive account of our initiatives centered around Environmental, Social, and Governance (ESG), Nature, and Climate considerations.

Our endeavors commence with targeted training and awareness programs tailored for key stakeholders, including agents and brokers. These initiatives aim to equip them with sufficient understanding of ESG, Nature, and Climate-related matters. The outcomes of these programs are assessed, with a focus on ensuring the proper training and engagement of agents and brokers, ultimately leading to a reduction in disputes during claims.

Strategies to integrate ESG considerations into our operations extend to initiatives designed to enhance customer acquisition and retention. These include implementing clauses that require customers to acknowledge their full understanding of policy offerings, emulating the globally developed markets, which mandate the same for all policies issued. In addition, this practice promotes responsible customer relationships

A comprehensive view of Rewards & Recognition programs for all stakeholders is provided, showcasing our commitment to acknowledging and encouraging efforts in customer acquisition and retention. Comparative data over multiple years is monitored to highlight the progress and effectiveness of these programs.

Our client response and transparency practices align with PSI principles, ensuring quick, fair, sensitive, and transparent responses to clients. Measures are in place to clearly explain claims processes, fostering trust and accountability.

In the realm of vehicle parts replacement, our commitment to sustainability and employment opportunities is evident. Differentiated approaches for new, imported, locally sourced, and locally assembled parts underscore our dedication to environmental conservation and job creation. Salvage and recycling efforts are emphasized as pivotal contributors to employment opportunities and environmental sustainability.

The integration of ESG into repairs, replacements, and claims services is highlighted, showcasing our commitment to seamlessly incorporating environmental, social, and governance considerations into key operational processes in line with PSI principles.

Our embrace of digital channels for client engagement marks a significant stride toward efficiency and sustainability. The introduction of platforms such as a WhatsApp chatbot and Self Service Portal streamlines claims reporting, reduces paper usage through the provision of soft copy documents and offers convenience to our valued customers.

Furthermore, our commitment to a quick response time and transparency is illustrated through the implementation of turnaround time matrices, a dedicated team, and digitized processes, ensuring efficient and accountable interactions with our clients.

Still in line with PSI, prudential guidelines and responsible marketing in 2023, the Marketing & Communication department, Risk & Compliance and the ICEA LION Asset Management Company, came up with a disclaimer for people looking to invest through our Money Market Fund solution as a requirement by Capital Markets Authority (CMA). Aside from sharing our content plans with CMA before posting online, the disclaimer appears on all our social media artwork. This ensures that our clients and prospects are aware of the risk involved in investments however little and that we are not selling directly but sharing important information about our products.

Below see the disclaimer:

> *Past performance is not an indicator of future performance as the price of units may vary. In certain specified circumstances, the right to redeem units may be suspended. The Capital Market Authority does not take responsibility for the financial soundness of the scheme or for the correctness of any statements made or opinions expressed in this regard.*

This comprehensive overview underscores our dedication to sustainable practices, transparency, and continual improvement, aligning our operations with global standards and national development strategies.

OUR ACHIEVEMENTS

In a significant milestone for ICEA LION Group in 2023, we are pleased to acknowledge our CEO, Mr. Philip Lopokoiyit, for his pivotal appointment as the Vice-Chair of the Board of the UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI). This prestigious position within the PSI, a global framework addressing Environmental, Social, and Governance (ESG) risks and opportunities, exemplifies ICEA LION's commitment to sustainability and solidifies our standing as thought leaders in the global insurance industry.

Under Mr. Lopokoiyit's leadership, ICEA LION has actively championed pioneering initiatives of the PSI, addressing pressing global sustainability challenges such as climate change, nature loss, pollution, and financial exclusion. His instrumental role in the development of The Nairobi Declaration on Sustainable Insurance (NDSI), where he currently serves as the first Chair, further demonstrates ICEA LION's dedication to advancing sustainability within the insurance sector.

The appointment as Vice-Chair of the UNEP PSI Board reinforces our commitment to embedding ESG considerations into core business strategies and operations. It underscores our collaborative efforts with key stakeholders to foster widespread action on sustainability, reflecting our ethos of responsible corporate citizenship.

LEWA MARATHON

Every year, our unwavering commitment to the preservation of wildlife and the environment finds expression through our steadfast sponsorship of the Lewa Marathon. This serves as a powerful testament to our dedication to the noble conservation endeavours undertaken by the Lewa Wildlife Conservancy.

In championing this cause, we seamlessly align ourselves with a broader mission – one that resonates with our core values and echoes our profound commitment to fostering positive transformations within the communities we proudly serve.

LEWA TREE PLANTING

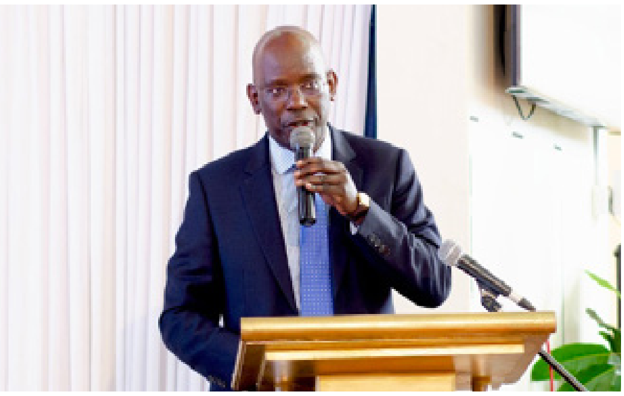
Embracing sustainability and creating a positive impact, our team recently undertook a tree-planting exercise at the Lewa Conservancy. Aligned with our core values, this initiative resonates with our mission to minimize our ecological footprint and magnify our positive influence on nature and the environment.

WOMEN'S DAY

A slice of cake, a dash of empowerment, and heartfelt appreciation for the amazing women in our workplace. As we gathered to share in this special moment, we took a moment to recognize and celebrate the contributions and achievements of women worldwide.

STANCHART MARATHON

Our remarkable ICEA LION team members participated in the Standard Chartered Nairobi Marathon 2023! Representing our values both on and off the track.



AACOSE

We are delighted to have been one of the sponsors of the 6th Annual Africa Conference on Social Entrepreneurship (AACOSE). Our Group CEO, Philip Lopokoiyit, gave profound insights on the theme of "Systems Change: Transformative Social Innovations. He encouraged social entrepreneurs to pursue partnerships with investors and donors committed to climate change solutions and the achievement of the SDGs and ESG goals.

CULTURE CHANGE LAUNCH

We were thrilled to announce the launch of our Culture & Behavioural Change initiative dubbed the 'Reds' and 'Greens'.

Our esteemed Group Chairman, James Ndegwa, and Life and General Chairman, Joe Wangai, together with our visionary CEOs, assumed the role of true navigators. They turned the maritime compass from red to green, representing the very core of our journey towards a greener future.

The maritime compass holds profound significance as it is an antique that dates back to the very genesis of ICEA LION. It has been a cherished symbol of our company's heritage and values, guiding us through the seas of change for decades.

Like intrepid sailors, we are charting new waters, navigating challenges and embracing change with resilience and unity, moving away from red behaviours into green behaviours.

MOMBASA BRANCH LAUNCH

We are thrilled to announce the launch of ICEA LION Mombasa branch, strategically nestled at Acacia Centre, Mezzanine 2, along Nyerere Road. The Mombasa office underscores our dedication to bringing our world-class financial services closer to our esteemed customers in the region.

STAFF TEAM BUILDING

A week marked by seamless collaboration, personal growth, and the creation of unforgettable memories - this encapsulates our staff team-building experience at Safari Park Hotel.

AKI SPORTS DAY:

Our team brought their A-game, and we proudly clinched the 2nd runners-up position at the AKI Sports Day at Nyayo Stadium.

CUSTOMER SERVICE WEEK

We gladly joined the global business community in celebrating our customers in alignment with the 'Team Service' theme. Below are some of the moments captured during our internal and external customer delight activities.

We are delighted to have concluded the 7th leg of the 2023 ICEA LION King of the Course golf series at Nyali Golf & Country Club. Congratulations to Veronica Muthiani, our reigning 'Winner of Winners,' 2023.

END OF YEAR CHRISTMAS PARTY

The Staff End of Year party themed 'Denim and a touch of white', at the Carnivore Grounds. A day dedicated to celebrating achievements and offering well-deserved recognition to our outstanding staff.

MOVEMBER

To commemorate Men's Month (Movember) and promote awareness of men's mental health, the male staff at ICEA LION gathered for a casual hangout. The event included delicious Nyama Choma, gaming, and an inspirational talk by guest speaker Julius Mbura.

NATIONAL TREE PLANTING DAY

In the spirit of National Tree Planting Day, our vibrant Team Simbas embarked on a tree planting exercise at Ngong Road Forest Sanctuary - Celebrating the spirit of sustainability and environmental stewardship.

Our Directors and team partners from MSI also showed their support by taking part in a similar exercise, planting indigenous trees at Riverside Park.

AKPIA 2023

In recognition of our unwavering commitment to the insurance industry, we were delighted to be part of the 4th AKPIA Annual Insurance Agents Conference, themed 'Emerging Trends and the Distribution Channels in the Insurance Value Chain in Kenya.'

We extend our heartfelt gratitude to the Association of Kenya Professional Insurance Agents(AKPIA) for providing us with the opportunity to contribute to the advancement of the insurance industry.

Together, we strive for excellence in the insurance sector.

5) NATURAL CAPITAL

The intricate relationship between climate change, biodiversity, and nature is unmistakable. Observable effects within our region underscore that nature-related risks have begun to significantly influence our economies and societies.

Notably, these risks are increasingly proving to be as substantial for various sectors of the real economy as climate-related risks, with an even more pronounced impact on financial institutions. The growing recognition of the nature crisis has propelled global and local initiatives into action, as reflected in emerging regulatory and policy agendas. Acknowledging the interconnected challenges of climate change and nature sets the stage for proactive responses and collaborative efforts to address the pressing issues.

OUR PRODUCTS

In the realm of insurance and financial products, ICEA LION Group has exhibited remarkable performance and a commitment to social responsibility. Notably, the Medical Second Opinion (MSO) product, introduced as a supplement to existing policies, garnered significant attention in 2022 with 47 policies issued. In 2023, there was a slight decrease with 17 policies, attributed to the initial surge in engagement and promotion during the product's launch.

Furthermore, ICEA LION Group expanded its impact through diverse ESG Related investments. The Acorn Student Accommodation (ASA) Real Estate Investment Trusts (REIT) saw substantial growth from 2022 KES 256 Million to KES 267 Million in 2023. This strategic investment aligns with the Group's financial & ESG objectives and contributes to the broader economy. In addition, through our Trust Company ILTC, the Milele Trust portfolio invested in the ACORN green bond worth KES.6.79m. Similarly, some of our clients (where ILTC holds administration mandate) also invested in the ACORN green bond worth KES 7.9m.

In the social welfare sphere, the Milele Trust portfolio supported approximately 107 orphans, reflecting a tangible commitment to community upliftment. Typically, orphans would have to be supported by the Government's welfare initiative, which caters for orphans, impoverished senior citizens as well as persons with disabilities (differently enabled). The government's support would be KES 2,000 per month per registered individual. The Milele Trust Portfolio in 2023 contributed to the greater social economic wellbeing by potentially saving the government KES 2.568m (107*12 months*KES2,000). Additionally, the issuance of 6 Group Policies Incorporating Work and Injury Benefit Assurance (WIBA) in 2023 exemplifies the company's dedication to occupational safety and health standards, a commitment slated to expand to other product lines as internal capacity grows.

ICEA LION Group has introduced innovative insurance products that not only cater to diverse needs but also address societal challenges. The Annuity product, with 1,450 policies issued in 2023, provides financial support to senior citizens, potentially alleviating the burden on government welfare programs.

The Child Endowment Assurance (CEA) product, encompassing 4500 policies, serves as an educational safety net for children, potentially reducing the government's financial load for bursaries.

ICEA LION is also part of the De-risking, Inclusion and Value enhancement of Pastoral economies in the horn of Africa Project (DRIVE). This is an index-based Livestock insurance product for pastoralists which has been implemented as an asset protection drought insurance cover whose aim is to keep the livestock alive. The program is supported by the Kenya Government Ministry of Agriculture and Livestock development through insurance premium subsidies to the pastoralists. ICEA LION are participating on the project as lead underwriters. The project managed to achieve sales of 74,552 policies in 2023 and now provides insurance to 25,000 pastoralist groups protecting 226,041 tropical livestock units in ten counties mostly within the Arid and Semi-Arid areas of Kenya.

OUR ENGAGEMENTS

In our ongoing commitment to sustainability and thought leadership, ICEA LION Group actively engages in various initiatives and alliances, contributing to the global efforts addressing climate change, biodiversity, and environmental risks. Notable achievements in 2023 include:

1) The Nairobi Declaration on Sustainable Insurance (NDSI):

ICEA LION Group continues its active participation in the NDSI, with our CEO, Mr. Philip Lopokoiyit, appointed as the First Chair. The Group's ESG specialist serves on the NDSI Steering Committee and co-chairs the Taxonomy working group. We are actively promoting and driving the NDSI across Africa, with our membership now exceeding 140 institutions in over 32 countries.

2) Africa Climate Risk Insurance Facility on Adaptation:

During COP 27 in Egypt, a significant commitment was made at an NDSI event, pledging to underwrite USD 14 billion worth of insurance in agriculture, specifically for Small & Medium Enterprises (SMEs) by 2030. ICEA LION Group as part of the cofounding members of NDSI played a pivotal role in launching the Africa Climate Risk Facility, partnering with AfDB to de-risk the African agricultural sector. In the same space, NDSI is collaborating with The African Development Bank (AfDB) on Africa Climate Risk Insurance Facility for Adaptation (ACRIFA). ACRIFA is leading the charge to demonstrate and develop insurance as a vital tool to foster climate adaptation, resilience and sustainable development within Africa's agricultural sector. It targets to raise USD 1 Billion in concessional, high risk capital and grants to stimulate the development and uptake of targeted climate insurance solutions delivered through primary insurers and regional reinsurers across Africa.

In 2023 our Safari plan product (Insurance offered to lodges along the Mara River) saw an increase to 198 Policies from 153 policies in the previous year. Notably the number of claims for the same product went down from 96 in 2022 to 71 in 2023 because of:

1) Prudent underwriting through incorporating flood risk mapping tools and flood questionnaires administered during onboarding and at renewals;

2) Increased cooperation between parties (underwriters, intermediaries and clients) where we advise on exposures and measures to mitigate risk. This is done during risk surveys, client meetings and during broker engagement also inhouse amongst Business Developers (BD), underwriting and claims staff.

3) Sharing of information in the industry amongst players on various risks and risk mitigation measures. Further underscoring our commitment to ESG, Responsible underwriting and PSI.

The year 2023 saw the integration of solutions within the current program structure to underwrite Electric Vehicles as well as solar insurance solutions. From 2024, we shall embark on promoting and tracking of these products.

As reported in our previous report, The ICEA LION Group introduced subsidized solar loans for staff. The loan is to enable staff to pursue alternative sources of energy more so renewables of which solar energy is abundant for the most part of the year in the country. This goes towards our contribution to climate change. Since inception, eight staff have taken up the loan amounting to KES 3,521,677. We expect to see more staff taking up the offer due to inflation.

In summary, ICEA LION Group's multifaceted performance in 2023 encompasses financial growth, innovative product offerings, social impact, and a commitment to risk management and responsible communication. These initiatives underscore the company's resilience, adaptability, and dedication to serving its diverse stakeholder base.

3) UNEP FI PSI (Principles for Sustainable Insurance):

Maintaining our active membership since 2017, ICEA LION Group demonstrates its commitment to sustainable insurance practices. The appointment of our CEO as the Vice-Chair of the UNEP FI PSI Board underscores our dedication. Additionally, we remain active members of the Net Zero Insurance Alliance (NZIA), hosted by UNEP FI PSI.

4) Task Force on Nature Related Financial Disclosures (TNFD):

ICEA LION participated in the pilot program of TNFD, and are now early adopter of TNFD. We are part of the 320 organizations, Four from Africa from over 46 countries who have committed to start making nature-related disclosures based on the TNFD Recommendations published in September 2023. An announcement made in Davos during the World Economic Forum (WEF) on January 16th 2024. This emphasizes our commitment to integrating nature-related financial disclosures into our business practices.

5) Africa Natural Capital Alliance (ANCA):

Our continued membership in ANCA, an African-led collaborative forum for nature-positive outcomes, highlights our commitment. ICEA LION Group actively participated in and signed the ANCA Africa Nature Voices Pledge during the Inaugural Africa Climate Summit (ACS) in Nairobi 2023, further solidifying our position as thought leaders in the region and globally. So far, we have joined three ANCA working groups: ANCA Communication & Events, TNFD Adoption, and Commercial Opportunities and intend to participate in all the planned working groups.

6) United Nations Global Compact:

ICEA LION Group signed up for the UN Global Compact in 2023, aligning our strategies and operations with universal principles related to human rights, labor, environment, and anti-corruption.

We actively participated in various engagements and trainings, including the SDG Ambition Accelerator. In 2019, the UN Global Compact introduced SDG Ambition to inspire and guide companies to be strategic and transformative in their operations towards achieving the 2030 Agenda (of which as per last year, which was the half way mark of the SDGs, the Global achievement rate was at 15%).

7) Africa Financial Alliance on Climate Change (AFAC):

Our active participation in NDSI positions ICEA LION Group in the steering committee of AFAC. The African Development Bank (AfDB) launched the Africa Financial Alliance on Climate Change (AFAC) in 2018 to mobilize more private sector financing towards continent-wide low-carbon and climate resilient development, and foster a transformation of financial portfolios towards green financing. The Pan-African alliance brings together Africa's key financial institutions, including central banks, insurance companies, sovereign wealth and pension funds, stock exchanges, as well as commercial and development banks aiming to effectively mobilize finance for climate-resilient and low-carbon development. Our involvement includes speaking engagements during significant events, such as the AFAC Re-launch during the Africa Climate Summit and Africa Climate Week in Nairobi, September 2023, as well as an AFAC event during COP 28.

8) Principles of Responsible Investment (PRI) Commitment:

Looking ahead, ICEA LION Group intends to sign up for the Principles of Responsible Investment (PRI) in 2024, reinforcing our commitment to incorporating Environmental, Social, and Governance (ESG) issues into our investment practices.

These engagements and commitments reflect ICEA LION Group's dedication to sustainable and responsible business practices, contributing to global efforts to address climate and nature-related challenges.

OUR COLLABORATION AND ESG RESOURCE SHARING WITH PEERS AND LIKE-MINDED INSTITUTIONS.

In 2023, we participated and spoke in various events organized by our partners and like-minded institutions.

- **UNEP, FI -** As members we participated by sponsoring and speaking in various sessions during the first Africa & Middle East Regional Roundtable in Namibia post Covid.

- **Inaugural Africa Climate Summit (ACS) and Africa Climate Week-** ICEA LION participated in the First ACS held in Nairobi last year. The Group CEO spoke during the Launch of ACRIFA and the re-launch of AFAC. In addition the ESG Group specialist spoke during a Youth In Insurance (YIPs) side event on Nature Based solutions in Insurance)

- **COP 28 -** ICEA LION participated in various events during COP 28 in Dubai. The Group CEO attended the announcement of ACRIFA as well as spoke in the NDSI event titled 'Thirty Months On: Assessing Progress and Prospects of the Nairobi Declaration for Sustainable Insurance.' This insightful session, held on December 3, 2023, delved into the achievements and future prospects of the Nairobi Declaration. In addition the Group CEO in his capacity as the NDSI chair, spoke in the AFAC event on December 4, 2023, dubbed The Role of the African Financial Sector.' This platform provided an opportunity to explore strategies for mobilizing essential financial resources to combat climate change challenges.

- **NDSI events -** ICEA LION continues in the active participation and leadership of NDSI by participating in membership growth and retention through speaking & learning opportunities. The Group ESG specialist participated in events in Namibia and Mauritius as well as several on line onboarding sessions for new members.

OUR CONTINUED CIRCULAR ECONOMY

The less fortunate communities in our country bear the disproportionate burden of adverse environmental and health impacts resulting from a non-circular economy. Landfills and manufacturing facilities are often situated near low-income areas, exacerbating vulnerabilities. Recognizing the impact of how we extract, use, and dispose of resources on these communities, we remain continuously committed to addressing the nature and climate crisis through the crucial role of material recovery.

Adopting a circular economy is pivotal in our efforts to combat the nature and climate crisis. The circular economy aims to keep materials, products, and services in circulation for as long as possible, reducing material use, redesigning processes for greater resource efficiency, and transforming what was once considered "waste" into valuable resources for creating new materials and products. This approach provides a holistic solution, simultaneously addressing climate change, biodiversity loss, and critical social needs. By embracing circularity in a thoughtful and inclusive manner, we have the potential to safeguard the environment, enhance economic outcomes, and promote social justice.

Our commitment to circularity is exemplified by implementing a new waste management process.

We continue to actively reshape our waste management ecosystem in collaboration with Taka Taka ni Mali, a non-profit organization. TTNM has empowered women, youth, and disabled individuals by integrating them into the waste management value chain. Dedicated waste segregation areas have been established within our premises, and TTNM collects the segregated waste for recycling. Papers are recycled at Chandaria Paper Industries to produce items such as books, while plastic is recycled at facilities like Mr. Green and Vintz Plastic Ltd., creating products like benches, poles, and tables. TTNM provides us with valuable data through its digital platform, allowing us to trace our waste's recycling and disposal process.

As part of this initiative, capacity-building sessions are conducted for all staff, emphasizing the importance of embracing circularity through sorting, separating, and recycling waste whenever possible. Looking ahead, we commit to monitoring and enhancing our resource consumption practices continually. This includes tracking not only the cost of resources (paper, water, electricity and fuel) but also the actual consumption itself, providing a more accurate indicator of our resource consumption performance. This proactive approach ensures that our commitment to circularity is impactful and sustainable, fostering positive environmental, economic, and social outcomes.

OUR ENVIRONMENTAL MANAGEMENT

Our unwavering commitment to environmental sustainability is evident through a series of strategic initiatives and practices:

1) Compliance with Environmental Regulations:

We have proactively identified and consistently adhere to all relevant environmental legislation, standards, and codes of practice that pertain to our business operations.

2) Continuous Improvement in Environmental Performance:

Our dedication to enhancing environmental performance is evident in our continuous efforts. We employ effective measurement, monitoring, communication, and the adoption of best practices. This commitment extends to our tenants, suppliers, and various stakeholders.

TREE PLANTING

In response to President Ruto's call for tree planting, we demonstrated our commitment to Environmental, Social, and Governance (ESG) principles by organizing two simultaneous events at RSP and Ngong Forest. Our collaboration with Miti Alliance, a dedicated organization specializing in tree-planting initiatives, made this endeavor possible.

Under our agreement, Miti Alliance is tasked with nurturing and caring for the trees planted by ICEA LION staff and partners for a period of three years. The engagement aligns with our commitment to environmental sustainability and emphasizes the importance of collective responsibility in fostering a greener and healthier environment.

During these events, each participant had the opportunity to plant a tree, symbolizing their personal contribution to the cause. Participants were also given seeds to take home, encouraging them to extend their commitment to tree planting beyond the organized events and contribute to a more sustainable ecosystem. This collaborative effort reflects our dedication to ESG principles and underscores our ongoing commitment to environmental stewardship.

3) Influencing Stakeholders for Resource Conservation:

As part of our sustainability ethos, we actively influence our stakeholders to minimize the use of natural resources such as energy, fuel, and water, along with raw materials like paper and consumables. The digitization of internal processes stands as a testament to our commitment, reducing paper usage and enhancing operational efficiency.

4) Contamination Management:

We are vigilant in identifying and managing instances of soil, groundwater, or surface water contamination resulting from our operations, ensuring responsible and proactive measures are taken.

5) Enhanced Sanitation Standards:

Our commitment to environmental well-being extends to maintaining high sanitation standards. We ensure cleanliness and safety are paramount, providing a safe and healthy environment for all stakeholders.

6) Energy Efficiency Measures:

We conduct regular energy audits to evaluate and enhance our energy consumption patterns. Implementing recommendations from these audits ensures efficient energy use across our sites.

7) Responsible Business Practices:

We adhere to a set of principles that guide our business relationships. We do not knowingly engage with companies involved in industrial activities that significantly convert or degrade critical habitats. Moreover, we strictly avoid partnerships with entities that violate local laws, regulations, and standards on pollution prevention. Our commitment also extends to not conducting business with companies contravening international environmental agreements that have been enacted into law.

6) FINANCIAL CAPITAL

CREATING REGIONAL VALUE THROUGH OUR FINANCIAL CAPITAL

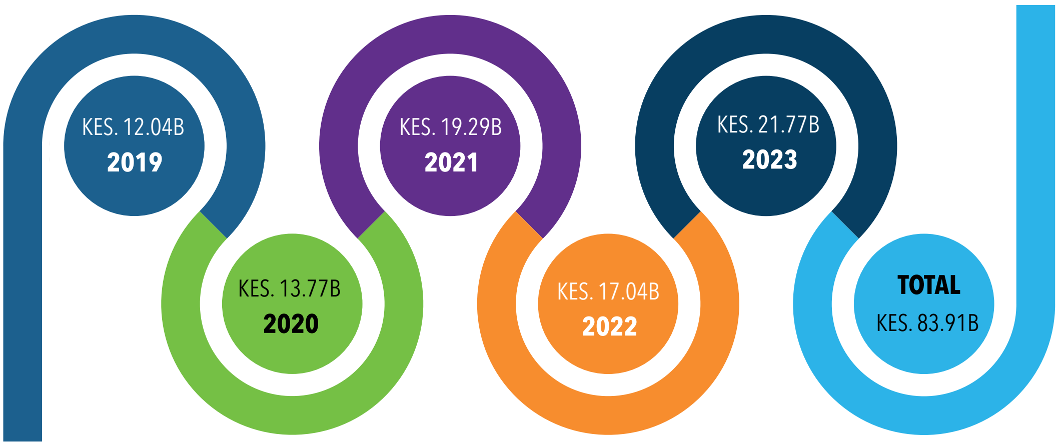
ICEA LION Life Group's contribution to regional economic sustainability over the past five years in terms of payments and transfers to key stakeholders has exceeded Kshs 83.9 billion as shown on the chart below.

Supporting qualified local suppliers when procuring any goods and services is our first choice. In 2022 and 2023, 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.



VALUE ADDED STATEMENT & FINANCIAL CAPITAL

GROUP	2023 Kshs Millions	2022 Kshs Millions	2021 Kshs Millions	2020 Kshs Millions	2019 Kshs Millions
Gross written premiums & interest income	26,482	21,190	22,111	16,645	17,658
Less; Insurance ceded and costs of other services	1,304	2,325	1,674	1,673	1,698
Wealth created:	25,178	18,865	20,437	14,972	15,960
DISTRIBUTION:					
Employees - salaries, wages and other benefits	1,016	1,090	927	1,060	1,063
Benefits to Sales Agents	1,751	1,659	1,269	1,155	989
Benefits & interest payment to policy holders	17,129	13,095	14,209	10,574	9,329
Taxes paid to Government	1,031	493	1,062	541	448
Dividends to Shareholders	840	700	1,826	435	250
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation Amortisation	208	179	180	252	156
Retained Earnings	3,204	2,333	2,834	2,076	3,233
Total distribution:	25,178	18,865	20,437	14,972	15,960

COMPANY	2023	2022	2021	2020	2019
	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions
Gross written premiums & interest income	22,380	17,362	19,185	13,742	15,241
Less; Insurance ceded & costs of other services	1,214	1,200	832	873	858
Wealth created:	21,166	16,162	18,353	12,869	14,383
DISTRIBUTION:					
Employees - salaries, wages and other benefits	804	729	636	577	621
Benefits to Sales Agents	1,369	1,220	935	857	744
Benefits & interest payment to policy holders	15,239	11,428	13,223	9,807	8,692
Taxes paid to Government	886	341	935	250	227
Dividends to Shareholders	840	700	1,826	435	250
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation & Amortisation	155	112	118	111	101
Retained Earnings	2,712	2,333	2,505	1,582	2,962
Total distribution:	21,166	16,162	18,353	12,869	14,383

06 - 2023 AUDITED FINANCIAL STATEMENTS AND RELATED NOTES

WHAT'S YOUR PLAN?

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 2023.

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 life, pension scheme administration and asset management businesses in Uganda. The Group and Company's 5 year financial highlights including ratios are summarised on pages 25 to 29.

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 to. The Group's risk management objectives and policies are detailed out in Note 4 and on pages 53 to 57.

RESULTS

	Long-term business Kshs' 000	Short-term business Kshs' 000	2023 Total Kshs'000	Restated 2022 Total Kshs' 000
Profit before income tax	3,809,088	425,016	4,234,104	3,241,097
Income tax expense	(982,104)	(48,460)	(1,030,564)	(516,430)
Profit for the year	**2,826,984**	**376,556**	**3,203,540**	**2,724,667**

DIVIDENDS

Net profit for the year of Kshs 3,203,540,000 (2022: Net Profit of Kshs 2,724,667,000) has been added to retained earnings. The directors recommend a final dividend of Kshs 14.93 per share amounting to Kshs 840 million (2022: Kshs 14.93 per share amounting to Kshs 840 million).

DIRECTORS

The directors who held office during the year and to the date of this report are as set out on page 21.

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 has 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.

REPORT OF THE DIRECTORS (continued)

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 15 March 2024.

By Order of the Board

SECRETARY

Date: 15 March 2024

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 88 to 191 which comprise the consolidated and company statements of financial position as at 31 December 2023, 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 material 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 Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Accounting 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 15 March 2024.

Chairman   Director

Date: 15 March 2024

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 2023.

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 respective companies.

In my opinion, the long term business of the group and 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 2023.

GTWaugh

Giles T. Waugh - Fellow of the Actuarial Society of South Africa and Fellow of the Acturial Society of Kenya

Date: 27 March 2024

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254-20-2806000
Fax +254-20-2215695
Email: info@kpmg.co.ke
Web: www.kpmg.com/eastafrica

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 88 to 185 which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material 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 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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.

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

Key audit matters (Continued)

Valuation of insurance contract liabilities (being insurance and reinsurance contract assets and liabilities) in the consolidated and separate financial statements

See Note 2(a), 3, 5, 8(a), 9 and 29 to the financial statements

<table>
<tr><th>THE KEY AUDIT MATTER</th><th>HOW THE MATTER WAS ADDRESSED IN OUR AUDIT</th></tr>
<tr><td>At 31 December 2023, the Group held insurance contract liabilities as well as reinsurance contract assets as a result of its insurance operations. The Group applies IFRS 17 Insurance contracts (effective 1 January 2023) to insurance contracts and reinsurance contracts it holds.

Transition from IFRS 4 - Insurance contracts ('IFRS 4') to IFRS 17 - Insurance contracts ('IFRS 17')

In retrospectively applying IFRS 17, the Group has restated insurance contract liability and asset balances to reflect the requirements of the new standard and in doing so, has made certain key judgments and assumptions to develop its accounting policies.

The key judgements applied on transition were:
– The determination of the transition approach (fully retrospective or fair value approach) based on the required impracticability assessments performed;
– Where the fair value transition approach was selected, the key assumptions used in determining the fair value for the respective cohorts of policies included:
- Adjustment for diversification of required capital; and
- Risk discount rate.
– Determining the appropriate measurement models for insurance and investment contracts with discretionary participation features;</td><td>Our audit procedures over the transition from IFRS 4 to IFRS 17 included:
– We assessed whether the Group's chosen accounting policies and methodologies were in compliance with IFRS 17 and that the nature and substance of the policies issued by the Group supported the policy elections made on transition;
– We tested the impracticability assessments prepared by management for a sample of cohorts where the fully retrospective approach was not followed;
– We assessed the appropriateness of the assumptions used in determining the contractual service margin (CSM) of cohorts where the fair value approach was selected against IFRS 17 requirements as well as the accuracy of the data used in these calculations by re-calculations;
– We assessed the IFRS 17 results for transition CSM calculation (including the transition approach used) for select product groups as at 31 December 2021;
– We challenged the judgements applied by management in assessing whether contracts transferred significant insurance risk or whether they met the criteria to be classified as investment contracts with discretionary participation features. This included evaluating the nature of contracts in terms of the loss scenarios excluding those that have no commercial substance;
– We tested that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS17;
– We assessed the appropriateness of management's data and assumptions applied in calculating the CSM on the transition date (being 1 January 2022) including the appropriateness of the coverage units used to amortise the CSM and the impact of assumption changes unlocking the CSM were assessed for reasonability;
– We tested the IFRS17 transition models and methodologies for internal consistency and compliance with the requirements of IFRS 17; and
– We assessed the adequacy of the transition disclosures in accordance with to IFRS 17 requirements.</td></tr>
</table>

Valuation of insurance contract liabilities (being insurance and reinsurance contract assets and liabilities) in the consolidated and separate financial statements

See Note 2(a), 3, 5, 8(a), 9 and 29 to the financial statements.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Transition from IFRS 4 - Insurance contracts ('IFRS 4') to IFRS 17 - Insurance contracts ('IFRS 17') – Level of aggregation used for measuring and reporting on groups of contracts; and – The assumptions applied in calculating the opening contractual service margin (CSM) where the fully retrospective approach has been applied. ***Determination of year-end balances of insurance contract liability balances*** In valuing insurance contract liability and asset balances, management applies significant judgment. Various assumptions are made including probability-weighted assumptions regarding the expected claims and lapses, expected premiums on insurance contracts, expected directly attributable expenses, commission and charges. Changes to these assumptions may result in material changes to the valuation. The most significant assumptions made in the valuation of insurance contract liability balances arising from the Group's insurance contracts relate to: – Future mortality, longevity, morbidity and policyholder behaviour; – Persistency assumptions with regard to lapse, surrender and paid-up rates; – Future maintenance expenses; – Discount rates; – Inflation; and – Risk adjustment for non-financial risk. We considered the valuation of insurance contract liability balances (including the transition from IFRS 4 to IFRS 17) to be a key audit matter in our audit of the financial statements because of the following: – The judgment applied in determining the transition approach and balances as a consequence of the transition from IFRS 4 to IFRS 17; – The significant judgments and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; – The use of complex actuarial methods, together with significant judgements and assumptions; and – The material nature of the insurance contract liability balances as at 31 December 2023.	**Our procedures over year-end balances included:** We tailored our testing of the insurance contract liability balances with reference to the various portfolios of contracts and the various measurement models applied, as audited during transition. Our procedures over the year-end balances included the following: – Using our actuarial expertise, we assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and Group accounting policy in accordance with IFRS 17. – We challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the following assumptions: – non-financial assumptions (mortality, longevity, lapses/withdrawal, initial and renewal expenses, acquisition costs, maintenance expenses, premium collection rate), economic assumptions (inflation, discount rate and associated illiquidity premium); – We also assessed managements' determination of the confidence levels applied in the determination of the risk adjustment for non-financial risk, in line with the minimum regulatory requirement; – We tested the effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management; – We evaluated the accuracy of the risk adjustment for non-financial risk, including calculation method, and its related release by comparing to historical claims experience through conducting walkthroughs of the risk adjustment models and assessing the movement in claims experience and the concurrent changes on the risk adjustment factors; – We reviewed the reasonability of the build-up and changes in the probability-weighted estimate liabilities (BEL), risk adjustment (RA) and CSM, comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management / governance structures; – For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Company, we assessed management's valuation challenging key assumptions and the methodologies and processes used to determine the liabilities; – We assessed the adequacy of the assumptions and valuation models applied by management, e.g., claim triangles, claim ratios, reinsurance recovery rates, delay factors, and assessed the adequacy of the year-end valuation with amongst others reference to prior years and key ratios;

Valuation of insurance contract liabilities (being insurance and reinsurance contract assets and liabilities) in the consolidated and separate financial statements

See Note 2(a), 3, 5, 8(a), 9 and 29 to the financial statements.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
	– We assessed the appropriateness of management's allocation of groups of contracts into the into the various measurement buckets as required by IFRS 17; and – Evaluated the adequacy of disclosures regarding year end insurance contract balances in accordance with IFRS 17.

Other information

The directors are responsible for the other information. The other information comprise the information included in the *ICEA LION Life Assurance Company Limited Annual Report and Financial Statements for the year ended 31 December 2023*, 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.

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 Accounting 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.

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)

- 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.

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, solely based on our audit of the consolidated and separate financial statements, that in our opinion, the information given in the report of the directors on pages 79 and 80 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: 31 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Long term business 2023 Kshs '000	Short term business 2023 Kshs '000	Total 2023 Kshs '000	2022 Restated Long term business 2022 Kshs '000	2022 Restated Short term business 2022 Kshs '000	2022 Restated Total 2022 Kshs '000
Insurance revenue	5(a)	9,323,991	-	9,323,991	7,236,336	1,012,400	8,248,736
Insurance service expenses	5(b)	(8,807,332)	-	(8,807,332)	(7,874,503)	(911,372)	(8,785,875)
Net expenses from reinsurance contracts		(226,069)	-	(226,069)	(339,331)	(180,302)	(519,633)
Insurance service result		**290,590**	**-**	**290,590**	**(977,498)**	**(79,274)**	**(1,056,772)**
Interest revenue calculated using the effective interest method	6	13,173,724	93,609	13,267,333	10,566,546	288,454	10,855,000
Other investment income		-	-	-	-	79,189	79,189
Net impairment loss on financial assets		(123,985)	392	(123,593)	(38,327)	(9,914)	(48,241)
Foreign exchange loss		(24,888)	-	(24,888)	-	10,607	10,607
Total Investment return		**13,024,851**	**94,001**	**13,118,852**	**10,528,219**	**368,336**	**10,896,555**
Net finance income / (expenses) from insurance contracts	8(a)	746,229	-	746,229	(592,959)	10,324	(582,635)
Movement in investment contract liabilities	9	(9,112,738)	-	(9,112,738)	(5,202,277)	-	(5,202,277)
Net finance expenses from reinsurance contracts		1,111	-	1,111	827	(2,600)	(1,773)
Net financial result		**4,659,453**	**94,001**	**4,753,454**	**4,733,810**	**376,060**	**5,109,870**
Other Finance Income	7	359,802	43,851	403,653	174,990	2,431	177,421
Other operating expenses	8(b)	(1,508,563)	(46)	(1,508,609)	(1,172,521)	(58,955)	(1,231,476)
Total expenses		**(1,148,761)**	**43,805**	**(1,104,956)**	**(997,531)**	**(56,524)**	**(1,054,055)**
Share of profit of equity-accounted investees (EARe) net of tax		-	287,210	287,210	-	242,054	242,054
Share of profit of equity-accounted investees (ILAM Uganda) net of tax		7,806	-	7,806	-	-	-
Profit before tax		**3,809,088**	**425,016**	**4,234,104**	**2,758,781**	**482,316**	**3,241,097**
Income tax expense	10	(982,104)	(48,460)	(1,030,564)	(454,535)	(61,895)	(516,430)
Profit for the year attributable to shareholders		**2,826,984**	**376,556**	**3,203,540**	**2,304,246**	**420,421**	**2,724,667**
Other comprehensive income, net of tax: Items that may subsequently be reclassified to profit or loss							
Exchange differences in translating foreign operations		203,337	-	203,337	-	9,799	9,799
Total comprehensive income for the year		**3,030,321**	**376,556**	**3,406,877**	**2,304,246**	**430,220**	**2,734,466**
Gain on deconsolidation of subsidiary		-	18,426	18,426	-	-	-
Change in associate profit		-	41,418	41,418	-	-	-
Total comprehensive income for the year		**3,030,321**	**436,400**	**3,466,721**	**2,304,246**	**430,220**	**2,734,466**
Earnings per share (Basic and Diluted)	11(a)			56.95			48.44

The notes on pages 95 to 185 are an integral part of the financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Long term business 2023 Kshs '000	Short term business 2023 Kshs '000	Total 2023 Kshs '000	2022 Restated Long term business 2022 Kshs '000	2022 Restated Short term business 2022 Kshs '000	2022 Restated Total 2022 Kshs '000
Insurance revenue	5(a)	7,371,371	-	7,371,371	5,857,719	-	5,857,719
Insurance service expenses	5(b)	(6,985,642)	-	(6,985,642)	(6,450,293)	-	(6,450,293)
Net expenses from reinsurance contracts		(172,564)	-	(172,564)	(173,966)	-	(173,966)
Insurance service result		**213,165**	**-**	**213,165**	**(766,540)**	**-**	**(766,540)**
Interest revenue calculated using the effective interest method	6	11,841,189	93,609	11,934,798	9,743,375	145,167	9,888,542
Net impairment loss on financial assets		(123,985)	392	(123,593)	(19,145)	(3,354)	(22,499)
Total Investment return		**11,717,204**	**94,001**	**11,811,205**	**9,724,230**	**141,813**	**9,866,043**
Net finance expenses from insurance contracts	8(a)	1,170,867	-	1,170,867	(505,157)	-	(505,157)
Movement in investment contract liabilities	9	(8,650,310)	-	(8,650,310)	(4,923,885)	-	(4,923,885)
Net finance expenses from reinsurance contracts		354	-	354	-	-	-
Net financial result		**4,238,115**	**94,001**	**4,332,116**	**4,295,188**	**141,813**	**4,437,001**
Other finance income	7	434,360	43,851	478,211	191,012	(599)	190,413
Other operating expenses	8(b)	(1,424,676)	(46)	(1,424,722)	(1,079,119)	-	(1,079,119)
Total expenses		**(990,316)**	**43,805**	**(946,511)**	**(888,107)**	**(599)**	**(888,706)**
Profit before tax		**3,460,964**	**137,806**	**3,598,770**	**2,640,541**	**141,214**	**2,781,755**
Income tax expense	10	(837,863)	(48,460)	(886,323)	(335,113)	(29,788)	(364,901)
Profit for the year attributable to shareholders		**2,623,101**	**89,346**	**2,712,447**	**2,305,428**	**111,426**	**2,416,854**
Total comprehensive income for the year		**2,623,101**	**89,346**	**2,712,447**	**2,305,428**	**111,426**	**2,416,854**
Earnings per share (Basic and Diluted)	11(a)			48.22			42.97

The notes on pages 95 to 185 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs '000'	2022 Restated Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs '000	2021 Restated Long term business 2021 Kshs'000	Short term business 2021 Kshs'000	Total 2021 Kshs '000
ASSETS										
Investment properties	17	8,525,000	1,361,000	9,886,000	8,170,000	1,255,000	9,425,000	8,795,000	1,168,000	9,963,000
Motor vehicle and equipment	14	265,458	-	265,458	175,912	14,107	190,019	107,930	18,595	126,525
Intangible assets	15	5,481	-	5,481	7,035	7,392	14,427	7,869	5,180	13,049
Right-of-use assets	16	411,012	-	411,012	436,949	17,806	454,755	426,826	30,317	457,143
Investment in associate	20	24,379	2,149,666	2,174,045	-	1,882,856	1,882,856	-	1,671,710	1,671,710
Deferred income tax	31	46,309	50,982	97,291	46,309	51,533	97,842	46,309	51,310	97,619
Mortgage loans	22(a)	636,818	-	636,818	656,159	-	656,159	651,482	-	651,482
Policy loans	22(b)	1,277,552	-	1,277,552	1,004,042	-	1,004,042	864,831	-	864,831
Government securities:										
-at amortised cost	26	82,586,213	-	82,586,213	81,027,679	946,701	81,974,380	69,700,524	806,758	70,507,282
-held at fair value through profit or loss	26	30,254,938	44,204	30,299,142	30,769,781	71,142	30,840,923	27,003,765	104,548	27,108,313
Corporate bonds at amortised cost	25	232,259	-	232,259	229,983	-	229,983	229,908	-	229,908
Kenya motor pool balances	21	-	23,593	23,593	-	24,158	24,158	-	24,738	24,738
Equities securities:										
-at fair value through profit and loss	18(a)	6,287,932	-	6,287,932	8,017,497	11,933	8,029,430	9,514,758	13,119	9,527,877
Statutory Deposit		76,981	-	76,981	56,064	67,642	123,706	42,148	59,023	101,171
Subordinated Loan	19(e)	-	129,033	129,033	-	-	-	-	-	-
Reinsurance contract assets	23	407,425	-	407,425	333,170	555,068	888,238	429,807	464,343	894,150
Current income tax	10(b)	76,935	39,961	116,896	43,593	51,255	94,848	40,168	143,463	183,631
Other receivables	24	1,041,085	47,546	1,088,631	835,421	219,617	1,055,038	794,799	226,272	1,021,071
Due from long term business		(723,770)	723,770	-	(728,853)	728,853	-	(588,853)	588,853	-
Deposits with financial institutions	27	28,352,447	1,139,827	29,492,274	6,068,824	876,180	6,945,004	3,523,419	706,859	4,230,278
REIT Investment	18(b)	266,704	148,537	415,241	255,910	-	255,910	150,000	-	150,000
Cash and bank balances		721,643	3,813	725,456	160,474	49,669	210,143	512,289	40,464	552,753
Total assets		**160,772,801**	**5,861,932**	**166,634,733**	**137,565,949**	**6,851,115**	**144,417,064**	**122,252,979**	**6,123,552**	**128,376,531**
Equity										
Ordinary shares	28	150,000	975,000	1,125,000	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	-	1,125,000	1,125,000
Statutory reserve	12	17,036,457	-	17,036,457	14,455,218	594,254	15,049,472	12,991,828	593,398	13,585,226
Translation reserve	12	-	(171,952)	(171,952)	-	(375,288)	(375,288)	-	(385,333)	(385,333)
Revaluation reserve	12	-	(4,786)	(4,786)	-	(4,786)	(4,786)	-	(4,786)	(4,786)
Retained earnings		242,083	2,520,342	2,762,425	472,771	1,841,137	2,313,908	442,003	1,456,249	1,898,252
Proposed dividend		-	840,000	840,000	-	840,000	840,000	-	700,000	700,000
Non-controlling interest		-	-	-	-	12,117	12,117	-	7,597	7,597
Total equity		**17,428,540**	**5,283,604**	**22,712,144**	**15,077,989**	**5,007,434**	**20,085,423**	**13,583,831**	**4,467,125**	**18,050,956**
Liabilities										
Current income tax	10(b)	14,332	-	14,332	50,511	-	50,511	248,261	-	248,261
Lease Liabilities	34	551,174	-	551,174	664,603	20,686	685,289	676,349	32,613	708,962
Other payables	30	1,318,524	343,810	1,662,334	1,510,718	597,135	2,107,853	1,264,272	562,487	1,826,759
Life Insurance contract liabilities	29	138,156,519	-	138,156,519	117,436,279	991,342	118,427,621	103,628,841	832,123	104,460,964
Deferred income tax	31	3,303,712	234,518	3,538,230	2,825,849	234,518	3,060,367	2,851,425	229,204	3,080,629
Total liabilities		**143,344,261**	**578,328**	**143,922,589**	**122,487,960**	**1,843,681**	**124,331,641**	**108,669,148**	**1,656,427**	**110,325,575**
Total equity and liabilities		**160,772,801**	**5,861,932**	**166,634,733**	**137,565,949**	**6,851,115**	**144,417,064**	**122,252,979**	**6,123,552**	**128,376,531**

The financial statements on pages 88 to 185 were approved and authorised by the board of directors on 15 March 2024 and were signed on its behalf by:

Joseph Wangai - Chairman

Kairo Thuo - Director

G G Nyakundi - Principal officer

The notes on pages 95 to 185 are an integral part of the financial statement

ICEA LION LIFE ASSURANCE

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs '000'	2022 Restated Long term business 2022 Kshs'000	2022 Restated Short term business 2022 Kshs'000	2022 Restated Total 2022 Kshs '000	2021 Restated Long term business 2021 Kshs'000	2021 Restated Short term business 2021 Kshs'000	2021 Restated Total 2021 Kshs '000
ASSETS										
Investment properties	17	8,525,000	1,361,000	9,886,000	8,170,000	1,255,000	9,425,000	8,795,000	1,168,000	9,963,000
Motor vehicle and Equipment	14	230,433	-	230,433	139,123	-	139,123	75,491	-	75,491
Intangible assets	15	3,010	-	3,010	2,994	-	2,994	3,069	-	3,069
Right-of-use assets	16	185,808	-	185,808	319,660	-	319,660	288,589	-	288,589
Investment in subsidiaries	19	-	193,172	193,172	9,823	680,443	690,266	9,823	680,443	690,266
Investment in associate	20	-	553,922	553,922	-	553,922	553,922	-	553,922	553,922
Subodinated Loan	19(e)	-	129,033	129,033	-	129,033	129,033	-	129,033	129,033
Mortgage loans	22(a)	636,818	-	636,818	656,159	-	656,159	651,482	-	651,482
Policy loans	22(b)	995,109	-	995,109	784,576	-	784,576	678,774	-	678,774
Governement securities held at fair value through profit and loss	26	30,254,938	44,204	30,299,142	30,769,781	71,142	30,840,923	27,003,765	104,548	27,108,313
Government securities held at amortised cost	26	73,400,663	-	73,400,663	75,127,186	4,656	75,131,842	65,400,891	37,328	65,438,219
Corporate bonds held at amortised cost	25	232,259	-	232,259	229,983	-	229,983	229,908	-	229,908
Kenya motor pool balances		-	23,593	23,593	-	24,157	24,157	-	24,738	24,738
Equity investments at fair value (through profit or loss – quoted)	18	6,065,649	-	6,065,649	7,844,244	-	7,844,244	9,345,877	-	9,345,877
Reinsurance contract assets	23	125,492	-	125,492	125,356	-	125,356	182,449	-	182,449
Tax recoverable	10(b)	-	39,961	39,961	-	38,974	38,974	-	131,894	131,894
Deferred taxation	31	46,309	50,982	97,291	46,309	50,982	97,291	46,309	50,982	97,291
Other receivables	24	969,189	47,545	1,016,734	731,869	43,204	775,073	712,564	43,103	755,667
Due from Long term business		(723,770)	723,770	-	(728,853)	728,853	-	(588,853)	588,853	-
Deposits with financial institutions	27	26,633,444	1,139,827	27,773,271	5,111,609	756,068	5,867,677	2,905,343	555,759	3,461,102
REIT Investment		266,704	148,537	415,241	255,910	-	255,910	150,000	-	150,000
Cash and bank balances		540,187	3,814	544,001	61,214	2,711	63,925	438,875	2,379	441,254
Total assets		**148,387,242**	**4,459,360**	**152,846,602**	**129,656,943**	**4,339,145**	**133,996,088**	**116,329,356**	**4,070,982**	**120,400,338**
Equity										
Ordinary shares	28	150,000	975,000	1,125,000	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	-	1,125,000	1,125,000
Statutory reserve	12	16,183,711	-	16,183,711	14,402,374		14,402,374	12,936,946		12,936,946
Retained earnings		-	941,030	941,030	-	833,256	833,256	-	721,830	721,830
Proposed dividends			840,000	840,000	-	840,000	840,000	-	700,000	700,000
Total equity		**16,333,711**	**3,881,030**	**20,214,741**	**14,552,374**	**3,773,256**	**18,325,630**	**13,086,946**	**3,521,830**	**16,608,776**
Liabilities										
Current income tax	10(b)	14,332	-	14,332	50,511	-	50,511	248,262	-	248,262
Lease Liabilities	34	282,139	-	282,139	513,461	-	513,461	506,781	-	506,781
Other payables	30	1,182,158	343,812	1,525,970	1,160,018	331,372	1,491,390	1,003,887	319,949	1,323,836
Deferred income tax	31	3,303,712	234,518	3,538,230	2,825,849	234,517	3,060,366	2,851,425	229,203	3,080,628
Life Insurance contract liabilities	29	127,271,190	-	127,271,190	110,554,730	-	110,554,730	98,632,055	-	98,632,055
Total liabilities		**132,053,531**	**578,330**	**132,631,861**	**115,104,569**	**565,889**	**115,670,458**	**103,242,410**	**549,152**	**103,791,562**
Total equity and liabilities		**148,387,242**	**4,459,360**	**152,846,602**	**129,656,943**	**4,339,145**	**133,996,088**	**116,329,356**	**4,070,982**	**120,400,338**

The financial statements on pages 88 to 185 were approved and authorised by the board of directors on 15 March 2024 and were signed on its behalf by:

Joseph Wangai - Chairman

Kairo Thuo - Director

G G Nyakundi - Principal officer

The notes on pages 95 to 185 are an integral part of the financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2023

	Notes	Share Capital Ksh'000	Share Premium Ksh '000	Statutory Reserves Ksh '000	Revaluation Reserve Ksh '000	Translation Reserve Ksh'000	Retained earnings Ksh '000	Proposed dividends Ksh '000	Non controlling Interest Ksh'000	TOTAL Ksh '000
2022	**Notes**									
Opening balance as previously stated		**1,125,000**	**1,125,000**	**12,412,185**	**(4,786)**	**(337,164)**	**1,917,822**	**700,000**	**7,597**	**16,945,654**
Effect of IFRS 17 Adoption		-	-	1,173,042	-	(860)	(19,570)	-	-	1,152,612
Restated balance at 1 January 2022		**1,125,000**	**1,125,000**	**13,585,226**	**(4,786)**	**(385,333)**	**1,898,252**	**700,000**	**7,597**	**18,050,956**
Total comprehensive income										
Profit for the year		-	-	2,304,245	-	-	415,656	-	4,766	2,724,667
Other comprehensive income		-	-	-	-	10,045	-	-	(246)	9,799
Total comprehensive income for the year		**-**	**-**	**2,304,245**	**-**	**10,045**	**415,656**	**-**	**4,520**	**2,734,466**
Transfer from statutory reserve to retained earnings	13	-	-	(840,000)	-	-	840,000	-	-	--
Transaction with owners:										
- 2021 final dividends		-	-	-	-	-	-	(700,000)	-	(700,000)
- 2022 proposed dividend	13	-	-	-	-	-	(840,000)	840,000	-	-
Balance as at 31 December 2022		**1,125,000**	**1,125,000**	**15,049,472**	**(4,786)**	**(375,288)**	**2,313,908**	**840,000**	**12,117**	**20,085,423**
2023										
At 1 January 2023		**1,125,000**	**1,125,000**	**15,049,472**	**(4,786)**	**(375,288)**	**2,313,908**	**840,000**	**12,117**	**20,085,423**
Total comprehensive income										
Profit for the year		-	-	2,826,984	-	-	376,556	-	-	3,203,540
Change in associate profit		-	-	-	-	-	41,418	-	-	41,418
Gain on deconsolidation of subsidiary	19(a)	-	-	-	-	-	18,426			18,426
Elimination of non-controlling interest		-	-	-	-	-	12,117	-	(12,117)	-
Other comprehensive income-translation		-	-	-	-	203,337	-	-	-	203,337
Total comprehensive income for the year		**-**	**-**	**2,826,984**	**-**	**203,337**	**448,517**	**-**	**(12,117)**	**3,466,721**
Transfer from statutory reserve to retained earnings	13	-	-	(840,000)	-	-	840,000	-	-	-
Transaction with owners:										
- 2022 final dividends		-	-	-	-	-	-	(840,000)	-	(840,000)
- 2023 proposed dividend		-	-	-	-	-	(840,000)	840,000	-	-
Balance as at 31 December 2023		**1,125,000**	**1,125,000**	**17,036,456**	**(4,786)**	**(171,952)**	**2,762,425**	**840,000**	**-**	**22,712,144**

The notes on pages 95 to 185 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2023

	Notes	Share Capital Ksh'000	Share Premium Ksh '000	Statutory Reserves Ksh '000	Retained earnings Ksh '000	Proposed dividends Ksh '000	TOTAL Ksh '000
2021							
At 1 January 2021		1,125,000	1,125,000	11,735,162	721,830	700,000	15,406,992
Balance at 31 December 2021		**1,125,000**	**1,125,000**	**11,735,162**	**721,830**	**700,000**	**15,406,992**
2022							
Opening balance as previously stated		1,125,000	1,125,000	11,735,162	721,830	700,000	15,406,992
Adjustments arising from:							
Effect of IFRS 17 Adjustment	2(a)	-	-	1,201,784	-	-	1,201,784
Restated balance at 1 January 2022		**1,125,000**	**1,125,000**	**12,936,946**	**721,830**	**700,000**	**16,608,776**
Total comprehensive income							
Profit for the year		-	-	2,305,428	111,426	-	2,416,854
Transfer from statutory reserve	13	-	-	(840,000)	840,000	-	-
Transaction with owners:							
- 2021 final dividends		-	-	-	-	(700,000)	(700,000)
- 2022 proposed dividend		-	-	-	(840,000)	840,000	-
Balance as at 31 December 2022		**1,125,000**	**1,125,000**	**14,402,374**	**833,256**	**840,000**	**18,325,630**
2023							
At 1 January 2023		**1,125,000**	**1,125,000**	**14,402,374**	**833,256**	**840,000**	**18,325,630**
Total comprehensive income							
Profit for the year		-	-	2,623,101	89,346	-	2,712,447
Gain on disposal of subsidiaries	19(a)	-		-	18,428		18,428
Other adjustment		-	-	(1,764)	-	-	(1,764)
Transfer from statutory reserve	13	-	-	(840,000)	840,000	-	-
Transaction with owners:							
- 2022 final dividends	13	-	-	-	-	(840,000)	(840,000)
- 2023 proposed dividend	13	-	-	-	(840,000)	840,000	-
Balance as at 31 December 2023		**1,125,000**	**1,125,000**	**16,183,711**	**941,030**	**840,000**	**20,214,741**

The notes on pages 95 to 185 are an integral part of these financial statements.

CONSOLIDATED & COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	GROUP 2023 Ksh '000	GROUP 2022 Ksh '000 restated	COMPANY 2023 Ksh '000	COMPANY 2022 Ksh '000 restated
Cash flows generated from operating activities					
Cash generated from operations	32(a)	10,570,747	6,439,155	8,031,593	5,047,724
Income tax paid	10	(610,350)	(643,709)	(445,626)	(489,304)
Interest paid on lease liability	34	(81,718)	(83,664)	(57,125)	(63,614)
Net cash (used in)/ generated from operating activities		**9,878,679**	**5,711,782**	**7,528,842**	**4,494,806**
Cash flows from investing activities					
Interest income		16,033,397	13,624,330	15,618,232	12,545,542
Interest income on policy		151,229	90,524	140,889	90,524
Interest income mortgage loans		93,655	98,313	93,655	98,313
Purchase of property and equipment	14	(241,124)	(135,357)	(182,608)	(115,155)
Purchase of intangible assets	15	(3,522)	(7,585)	(3,522)	(1,644)
Refurbishment of investment property	17	(170,300)	(69,283)	(170,300)	(69,283)
Dividend received from Associate Company	20	61,817	30,908	61,817	30,908
Proceeds from disposal of subsidiary	19(b)	-	-	558,040	-
Disposal of PPE assets of subsidiary	19(b)	14,107	7,962	-	-
Purchase of quoted shares	18(a)	(900,245)	(489,204)	(897,374)	(472,259)
Purchase of government securities		(7,202,884)	(27,005,678)	(3,983,050)	(23,701,811)
Proceeds		4,946,555	10,509,289	3,206,157	8,978,897
Purchase of Acorn Reit	18(b)	(262,929)	(105,910)	(262,929)	(105,910)
Policy loans advanced	22(b)	(478,663)	(280,664)	(309,819)	(163,177)
Policy loans recovered	22(b)	403,291	219,217	232,478	148,367
Mortgage loans advanced	22(a)	(120,796)	(93,831)	(120,796)	(93,831)
Mortgage loans recovered	22(a)	186,001	125,459	186,001	125,459
Placement of deposit with financial institutions		(155,245)	(2,341,638)	-	(2,406,575)
Proceeds from maturities of deposits		4,138,906	-	4,138,906	
Proceeds from disposal of quoted Shares	18(a)	608,582	71,700	588,279	71,700
REIT income		9,794	6,111	9,794	6,111
Redemption of corporate bonds		-	(75)	-	(75)
Dividend income on equity investments	6	684,861	566,597	657,993	552,193
Statutory deposit		-	(22,536)	-	-
Rental income		484,601	370,950	484,601	370,950
Net cash generated from investing activities		**18,281,088**	**(4,830,401)**	**20,046,443**	**(4,110,756)**
Cash flows from financing activities					
Dividends paid to shareholders of parent company		(840,000)	(700,000)	(840,000)	(700,000)
Repayment of principal lease payment		**(132,123)**	**(101,380)**	**(72,887)**	**(61,381)**
Income on investment in sub-lease received			-		-
Net cash used in financing activities		(972,123)	(801,380)	(912,887)	(761,381)
Net (decrease)/increase in cash and cash equivalents		**27,187,644**	**80,001**	**26,662,398**	**(377,331)**
Cash and cash equivalents at beginning of year	32(a)	**1,399,351**	**1,368,869**	**194,752**	**572,083**
Effect of exchange rate changes on translation of cash and cash equivalents		**(3,578)**	**(49,518)**		**-**
Cash and cash equivalents at year end	32(a)	**28,583,417**	**1,399,352**	**26,857,150**	**194,752**

The notes on pages 95 to 185 are an integral part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 four entities; ICEA LION Life Assurance Company Limited which is the parent company and a wholly owned subsidiary ICEA LION Life Assurance Company (Uganda) Limited through which it owns a 25% stake in ICEA LION Asset Management Company (Uganda) Limited that is accounted for as an associate. The Group also has a 30.9% stake in East Africa Reinsurance Company Limited in Kenya which is also 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 non-life insurance business underwritten by the Group, analyzed principally property, casualty and medical insurance.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The financial statements comply with IFRS Accounting 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 alternative basis: -

- Financial instruments at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income, and;
- Investment properties at fair value
- Insurance and reinsurance contracts at fulfilment cashflows and if any, contractual service margin.

(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 recognized 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.

Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 3. Significant changes in the following key assumptions can change the fulfilment cash flows materially during 2024: assumptions about future cash flows relating to mortality, morbidity, policyholder behaviour, participation percentages and crediting rates; assumptions about discount rates, including any illiquidity premiums.

IFRS 17 – Insurance contracts

The Company has adopted IFRS 17 including any consequential amendments to other standards as issued by IASB in May 2017 with a date of transition of 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts for the year ended 31 December 2022 and presented a third statement of financial position as at 1 January 2022. IFRS 17 replaces IFRS 4 Insurance Contracts.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

New and amended IFRS Standards

(i) New and amended standards adopted by the Group

Transition

The IFRS 17 Standard is applicable to annual periods beginning on or after 1 January 2023. However, the requirement for 2022 comparative information means that the IFRS 17 transition statement of financial position is required at 1 January 2022.

When determining the insurance liabilities at transition, the IFRS 17 Standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do This retrospective approach is referred to as the full retrospective approach (FRA). Where it is impracticable to apply IFRS 17 retrospectively, various simplifications are permitted when adopting the modified retrospective approach (MRA) or fair value approach (FVA) provided that certain criteria have been met. The FVA has to be applied if there is no reasonable and supportable information to apply the MRA.

The transition approach is determined at a group of insurance contracts level. A summary of the transition approaches applied by ICEA LION Life Assurance is provided below:

- For contracts measured using the General Measurement Method (GMM) or Variable Fee Approach (VFA), the FRA was applied for contracts issued after 1 January 2017. This retrospective calculation start date was arrived at depending on the availability of historic data, assumptions, and models.
- The FVA is applied to the remaining groups of contracts, including closed books of business.

Full retrospective approach

It is impracticable to adopt the FRA for groups of contracts at the date of transition if:

- the approach cannot be applied retrospectively after a reasonable effort was made by businesses to demonstrate that it will not be possible to collect the required information or create information where the required data is unavailable (for example, due to system migrations, data retention policies, and changes in requirements in terms of IFRS 17); or
- hindsight is needed to determine the estimates at prior periods, i.e. the measurement of the fulfilment cash flows and CSM should apply management's estimates at that point in time, with only the information that would have been available at that point in time (for example, assessing the level of aggregation of contracts at the inception date, and if the estimates needed to determine the risk adjustment during periods where solvency information on the latest regulatory framework was not available).

Fair value approach

The FVA is applied if retrospective application is impracticable or if the MRA is not applied. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows. The fair value will be determined in accordance with IFRS 13: Fair Value Measurement.

IFRS 13 defines fair value as "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". The transaction price is therefore based on a general market participant's view of the fair value of the group of insurance contracts.

The fair value is forward-looking and therefore future cash flows within the contract boundary will be included in the fair value estimation, including non-attributable expenses. No other material adjustments are made to the future expected cash flows when compared to the IFRS 17 estimates of future cash flows.

The income approach will be used in determining the fair value of the insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM).

Insurance revenue represents the changes in the liability for remaining coverage over the period by the Company, excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Company, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognized in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Company expects to be entitled to in exchange for those services.

Previously, all acquisition costs were recognized and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, the Company has opted not to defer acquisition costs as provided for in the standard.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(i) New and amended standards adopted by the Group (Continued)

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

Set out below are disclosures relating to the impact of the adoption of IFRS 17 on the Company.

IFRS 17 adoption impact

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognized and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied.
- identified, recognized and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied.
- derecognized previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognized any resulting net difference in equity.

The Group ha sapplied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statments at 1 January 2022 are presented in the statement of changes in equity.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 are summarized below.

Identifying contracts in the scope of IFRS 17

The company applies IFRS 17 - Insurance Contracts to insurance contracts and reinsurance contracts it issues, intra-group reinsurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with DPF issued, unless specifically stated otherwise.

Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the term of the contract is modified.

Insurance contracts without direct participation features

A contract is classified as an insurance contract without direct participation features where the Company provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the Company on a present value basis. A contract where the Company generates an investment return for the policyholder (investment-return service) that does not meet the criteria for being a substantially investment-related service contract (an insurance contract with direct participation features), is also classified as an insurance contract without direct participation features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers a proportion of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The accounting model applied to these insurance contracts (including reinsurance contracts issued and/or held) for liability measurement purposes is the General Measurement Model (GMM), unless the Premium Allocation Approach (PAA) applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts.

Insurance contracts with direct participation features

The Company issues insurance contracts with direct participation features where ICEA LION shares the performance of the underlying assets with the policyholder i.e. ICEA LION offers an investment-related service under which the investment return for these contracts is based on the underlying assets that are managed on behalf of the policyholders. The Company expects to pay amounts to these policyholders equal from a substantial share of the fair value returns on the underlying items, and a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders.

The model applied to these insurance contracts for liability measurement purposes is the Variable Fee Approach (VFA).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

IFRS 17 adoption impact (Continued)

Investment contracts

Investment contracts with direct participation features (DPF) are in scope of IFRS 17 as the Company also issues insurance contracts. These contracts are in scope of IFRS17 even though they do not include a transfer of significant insurance risk.

Level of aggregation

An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the Company, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets.

Contracts invested in DPF funds at the recognition date create a significant probability of discretionary returns and are therefore classified as investment contracts with DPF. Contracts not invested in DPF funds at the recognition date will also be classified as investment contracts with DPF if there is documented evidence that a significant proportion of contracts switch their initial funds into DPF funds or choose to invest subsequent payments into DPF funds.

Other investment contracts with or without investment management services fall within the scope of IFRS 9 – Financial Instruments and are designated as at fair value through profit or loss.

The Group manages insurance contracts issued within product lines. Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

Portfolios are divided into groups of insurance contracts, based on whether:
a) contracts are onerous at initial recognition;
b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; and
c) groups of remaining contracts.

An insurance contract is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the Company has assumed that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition. Each group of contracts does not include contracts issued more than one year apart in the same group.

These groups represent the level of aggregation at which insurance revenue is measured. The group in which a policy belongs is not subsequently reconsidered. For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to determine these groups of contracts.

IFRS 17 also requires a portfolio of contracts to be divided into annual cohorts. As a result, a group may not include contracts issued more than one year apart. A cohort can however be based on an issuing period that is less than one year. Separating contracts issued more than one year apart is a new concept compared to current practices. In addition to operational challenges, maintaining separate cohorts limits an entity's ability to offset profits and losses (or spread different levels of profitability) arising from different generations of contracts in a portfolio.

The goal of the standard is to avoid perpetually open portfolios and as such cohorts must be closed off at the end of their respective periods

Contracts Boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which:
- The Company can compel the policyholder to pay premiums; or
- The Company has a substantive obligation to provide the policyholder with insurance contract services.

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

The Company considers the legal rights and the commercial substance of the contracts in this assessment. Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Measurement Methods – Overview

To determine the appropriate measurement method for each product sold by the Company, the steps set out below were followed:

a) **Assess Premium Allocation Approach (PAA) Eligibility** - If a group of insurance contracts produces a liability for remaining coverage that is not materially different from that which would be produced by the General Measurement Method (GMM), or if it has a coverage period of one year or less (including coverage arising from all premiums within the contract boundary), the company can choose to simplify the measurement of such a group using PAA as described by the standard;

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

IFRS 17 adoption impact (Continued)

Measurement – Overview (Continued)

b) **Assess Variable Fee Approach (VFA) Eligibility** - For a group of insurance contracts with direct participation features for which the company is providing a service equivalent to asset management, then a company must apply VFA to these contracts;

c) **Assess discretionary cash flows** - A group of insurance contracts that does not meet criteria (b) above are insurance contracts without direct participation features and they are either non-participating insurance contracts or insurance contracts with indirect participation features. Non-participating insurance contracts should apply the General Measurement Model (GMM) while insurance contracts with indirect participation features should apply modified GMM. Insurance contracts with indirect participation features give ICEA LION LIFE ASSURANCE discretion over the cash flows to be paid to policyholders.

The Premium Allocation Approach (PAA) is a simplified approach to measuring insurance contracts, when compared to the General Measurement Model (GMM). When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial riskThe entity may make an accounting policy choice to apply the PAA, if certain criteria are met.

A qualitative and/ or quantitative PAA eligibility test was carried out for short term and reinsurance contracts held. Scenario and Stress testing was also applied for the quantitative test. Two portfolios (Group Risk and Reinsurance) passed the PAA eligibility test as a result the PAA measurement method was used to determine their liability.

For contracts not measured under PAA, the Company applies either the General Measurement Method (GMM) or the Variable Fee Approach (VFA).

Using the General Measurement and Variable Fee Approach, on initial recognition, the Company measures a group of insurance contracts as the total of:

- the fulfilment cash flows; and
- the contractual service margin (CSM).

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort.

Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts issued or held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

An explicit risk adjustment (RA) for non-financial risk is estimated separately from the other estimates. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

For the Variable Fee Approach, the fulfilment cash flows for insurance contracts with direct participation features can also be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. The variable fee comprises the Company's share of the fair value of the underlying items less the fulfilment cash flows that do not vary based on the returns on underlying items. The variable fee is akin to the expected shareholder entitlements based on the present value of expected fees charged less expected claims and expenses incurred, less the risk adjustment for non-financial risk and the effect of financial guarantees.

For reinsurance contracts, fulfilment cash flows also include the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes. The fulfilment cash flows are calculated using all cash flows within the reinsurance contract boundary, including future new business contracts where relevant. The Company applies judgement in determining the value of future new business.

Fulfillment cashflows are made up of 3 components i.e. the probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows; and a risk adjustment for non-financial risk

Best estimate of future experience

The best estimate of future experience is determined as follows:

- Future investment return assumptions for cash flows which vary with the underlying items are consistent with the expected long-term investment returns on the assets backing the insurance contracts, derived from market yields of fixed interest securities on the valuation date, with adjustments for the other asset classes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

IFRS 17 adoption impact (Continued)

Risk Adjustment (RA) (Continued)

- The appropriate asset composition of the various asset portfolios is considered. The allowance for investment management expenses, taxation at current tax rates and charges for investment guarantees is determined separately from the future investment returns and discount rates for measurement purposes.

- Future expense assumptions are based on the 2023 actual expenses and escalated at estimated expense inflation rates per annum, with a higher rate assumed for legacy business. The allocation of initial and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred during 2023. The future expense assumptions do not include any costs that are not directly attributable to the fulfilment of the insurance contracts.
- Assumptions regarding future mortality, disability and disability payment termination rates are consistent with the company's recent experience or expected future experience if this would result in a more accurate liability
- Persistency assumptions regarding lapse, surrender and paid-up rates are consistent with the Company's recent experience or expected future experience if this would result in a more accurate liability.

Risk Adjustment (RA)

The risk adjustment for non-financial risk reflects the compensation the entity would require for bearing the non-financial risk arising from the uncertain amount and timing of the cash flows.

The measurement of insurance contract liabilities in accordance with IFRS 17, requires an explicit risk adjustment ("RA") for non-financial risk.

The RA is principle-based and exhibits the following main properties:
- Reflects risks and uncertainty as viewed by the entity;
- Considers all aspects of non-financial risk and uncertainty; and
- Excludes financial risks, such as investment returns (cash flows not directly tied to contract cash flows).

IFRS 17 does not specify a technique to determine the RA. However, it requires that an entity discloses confidence intervals, regardless of the method chose to determine the RA.

ICEA LION Life Assurance has determined the most appropriate approach to use in calculating the RA for its portfolio, is the Provision for Adverse Deviations (PAD) approach for both the liability for incurred claims(LIC) and for the liability for remaining coverage (LRC).

ICEA LION Life Assurance also assessed the uncertainty and variability inherent in the fulfillment cashflows and elected to calibrate the margins applied to the Best Estimate Liability at a confidence interval of 99.5%

Contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the Company expects to recognize as it provides insurance contract services.

If a group of insurance contracts is not loss making at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognized assets or liabilities for insurance acquisition or other cash flows paid before the recognition date. This results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.
If a group of insurance contracts is onerous (loss making) at initial recognition, the Company immediately recognizes this net outflow in profit or loss. Following this, a loss component is created to represent these losses recognized in profit or loss, which determines the amounts that are subsequently presented in profit or loss as an increase or reversal of losses on onerous groups of insurance contracts.

For reinsurance arrangements a loss recovery component is established when underlying onerous insurance contracts are recognized, which will offset the insurance losses for the portion of the contracts being reinsured. The loss recovery component is not established before the underlying onerous contracts are recognized.

Coverage units

Coverage units establish the amount of the CSM to be recognised in profit or loss for services provided in the period. Coverage units reflect *"the quantity of the benefits provided under a contract and its expected coverage duration"* (paragraph B119(a)).

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period.

Coverage period is defined in IFRS 17, Appendix A as:
"The period during which the entity provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract."

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

IFRS 17 adoption impact (Continued)

Measurement – Overview (Continued)

Discount rates (Continued)

Coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided. Coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Coverage units are not applicable to contracts measured under the PAA.

Loss component

The loss component represents the expected losses to be incurred on a group of insurance contracts, i.e. groups of insurance contracts where the cash outflows are expected to exceed the cash inflows included in the fulfilment cash flows at initial recognition. Unlike profits, losses are recognized immediately.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows.

The tables below set out the yield curve used to discount the cash flows of insurance contracts.

Year	1 Year	5 Years	10 Years	15 Years	20 Years
2023	16.1	17.45	15.7	15.73	15.9
2022	10.31	13.53	13.77	13.93	14.05

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items will be discounted using rates that reflect that variability.

The discount rates applied to cash flows that vary based on the returns on underlying items are consistent with the future investment return assumptions.

A zero-coupon yield curve, with an allowance for the illiquidity of the group of insurance contracts where applicable, will be applied to cash flows that do not vary based on the returns on underlying items.. Insurance contracts such as non-participating life annuities that cannot be surrendered or lapsed are illiquid.

The standard sets out two approaches which can be used to determine the discount rate to be used in discounting the FCFs, the Top-Down and the Bottom-Up approach. The bottom-up approach was used by ICEA LION Life Assurance 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. The risk free used is the NSE yield curve as at valuation date converted to forward rates.

Asset portfolios

Separate asset portfolios are maintained in support of policy liabilities for each of the major lines of business; each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of participating business in relation to the funding level of each portfolio and the expected future net investment return on the assets of the particular investment portfolio.

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts issued at each reporting date is the sum of:

- the liability for remaining coverage (LRC), comprising:
  a) the fulfilment cash flows related to service to be provided under the contract in future periods; and
  b) the remaining CSM of the group at that date.
- the liability for incurred claims (LIC), comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported. The liability for incurred claims also includes the payment of any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the liability for remaining coverage.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

IFRS 17 adoption impact (Continued)

2.2.1.2.4 Measurement – Overview (Continued)

Contractual service margin (Continued)
Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Contractual service margin

For groups of insurance contracts measured under the GMM, the CSM at the start of the period is explicitly accreted with interest based on the discount rates applied to the fulfilment cash flows at initial recognition.

For groups of insurance contracts measured under the VFA, the CSM at the start of the period is implicitly accreted with interest equal to the effect of the time value of money on the variable fee in each period.

The impact of changes in estimates of the fulfilment cash flows on the measurement of the CSM depends on whether the changes are related to current (or past) or future service:

- changes that relate to current or past service are recognized in profit or loss; and
- changes that relate to future service are recognized by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which give rise to a loss on a group of insurance contracts, as well as any changes which adjust the loss recovery component on a group of reinsurance contracts.

For groups of insurance contracts measured under the GMM:

- changes in estimates of the present value of future cash flows included in the liability for remaining coverage, are related to future service and adjust the CSM. These changes are based on the discount rates applied to the fulfilment cash flows at initial recognition. Changes in the estimates that relate to the effect of the time value of money and the effect of financial risk and changes therein, do not adjust the CSM and are recognized in profit or loss; and
- differences in the investment components expected to become payable in the period and actual investment components payable in the period, are related to future service and adjust the CSM.

For groups of insurance contracts measured under the VFA, the fulfilment cash flows can also be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services:

- changes in the fair value of the underlying items are related to current service and are recognized in profit or loss;
- changes in the variable fee are related to future service and adjust the CSM, which includes any variances in the Company's share of the fair value returns on the underlying items in the reporting period. The CSM is adjusted for changes in estimates that relate to the effect of the time value of money and the effect of financial risk and changes therein; and
- the Company has chosen not to apply the risk mitigation option and therefore changes in the cost of minimum investment return guarantees will adjust the CSM.

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if they relate to future service, or such amounts are recognized in insurance revenue in the reporting period if they relate to current (or past) service. The Company applies judgement to determine whether these experience adjustments relate to current (or past) service or future service. The experience adjustments arising from incurred claims and administration expenses relate to current (or past) service and are recognized in profit or loss.

The CSM is adjusted for changes in exchange rates for groups of insurance contracts denominated in a foreign (non-local) currency, with movements being translated at the average exchange rate over the reporting period.

An amount of the CSM at the end of the period is recognized in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the group of contracts, defined based on the coverage units provided in the current period and expected to be provided in the future.

Loss component

Subsequent to initial recognition, the loss component of a group of insurance contracts is adjusted for changes in estimates of the fulfilment cash flows that relate to future service (consistent with the equivalent treatment for groups of insurance contracts with a CSM), with such increases or reversals of losses recognized in profit or loss.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Presentation and Disclosures (Continued)

Insurance revenue (Continued)

The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts. These changes in the fulfilment cash flows allocated to the loss component are excluded from insurance revenue and insurance service expenses. This ensures that the recognition of insurance revenue depicts the consideration to which the Company expects to be entitled in exchange for the insurance contract services provided.

For reinsurance arrangements the loss recovery component is adjusted for changes in estimates that relate to future service and adjust the loss component of the onerous groups of underlying insurance contracts

Presentation and Disclosures

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period by the Company, excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Company, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognized in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, the total consideration for a group of contracts includes the following amounts:

- the expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- the amount of the CSM recognized in profit or loss;
- the release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments relating to current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- the amortization of insurance acquisition cash flows.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognized in insurance service expenses:

- the expected claims and administration expenses incurred (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- experience adjustments relating to claims and administration expenses incurred;
- the initial loss on onerous groups of contracts recognized during the period;
- the increases and reversals of losses on onerous contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortization of insurance acquisition cash flows.

These amounts refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses are recognized separately in profit or loss.

Income or expenses from reinsurance contracts

The Company presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers.

The amounts recognized as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued, for e.g. the loss recovery component recognized during the reporting period rather than an initial loss recognized.

Insurance finance income and expense

The Company recognizes all insurance finance income or expenses for the reporting period in profit or loss.

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognized in insurance finance income and expenses. The amounts recognized in insurance finance income or expenses are before any allowance for investment management expenses, taxation at current tax rates and charges for investment guarantees.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Standards Adopted by the Group (Continued)

The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Amortization of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

The Company has taken the decision to expense acquisition cash flows in the year they are incurred. No Deferred Acquisition Expense Asset is therefore created in the accounts.

In addition to IFRS 17, the Company has also adopted the following standards and interpretations applicable for the first time to their annual reporting commencing 1 January 2023.

T he following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

The Directors do not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application the above are expected to have a significant impact on the Company's financial statements.

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions.

(a) 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 recognized 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 acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss. Any contingent consideration to be transferred by the Group is recognized 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 recognized 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 recognized 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 recognized 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Presentation and Disclosures (Continued)

Amortization of insurance acquisition cash flows (Continued)

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.

The Company's investment in associate is accounted for at cost in its separate financial statements.

(b) 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.

(i) 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.

(c) 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.

(d) 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(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.

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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

Debt instruments (Continued)

Equity instruments (Continued)

- **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.

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.

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 of financial instruments

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
- Corporate bonds;
- Deposits with financial institutions;
- Cash and bank balances;
- Mortgage loans
- Policy loans

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Standards Adopted by the Group (Continued)

	Effective date	Executive summary
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01-Jan-23	To improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and distinguish changes in accounting estimates from changes in accounting policies.
Definition of Accounting Estimate (Amendments to IAS 8)	01-Jan-23	Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	01-Jan-23	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Proposed amendments to IAS 12)" that aim at clarifying how companies account for deferred tax on leases and decommissioning obligations.
International Tax Reform – pillar two model rules – amendments to IAS 12	23-May-23	The IASB has amended IAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief.

The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending 31 December 2023.

	Effective date	Executive summary
Classification of liabilities as current or non-current (Amendments to IAS 1)	01-Jan-24	The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01-Jan-24	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains
Non-current Liabilities with Covenants (Amendments to IAS 1)	01-Jan-24	To clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	01-Jan-24	The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	01-Jan-24	The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt
Lack of Exchangeability – Amendments to IAS 21	01-Jan-24	Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

iv) Impairment (Continued)

Measurement of expected credit losses (Continued)

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;

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:

- 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

iv) Impairment (Continued)

Measurement of ECL (Continued)

- 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;
- 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 analyzing 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:

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (Continued)

Offsetting financial instruments

iv) Impairment (Continued)

Offsetting financial instruments (Continued)

- 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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases

(a) The Group as a lessor (Continued)

(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 incentive 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
- 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases (Continued)

(a) The Group as lessee (Continued)

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.

(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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases (Continued)

(r) Share Capital *(Continued)*

(q) Dividends

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.

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

For group life, group mortgage and group credit business the liabilities have been determined using the Premium Allocation Approach whereby the Liability for Remaining Coverage is

the unearned gross premium (UPR). The UPR has been calculated using the 365th method. The Liability for Incurred Claims is made up of the Oustanding Claim Reserve (OCR) and Incurred But Not Reported (IBNR) reserve plus a risk adjustment.

The IBNR is estimated as three months of gross premiums. The sufficiency of the IBNR was checked by the use of the chain ladder (and loss ratio methods where the data provided was

sufficient to allow for a triangulation approach). A Risk Adjustment margin has been applied and is calibrated at the portfolio's overall confidence Interval level using bootstrapping methodology. The RA margin derived was approximately 4.7% of the IBNR.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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 2023 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 2023.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

SENSITIVITY ANALYSIS

The effect of changes in mortality, longevity, expenses and withdrawals will have the following effect on the value of actuarial liabilities;

	% change	2023 Kshs'000	2022 Kshs'000
Mortality	+10	57,555	54,424
Longevity	+10	(152,123)	(171,617)
Expense inflation	+10	257,423	267,255
Withdrawals	+10	75,247	(121,464)
Mortality	-10	(57,719)	(54,411)
Longevity	-10	161,415	183,480
Expense inflation	-10	(657,549)	(262,784)
Withdrawals	-10	(46,961)	150,621

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 2023	31st December 2022
Mortality	10% increase in mortality for death assurances	10% increase in mortality for death assurances
Longevity	10% decrease in mortality for annuities	10% decrease in mortality for annuities
Morbidity/ Disability	10% increase in inception rates 5% decrease in recovery rates	10% increase in inception rates 5% decrease in recovery rates
Lapses	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)
Expenses	10% Increase	10% Increase
Surrender	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)

Interest rate margins Sensitivity

Lapses	increase or decrease in lapse 25% 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

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 2023 have been valued using 10% (2022: 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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

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	2023 Kshs'000	2022 Kshs'000	2021 Kshs'000
Gross annual rental income	+10	844,016	693,445	752,761
Gross annual rental income	-10	690,558	567,364	615,895
Yield	+0.5	7.9%	6.8%	7.0%
Yield	-0.5	6.9%	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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 an y 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.

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK

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 reassurance 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 2023					
Long term Business			Maximum Insured loss		
Class of business		Kshs 0 m-Kshs 15 m Kshs'000	Kshs 15 m-Kshs 250 m Kshs'000	Kshs 250 m and above Kshs'000	Total Kshs'000
Annuity	Gross/Net				
Ordinary life	Gross	121,861,363	354,706,940	-	476,568,303
	Sum Reassured	12,022,624	4,440,622	-	16,463,246
	Office Premium	7,985,829	5,502,425	-	13,488,254
	Net	101,852,910	344,763,893	-	446,616,803
Group life	Gross	107,505,530	2,078,695,995	9,407,350,065	11,593,551,590
	Sum Reassured	671,970	1,839,152,524	9,085,167,823	10,924,992,317
	Office Premium	1,205,602	15,977,519	37,609,922	54,793,043
	Net	105,627,958	223,565,951	284,572,320	613,766,229
Total	**Gross**	**229,366,893**	**2,433,402,935**	**9,407,350,065**	**12,070,119,893**
Total	**Net**	**207,480,868**	**568,329,844**	**284,572,320**	**1,060,383,032**

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.1 Insurance risk (Continued)

GROUP

Year ended 31 December 2022

Long term Business		Maximum Insured loss			
Class of business		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
Annuity	Gross/Net	3,348,509	449,899	-	3,798,408
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 businesss					
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**	**83,451,171**	**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 2023

Long term Business		Maximum Insured loss			
Class of business		Kshs 0 m-Kshs 15 m Kshs'000	Kshs 15 m-Kshs 250 m Kshs'000	Kshs 250 m and above Kshs'000	Total Kshs'000
Annuity	Gross/Net				
Ordinary life	Gross	100,700,093	4,641,673	-	105,341,766
	Net	84,240,209	230,236	-	84,470,445
Group life	Gross	673,803	12,637,606	145,068,425	158,379,834
	Net	445,667	5,883,742	74,668,512	80,997,921
Total	**Gross**	**101,373,896**	**17,279,279**	**145,068,425**	**263,721,600**
Total	**Net**	**84,685,876**	**6,113,978**	**74,668,512**	**165,468,366**

COMPANY

Year ended 31 December 2022

Long term Business		Maximum Insured loss			
Class of business		Kshs 0 m-Kshs 15 m Kshs'000	Kshs 15 m-Kshs 250 m Kshs'000	Kshs 250 m and above Kshs'000	Total Kshs'000
Annuity	Gross/Net	3,229,187	433,867	-	3,663,054
Ordinary life	Gross	67,921,375	2,690,518	312,558	70,924,451
	Net	57,554,473	676,902	3,500	58,234,875
Group life	Gross	993,310	18,115,369	191,595,539	210,704,218
	Net	593,476	8,251,242	84,197,664	93,042,382
Total	**Gross**	**72,143,872**	**21,239,754**	**191,908,097**	**285,291,723**
Total	**Net**	**61,377,136**	**9,362,011**	**84,201,164**	**154,940,311**

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.1 Insurance risk (Continued)

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 2023.

GROUP	Contractual cash flows (undiscounted)						
Financial assets	**Total amount 31.12.2023 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**
Debt securities held at amortised cost							
- Government securities	900,411	-	240,718	119,894	68,511	154,149	317,139
- Fixed deposits	1,139,827	-	1,139,827	-	-	-	-
- Government securities	80,938	-	6,875	6,875	6,875	6,875	53,438
Subordinated loan	129,033	129,033	-	-	-	-	-
Other receivables	47,546	-	47,546	-	-	-	-
Cash and cash equivalents	3,814	-	3,814	-	-	-	-
Total	**2,301,569**	**129,033**	**1,438,780**	**126,769**	**75,386**	**161,024**	**370,577**
Financial liabilities							
Other payables	366,477	-	366,477	-	-	-	-
Total	**366,477**	**-**	**366,477**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**1,935,092**	**129,033**	**1,072,303**	**126,769**	**75,386**	**161,024**	**370,577**

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	Contractual cash flows (undiscounted)						
Financial assets	**Total amount 31.12.2022 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**
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	-	-	-	-	-
Other receivables	94,733	-	94,733	-	-	-	-
Cash and cash equivalents	49,669	-	49,669	-	-	-	-
Total	**2,124,664**	**11,933**	**1,317,254**	**129,557**	**78,174**	**163,812**	**423,934**
Financial liabilities							
Other payables	453,937	-	453,937	-	-	-	-
Total	**453,937**	**-**	**453,937**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**1,670,727**	**11,933**	**863,317**	**129,557**	**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 Company's Assets and Liabilities Management (ALM) framework for management of Short-term insurance contracts as of 31 December 2023.

COMPANY							
Financial assets	**Total amount 31.12.2023 Kshs'000**	**No stated Maturity Kshs'000**	**0-1 yr Kshs'000**	**1-2 yrs Kshs'000**	**2-3yrs Kshs'000**	**3-4 yrs Kshs'000**	**> 5 yrs Kshs'000**
Debt securities held at amortised cost							
- Fixed deposits	1,139,827	-	1,139,827	-	-	-	-
Debt securities at FVTPL	80,938	-	6,875	6,875	6,875	6,875	53,438
Cash and cash equivalents	3,814	-	3,814	-	-	-	-
Subordinated loan	129,033	129,033	-	-	-	-	-
Other receivables	47,546	-	47,546	-	-	-	-
Total	**1,401,158**	**129,033**	**1,198,062**	**6,875**	**6,875**	**6,875**	**53,438**
Financial liabilities							
Other payables	288,644	-	288,644	-	-	-	-
Total	**288,644**	**-**	**288,644**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**1,112,514**	**129,033**	**909,418**	**6,875**	**6,875**	**6,875**	**53,438**

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							
	Contractual cash flows (undiscounted)						
Financial assets	**Total amount 31.12.2022 Kshs'000**	**No stated Maturity Kshs'000**	**0-1 yr Kshs'000**	**1-2 yrs Kshs'000**	**2-3yrs Kshs'000**	**3-4 yrs Kshs'000**	**> 5 yrs Kshs'000**
Debt securities held at amortised cost							
- Fixed deposits	756,068	-	756,068	-	-	-	-
Debt securities at FVTPL	145,447	-	9,663	9,663	9,663	9,663	106,795
Cash and cash equivalents	2,711	-	2,711	-	-	-	-
Subordinated loan	129,033	129,033	-	-	-	-	-
Other receivables	43,204	-	43,204	-	-	-	-
Total	**1,076,463**	**129,033**	**811,646**	**9,663**	**9,663**	**9,663**	**106,795**
Financial liabilities							
Other payables	276,088	-	276,088	-	-	-	-
Total	**276,088**	**-**	**276,088**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**800,375**	**129,033**	**535,558**	**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.

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 2023.

GROUP							
		Contractual cash flows (undiscounted)					
Financial assets	**Total amount 31.12.2023 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**
Debt securities held at amortised cost							
- Government securities	185,397,494	-	13,469,137	11,186,994	10,491,253	12,348,047	137,902,063
- Corporate bonds	311,057	-	28,550	27,798	254,709	-	-
- Fixed deposits	29,482,954	-	29,482,954	-	-	-	-
Fair value through profit and loss:							
- Equity securities at FVTPL	6,287,932	6,287,932	-	-	-	-	-
- Government securities	94,582,443	-	4,621,035	4,506,398	5,045,186	6,663,912	73,745,912
Mortgage loans	911,881	-	186,001	186,001	178,824	175,552	185,503
Policy loans	1,980,086	-	514,921	232,478	232,478	232,478	767,731
Other Receivable	992,759	-	992,759	-	-	-	-
Cash and cash equivalents	721,642	-	721,642	-	-	-	-
Total	**320,668,248**	**6,287,932**	**50,016,999**	**16,139,669**	**16,202,450**	**19,419,989**	**212,601,209**
Financial liabilities							
Insurance contracts-long term	129,731,477	-	8,246,652	7,940,056	7,999,818	8,192,165	97,352,786
Payables under unit linked policies	121,641	-	121,641	-	-	-	-
Payables under deposit administration contracts	98,392,776	-	6,340,853	6,016,368	6,061,651	6,207,397	73,766,507
Other Payables	892,135	-	892,135	-	-	-	-
Total	**229,138,029**	**-**	**15,601,281**	**13,956,424**	**14,061,469**	**14,399,562**	**171,119,293**
Difference in contractual cash flows	**91,530,219**	**6,287,932**	**34,415,718**	**2,183,245**	**2,140,981**	**5,020,427**	**41,481,916**

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							
	Contractual cash flows (undiscounted)						
Financial assets	**Total amount 31.12.2022 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**
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	742,034	-	742,034	-	-	-	-
Cash and cash equivalents	160,474	-	160,474	-	-	-	-
Total	**294,787,765**	**8,017,497**	**27,023,225**	**17,696,753**	**14,809,707**	**15,741,788**	**211,498,795**
Financial liabilities							
Insurance contracts-long term	141,202,146	-	8,415,740	8,342,413	8,428,174	8,241,197	107,774,622
Payables under unit linked policies	170,901	-	170,901	-	-	-	-
Payables under deposit administration contracts	89,954,794	-	11,832,771	4,908,079	4,958,535	4,848,531	63,406,878
Other Payables	1,079,173	-	1,079,173	-	-	-	-
Total	**232,407,014**	**-**	**21,498,585**	**13,250,492**	**13,386,709**	**13,089,728**	**171,181,500**
Difference in contractual cash flows	**62,380,749**	**8,017,497**	**5,524,638**	**4,446,261**	**1,422,998**	**2,652,060**	**40,317,295**

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 2023.

COMPANY		Contractual cash flows (undiscounted)					
Financial assets	**Total amount 31.12.2023 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**
Debt securities held at amortised cost							
- Government securities	179,497,000	-	13,082,292	10,424,977	10,055,815	11,368,311	134,565,605
- Corporate bonds	311,057	-	28,550	27,798	254,709	-	-
- Deposit with financial institutions	27,686,970	-	27,686,970	-	-	-	-
Fair value through profit and loss:							
- Equity securities held at FVTPL	6,065,649	6,065,649	-	-	-	-	-
- Government securities	94,582,443	-	4,621,035	4,506,398	5,045,186	6,663,912	73,745,912
Mortgage loans	911,881	-	186,001	186,001	178,824	175,552	185,503
Policy loans	1,697,643	-	232,478	232,478	232,478	232,478	767,731
Other receivables	920,862	-	920,862	-	-	-	-
Cash and bank balances	540,187	-	540,187	-	-	-	-
Total	**312,213,692**	**6,065,649**	**47,298,375**	**15,377,652**	**15,767,012**	**18,440,253**	**209,264,751**
Long term insurance liabilities							
Insurance contracts - long term	129,731,477	-	8,246,652	7,940,056	7,999,818	8,192,165	97,352,786
Payables under unit linked policies	121,641	-	121,641	-	-	-	-
Payables under deposit administration contracts	98,392,777	-	6,340,854	6,016,368	6,061,651	6,207,397	73,766,507
Other payables	804,266	-	804,266	-	-	-	-
Total	**229,050,161**	**-**	**15,513,413**	**13,956,424**	**14,061,469**	**14,399,562**	**171,119,293**
Difference in contractual cash flows	**83,163,531**	**6,065,649**	**31,784,962**	**1,421,228**	**1,705,543**	**4,040,691**	**38,145,458**

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							
	Contractual cash flows (undiscounted)						
Financial assets	**Total amount 31.12.2022 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**
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	731,866	-	731,866	-	-	-	-
Cash and bank balances	61,214	-	61,214	-	-	-	-
Total	**287,371,839**	**7,844,244**	**25,294,202**	**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	-	-	-	-
Payables under deposit administration contracts	83,073,246	-	4,951,223	4,908,079	4,958,535	4,848,531	63,406,878
Other payables	809,987	-	809,987	-	-	-	-
Total	**225,256,285**	**-**	**14,347,856**	**13,250,492**	**13,386,709**	**13,089,728**	**171,181,500**
Difference in contractual cash flows	**62,115,554**	**7,844,244**	**10,946,346**	**3,684,244**	**987,560**	**1,672,324**	**36,980,836**

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 1,224 million (2022:Kshs 1,059 million) investment income in long- term business and Kshs 9.1 million (2022:Kshs 6.6 million) in short-term business.

As at 31 December, the Group had the following interest bearing financial assets.

GROUP	Effective Interest Rate	Long term business 2023 Kshs'000	Short term business and Investment Activities 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business and Investment Activities 2022 Kshs'000	Total 2022 Kshs'000
Assets							
Mortgage loans	15%	636,818	-	636,818	656,159	-	656,159
Policy loans	16%	1,277,552	-	1,277,552	1,004,042	-	1,004,042
Corporate bonds held at amortised cost	12.25%	232,259	-	232,259	229,983	-	229,983
Government securities held at amortised cost	12%	82,586,213	-	82,586,213	81,027,679	946,701	81,974,380
Government securities held at FVTPL	12%	30,254,938	44,204	30,299,142	30,769,781	71,142	30,840,923
Deposits with financial institutions	13.3%	28,352,447	1,139,827	29,492,274	6,068,824	876,180	6,945,004
Total interest bearing assets		**143,340,227**	**1,184,031**	**144,524,258**	**119,756,468**	**1,894,023**	**121,650,491**
COMPANY							
Assets							
Mortgage loans	15%	636,818	-	636,818	656,159	-	656,159
Policy loans	16%	995,109	-	995,109	784,576	-	784,576
Corporate bonds held at amortised cost	12.25%	232,259	-	232,259	229,983	-	229,983
Government securities held at amortised cost	12%	73,400,663	-	73,400,663	75,127,186	4,656	75,131,842
Government securities held at FVTPL	12%	30,254,938	44,204	30,299,142	30,769,781	71,142	30,840,923
Deposits with financial institutions	13.3%	26,633,444	1,139,827	27,773,271	5,111,609	756,068	5,867,677
Total interest bearing assets		**132,153,231**	**1,184,031**	**133,337,262**	**112,679,294**	**831,866**	**113,511,160**

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.

(iii) 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 Uganda Security 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 2023, 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 314,396,000 (2022: increase/ decrease by Kshs 401,471,500).

At 31 December 2023, 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 303,282,4500 (2022: increase/ decrease by Kshs 392,212,200).

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:

- Liabilities for incurred claims;
- Government Securities;
- Corporate bonds;
- Policy Loan;
- Mortgage Loan;
- Deposits with financial institutions;
- Cash and Bank balances;

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.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.2 Financial risk (Continued)

b) Credit risk (Continued)

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 2023.

GROUP 31 December 2023	Gross amounts Kshs'000	Impairment allowances Kshs'000	Carrying amounts Kshs'000
Government securities held at amortised cost	82,668,828	(82,615)	82,586,213
Mortgage loans	638,712	(1,894)	636,818
Policy loans	1,288,156	(10,604)	1,277,552
Corporate bonds held at amortised cost	232,585	(326)	232,259
Deposits with financial institutions	29,674,791	(182,517)	29,492,274
Cash and bank balances	732,795	(7,339)	725,456
	115,235,867	**(285,295)**	**114,950,572**

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	Gross amounts Kshs'000	Impairment allowances Kshs'000	Carrying amounts Kshs'000
Government securities held at amortised cost	82,055,858	(81,477)	81,974,381
Mortgage loans	661,349	(5,190)	656,159
Policy loans	1,006,970	(2,928)	1,004,042
Corporate bonds held at amortised cost	230,305	(322)	229,983
Deposits with financial institutions	6,995,087	(50,083)	6,945,004
Cash and bank balances	212,768	(2,625)	210,143
	91,162,337	**(142,625)**	**91,019,712**

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.2 Financial risk (Continued)

b) Credit risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

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.

COMPANY 31 December 2023	Gross amounts Kshs'000	Impairment allowances Kshs'000	Carrying amounts Kshs'000
Government securities held at amortised cost	73,474,972	(74,309)	73,400,663
Mortgage loans	638,712	(1,894)	636,818
Policy loans	1,005,713	(10,604)	995,109
Corporate bonds held at amortised cost	232,585	(326)	232,259
Deposits with financial institutions	27,921,983	(148,712)	27,773,271
Cash and bank balances	548,115	(4,114)	544,001
	103,822,080	**(239,959)**	**103,582,121**

COMPANY 31 December 2022	Gross amounts Kshs'000	Impairment allowances Kshs'000	Carrying amounts Kshs'000
Government securities held at amortised cost	75,207,641	(75,799)	75,131,842
Mortgage loans	661,349	(5,190)	656,159
Policy loans	787,504	(2,928)	784,576
Corporate bonds held at amortised cost	230,305	(322)	229,983
Deposits with financial institutions	5,899,546	(31,869)	5,867,677
Cash and bank balances	64,183	(258)	63,925
	82,850,528	**(116,366)**	**82,734,162**

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.2 Financial risk (Continued)

c) Credit risk (Continued)

GROUP

31 December 2023	Opening ECL Kshs'000	Additional Kshs'000	Reversal Kshs'000	Closing ECL Kshs'000
Government securities held at amortised cost	82,399	216	-	82,615
Deposits with financial institutions	50,083	132,434	-	182,517
Corporate bonds held at amortised cost	323	3	-	326
Cash and bank balances	4,096	3,242	-	7,338
Mortgage loans	5,190	-	(3,295)	1,895
Policy Loans	2,928	7,676	-	10,604
Trade & Other Receivables	22,621	-	(22,621)	-
Total	**167,640**	**143,571**	**(25,916)**	**285,295**

COMPANY

31 December 2023	Opening ECL Kshs'000	Additional Kshs'000	Reversal Kshs'000	Closing ECL Kshs'000
Government securities held at amortised cost	75,799	-	(1,490)	74,309
Deposits with financial institutions	31,867	116,845	-	148,712
Corporate bonds held at amortised cost	322	3	-	325
Cash and bank balances	258	3,857	-	4,115
Mortgage loans	5,190	-	(3,296)	1,894
Policy Loans	2,928	7,676	-	10,604
Total	**116,364**	**128,381**	**(4,786)**	**239,959**

(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 2023, 31 December 2022 and 31 December 2021.

GROUP 31 December 2023	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	6,287,932	-	-	6,287,932
- REIT investment	415,241	-		415,241
- Government securities held at FVTPL	30,299,142	-	-	30,299,142
Total financial assets	**37,002,315**	**-**	**-**	**37,002,315**
31 December 2022				
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**

There were no transfers between levels 1, 2 and 3 in the period (2022: None).

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 2023 and 31 December 2022.

COMPANY 31 December 2023	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	6,065,649	-	-	6,065,649
- REIT investment	415,241	-	-	415,241
- Government securities held at FVTPL	30,299,142	-	-	30,299,142
Total financial assets	**36,780,032**	**-**	**-**	**36,780,032**
31 December 2022				
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**

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (CONTINUED)

4.2 Financial risk (Continued)

(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.

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 2023 is as shown below;

	2023 Kshs'000	2022 Kshs'000
Available Capital	19,829,752	16,904,288
Required Capital	6,130,946	5,443,525
Capital Adequacy ratio	**323%**	**311%**
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 long term insurance business companies to hold the minimum level of paid up capital of UShs 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.

ICEA LION Life Assurance (Uganda) Company Limited has compiled with this requirement.

5(a). INSURANCE REVENUE

The insurance revenue of the Group is analysed between the main classes of business as shown below:

2023	GROUP			COMPANY		
	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs'000	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs'000
Contracts not measured under the PAA						
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	560,714	-	560,714	311,221	-	311,221
Changes in risk adjustment for non-financial risk for risk expired	162,373	-	162,373	115,620	-	115,620
Expected incurred claims and other insurance service expenses	7,370,115	-	7,370,115	6,140,317	-	6,140,317
Recovery of insurance acquisition cashflows	701,959	-	701,959	495,710	-	495,710
Actual vs Exp premium income received for the past service provided	(728,058)	-	(728,058)	(557,104)	-	(557,104)
Total Contracts not measured under the PAA	**8,067,103**	**-**	**8,067,103**	**6,505,764**	**-**	**6,505,764**
Contracts measured under the PAA	1,256,888	-	1,256,888	865,607	-	865,607
Total reinsurance revenue	**9,323,991**	**-**	**9,323,991**	**7,371,371**	**-**	**7,371,371**

2022	GROUP			COMPANY		
	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000
Long-term business						
Contracts not measured under the PAA						
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	394,473	-	394,473	260,111	-	260,111
Changes in risk adjustment for non-financial risk for risk expired	114,701	-	114,701	89,517	-	89,517
Expected incurred claims and other insurance service expenses	5,907,612	-	5,907,612	5,030,090	-	5,030,090
Recovery of insurance acquisition cashflows	464,420	-	464,420	340,543	-	340,543
Actual vs Exp premium income received for the past service provided	(498,659)	(84,701)	(583,360)	(427,144)	-	(427,144)
Total Contracts not measured under the PAA	**6,382,547**	**(84,701)**	**6,297,846**	**5,293,117**	**-**	**5,293,117**
Contracts measured under the PAA	853,789	1,097,101	1,950,890	564,602	-	564,602
Total reinsurance revenue	**7,236,336**	**1,012,400**	**8,248,736**	**5,857,719**	**-**	**5,857,719**

5(b). INSURANCE SERVICE EXPENSES

2023	GROUP			COMPANY		
	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs '000	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs '000
Actual claims and expenses excl inv comp over the period	6,962,493	-	6,962,493	5,789,290	-	5,789,290
Actual acquisition expenses recognised as expenses for PAA	146,778	-	146,778	70,738	-	70,738
Expected release of incurred claims over the period	(5,981,072)	-	(5,981,072)	(5,048,210)	-	(5,048,210)
Expected release of risk adjustments for incurred claims	(2,191)	-	(2,191)	1,673	-	1,673
Increase in present value and risk adjustment of incurred claims liability	(17,324)	-	(17,324)	(17,324)	-	(17,324)
New Incurred Claims over the period	6,267,004	-	6,267,004	5,347,708	-	5,347,708
Release of deferred acquisition cost	701,958	-	701,958	495,710	-	495,710
Increase in losses on onerous contracts	1,309,691	-	1,309,691	696,137	-	696,137
Expected claims and expenses excl inv comp over the period for loss component	(544,103)	-	(544,103)	(339,551)	-	(339,551)
Expected release of risk adjustment over the period to loss component	(35,902)	-	(35,902)	(10,529)	-	(10,529)
Total Insurance service expense	**8,807,332**	**-**	**8,807,332**	**6,985,642**	**-**	**6,985,642**

2022	GROUP			COMPANY		
	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs '000	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs '000
Long-term business						
Actual claims and expenses excl inv comp over the period	6,335,017	716,770	7,051,787	5,495,524	-	5,495,524
Actual acquisition expenses recognised as expenses for PAA	118,817	158,977	277,794	64,154	-	64,154
Expected release of incurred claims over the period	(5,722,848)	-	(5,722,848)	(4,979,779)	-	(4,979,779)
Expected release of risk adjustments for incurred claims	(4,793)	-	(4,793)	1,162	-	1,162
New Incurred Claims over the period	5,737,004	-	5,737,004	5,065,937	-	5,065,937
Release of deferred acquisition cost	464,420	-	464,420	340,543	-	340,543
Increase in losses on onerous contracts	1,244,004	28,973	1,272,977	688,207	-	688,207
Expected claims and expenses excl inv comp over the period for loss component	(275,591)	-	(275,591)	(217,368)	-	(217,368)
Expected release of risk adjustment over the period to loss component	(21,527)	6,652	(14,875)	(8,087)	-	(8,087)
Total Insurance service expense	**7,874,503**	**911,372**	**8,785,875**	**6,450,293**	-	**6,450,293**

6. INVESTMENT INCOME

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Investments held to maturity						
Interest from government securities	14,452,082	7,081	14,459,163	13,093,295	154,004	13,247,299
Interest from corporate bonds	28,002	-	28,002	27,693	-	27,693
Interest from bank deposit	2,229,244	110,319	2,339,563	268,032	47,052	315,084
	16,709,328	**117,400**	**16,826,728**	**13,389,020**	**201,056**	**13,590,076**
Investments at fair value through profit or loss						
Fair value gains/(loss) on equity investments	(2,148,491)	-	(2,148,491)	(1,925,843)	(1,641)	(1,927,484)
Dividends receivable from equity investments	623,044	61,817	684,861	534,876	31,721	566,597
Gain on disposal of equity investments	84,223	-	84,223	4,469	-	4,469
Gain on disposal of bonds	8,088	401	8,489	91,535	6,291	97,826
Fair value loss on treasury bonds	(2,869,543)	(6,446)	(2,875,989)	(1,289,842)	(6,839)	(1,296,681)
Fair value (loss) on unit trust investments	(60,191)	(1,485)	(61,676)	6,514	16,075	22,589
Fair value gain on REIT investment	10,793	(114,393)	(103,600)	13,672	-	13,672
I-REIT income	9,794	-	9,794	6,111	-	6,111
	(4,342,283)	**(60,106)**	**(4,402,389)**	**(2,558,508)**	**45,607**	**(2,512,901)**
Loans and receivables						
Loan interest-mortgages	93,655	-	93,655	98,313	-	98,313
Loan interest-policy loans	151,229	-	151,229	90,524	-	90,524
	244,884	**-**	**244,884**	**188,837**	**-**	**188,837**
Investment properties						
Fair value (loss)/gains on investment properties (Note 17)	297,857	(7,157)	290,700	(625,000)	17,717	(607,283)
Rental income from investment properties (Note 17)	439,133	45,468	484,601	345,465	25,485	370,950
	736,990	**38,311**	**775,301**	**(279,535)**	**43,202**	**(236,333)**
Total investment income	**13,348,919**	**95,605**	**13,444,524**	**10,739,814**	**289,865**	**11,029,679**
Investment expenses	(175,195)	(1,996)	(177,191)	(173,268)	(1,411)	(174,679)
Net investment income	**13,173,724**	**93,609**	**13,267,333**	**10,566,546**	**288,454**	**10,855,000**

6. INVESTMENT INCOME (CONTINUED)

COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Investments held to maturity						
Interest from government securities	13,342,255	7,081	13,349,336	12,328,367	17,895	12,346,262
Interest from corporate bonds	28,002	-	28,002	27,693	-	27,693
Interest from bank deposits	2,074,403	110,319	2,184,722	204,198	39,046	243,244
	15,444,660	**117,400**	**15,562,060**	**12,560,258**	**56,941**	**12,617,199**
Investments at fair value through profit or loss						
Fair value (loss) / gain on equity investments (Note 18a)	(2,165,456)	-	(2,165,456)	(1,906,661)	-	(1,906,661)
Dividends receivable from equity investments	596,176	61,817	657,993	521,285	30,908	552,193
Gain on disposal of equity investments	77,766	-	77,766	4,469	-	4,469
Gain on disposal of treasury bonds	8,088	401	8,489	91,535	6,291	97,826
Fair value (loss) / gain on treasury bonds	(2,869,544)	(6,446)	(2,875,990)	(1,289,842)	(6,839)	(1,296,681)
Fair value (loss) / gain on unit trust investments	(67,427)	(1,485)	(68,912)	6,514	16,075	22,589
Fair value gain / (loss) on REIT investment	10,793	(114,393)	(103,600)	13,672	-	13,672
REIT income	9,794	-	9,794	6,111	-	6,111
	(4,399,810)	**(60,106)**	**(4,459,916)**	**(2,552,917)**	**46,435**	**(2,506,482)**
Loans and receivables						
Loan interest-mortgages	93,655	-	93,655	98,313	-	98,313
Loan interest-policy loans	140,889	-	140,889	90,524	-	90,524
	234,544	**-**	**234,544**	**188,837**	**-**	**188,837**
Investment properties						
Fair value loss on investment properties (Note 17)	297,857	(7,157)	290,700	(625,000)	17,717	(607,283)
Rental income from investment properties	439,133	45,468	484,601	345,465	25,485	370,950
	736,990	**38,311**	**775,301**	**(279,535)**	**43,202**	**(236,333)**
Total investment income	**12,016,384**	**95,605**	**12,111,989**	**9,916,643**	**146,578**	**10,063,221**
Investment expenses	(175,195)	(1,996)	(177,191)	(173,268)	(1,411)	(174,679)
Net investment income	**11,841,189**	**93,609**	**11,934,798**	**9,743,375**	**145,167**	**9,888,542**

7. OTHER FINANCE INCOME

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Gain on disposal of property and equipment	190	21,797	191	21,797
Gain on disposal of subsidiaries	44,415	-	44,415	-
Distribution on winding-up of subsidiary	20,997	-	20,997	-
Others*	351,176	168,223	412,608	168,616
Bad debts	(13,125)	-		-
Unrealized Gain/Loss On Forex	-	(12,599)	-	-
Total	**403,653**	**177,421**	**478,211**	**190,413**

*Includes income received not allocated to policies

8 (a). INSURANCE FINANCE EXPENSE

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Finance effect for rem coverage to P&L excluding loss component	1,754,785	(163,468)	1,754,785	-
Interest accreted to CSM	(505,963)	(345,427)	(397,506)	286,044
Finance effect for rem coverage to P&L loss component	(185,524)	(124,179)	(185,523)	102,625
Finance effect for rem coverage to P&L excluding loss component	-	-	-	157,804
Finance effect for incurred claims in P&L	(889)	50,439	(889)	(41,316)
Interest accreted to insurance contracts	(218,495)	-	-	-
Effect of differences between current rates and locked-in rates when measuring changes in	(97,685)	-	-	-
	746,229	**(582,635)**	**1,170,867**	**505,157**

8(b). OTHER OPERATING EXPENSES

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	2023 Kshs'000	2022 Kshs'000
Other Expenses	(1,048,187)	(46)	(1,048,233)	869,941
Administrative expenses	-	-	-	114,402
Non -attributable expenses	(460,376)	-	(460,376)	209,178
	(1,508,563)	**(46)**	**(1,508,609)**	**1,231,476**

COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	2023 Kshs'000	2022 Kshs'000
Other Expenses	(1,048,186)	(46)	(1,048,232)	869,941
Non -attributable expenses	(376,490)	-	(376,490)	209,178
	(1,424,676)	**(46)**	**(1,424,722)**	**1,079,119**

9. INTEREST ACCRETION ON PAA LIABILITY FOR REMAINING COVERAGE

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Interest accretion on PAA liability for remaining coverage	(9,112,738)	5,202,277	(8,650,310)	(4,923,885)

10(a). INCOME TAX EXPENSE

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Current income tax	552,700	537,250	408,460	384,473
Deferred income tax (credit) / charge (Note 31)	477,864	(43,910)	477,863	(43,756)
Under provision of deferred tax in prior years	-	23,090	-	24,184
Income tax expense	**1,030,564**	**516,430**	**886,323**	**364,901**

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	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Profit before income tax	4,234,104	3,241,097	3,598,769	2,781,756
Tax calculated at 30%	1,270,231	972,329	1,079,631	834,527
Tax effects of:				
– Income not subject to tax*	(669,443)	(1,450,108)	(490,402)	(1,361,011)
– Expenses not deductible for tax purposes**	429,776	972,662	297,094	867,202
Under / (over) provision of deferred tax in prior years	-	21,547	-	24,184
Income tax expense/(credit)	**1,030,564**	**516,430**	**886,323**	**364,901**

* 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		
	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs'000	2023 Long Term Kshs'000	2023 Short Term Kshs'000	2023 Total Kshs'000
At 1 January 2023	6,918	(51,255)	(44,337)	50,511	(38,974)	11,537
Current year taxation charge	504,240	48,460	552,700	360,000	48,460	408,460
Deconsolidated Uganda General Insurance Amount	-	12,281	12,281	-	-	-
Withholding tax recovered	(10,624)	-	(10,624)	(10,624)	-	(10,624)
Tax paid	(550,279)	(49,447)	(599,726)	(385,555)	(49,447)	(435,002)
Exchange difference	(12,858)	-	(12,858)	-	-	-
At 31 December 2023	**(62,603)**	**(39,961)**	**(102,564)**	**14,332**	**(39,961)**	**(25,629)**

	GROUP			COMPANY		
	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000
At 1 January 2022	208,093	(143,463)	64,630	248,262	(131,894)	116,368
Current year taxation charge	480,516	56,734	537,250	360,000	24,473	384,473
Withholding tax recovered	(8,910)	(487)	(9,397)	(8,910)	-	(8,910)
Tax paid	(673,492)	39,180	(634,312)	(548,841)	68,447	(480,394)
Exchange difference	711	(3,219)	(2,508)	-	-	-
At 31 December 2022	**6,918**	**(51,255)**	**(44,337)**	**50,511**	**(38,974)**	**11,537**

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.

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Profit for the year (Kshs' 000)	3,203,540	2,724,668	2,712,447	2,416,854
Number of ordinary shares	56,250	56,250	56,250	56,250
Basic earnings per share (Kshs)	**56.95**	**48.44**	**48.22**	**42.97**

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;

(i) The surplus on the long term business which is not distributable as dividends as per the requirements of the Insurance Act.

(ii) 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 2023 Kshs 840,000,000 has been transferred from statutory reserve to retained earnings (2022 : Kshs 840,000,000)

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 (2022 : Kshs 14.93 per share amounting to Kshs 840 million).

14. MOTOR VEHICLE & EQUIPMENT

GROUP	Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
COST				
Balance as at 1 January 2022	**51,230**	**252,208**	**361,107**	**664,545**
Additions	23,306	35,107	76,944	135,357
Disposals	(7,487)	117	(592)	(7,962)
Exchange difference	664	982	2,943	4,589
At 31 December 2022	**67,713**	**288,414**	**440,402**	**796,529**
Balance as at 1 January 2023	**67,713**	**288,414**	**440,402**	**796,529**
Additions	38,535	136,707	65,882	241,124
Disposals	(6,760)	(26,871)	(56,029)	(89,660)
Exchange difference	730	(89)	807	1,448
At 31 December 2023	**100,218**	**398,161**	**451,062**	**949,441**
DEPRECIATION				
At 1 January 2022	43,640	211,323	283,056	538,019
Charge for the year	7,574	35,968	30,075	73,617
Eliminated on disposals	(7,487)	(117)	(408)	(8,012)
Exchange differences	257	926	1,703	2,886
At 31 December 2022	**43,984**	**248,100**	**314,426**	**606,510**
Balance as at 1 January 2023	**44,172**	**218,988**	**261,732**	**524,892**
Charge for the year	14,118	83,764	61,207	159,089
Eliminated on disposals	-	-	-	-
Exchange differences	-	(4)	6	2
At 31 December 2023	**58,290**	**302,748**	**322,945**	**683,983**
CARRYING AMOUNT				
At 31 December 2022	**23,729**	**40,314**	**125,976**	**190,019**
At 31 December 2023	**41,928**	**95,413**	**128,117**	**265,458**

Fully depreciated assets at 31 December 2023 amounted to Kshs 413,913,321. (2022 – Kshs 358,369,697). The notional annual depreciation on these assets would have been Kshs 97,593,818 (2022 – Kshs 82,724,096). None of the Group's property and equipment has been pledged as security for borrowings.

14. MOTOR VEHICLE & EQUIPMENT (CONTINUED)

GROUP	Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
COST				
Balance as at 1 January 2021	**60,148**	**226,345**	**361,653**	**648,146**
Disposal of subsidiary assets	(5,288)	(14,932)	(11,386)	(31,606)
Additions	-	37,817	3,229	41,046
Disposals	(4,500)	-	(85)	(4,585)
Exchange difference	870	2,978	7,696	11,544
At 31 December 2021	**51,230**	**252,208**	**361,107**	**664,545**
Balance as at 1 January 2022	**51,230**	**252,208**	**361,107**	**664,545**
Additions	23,306	35,107	76,944	135,357
Disposals	(7,487)	117	(592)	(7,962)
Exchange difference	664	982	2,944	4,590
At 31 December 2022	**67,713**	**288,414**	**440,403**	**796,530**
DEPRECIATION				
At 1 January 2021	46,782	190,385	239,168	476,335
Reclassified to intangible assets	(5,292)	(11,966)	(5,869)	(23,127)
Charge for the year	5,803	30,554	44,932	81,289
Eliminated on disposals	(4,500)	-	-	(4,500)
Exchange differences	847	2,351	4,825	8,023
At 31 December 2021	**43,640**	**211,324**	**283,056**	**538,020**
Balance as at 1 January 2022	43,640	211,324	283,056	538,020
Charge for the year	7,574	35,968	30,075	73,617
Eliminated on disposals	(7,487)	(117)	(408)	(8,012)
Exchange differences	257	928	1,701	2,886
At 31 December 2022	**43,984**	**248,103**	**314,424**	**606,511**
CARRYING AMOUNT				
At 31 December 2021	**7,590**	**40,884**	**78,051**	**126,525**
At 31 December 2022	**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	Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
COST				
Balance as at 1 January 2022	**37,238**	**201,811**	**238,482**	**477,531**
Additions	12,600	29,658	72,897	115,155
Disposals	-	-	-	-
Exchange difference	-	-	-	-
At 31 December 2022	**49,838**	**231,469**	**311,379**	**592,686**
Balance as at 1 January 2023	**49,838**	**231,469**	**311,379**	**592,686**
Additions	17,135	119,219	46,254	182,608
Disposals	-	-	-	-
Exchange difference	-	-	-	-
At 31 December 2023	**66,973**	**350,688**	**357,633**	**775,294**
DEPRECIATION				
At 1 January 2022	29,745	170,988	201,305	402,038
Charge for the year	6,937	27,710	16,878	51,525
Eliminated on disposals	-	-	-	-
Exchange differences	-	-	-	-
At 31 December 2022	**36,682**	**198,698**	**218,183**	**453,563**
Balance as at 1 January 2023	**36,682**	**198,696**	**218,183**	**453,561**
Charge for the year	10,988	60,051	20,261	91,300
Eliminated on disposals	-	-	-	-
Exchange differences	-	-	-	-
At 31 December 2023	**47,670**	**258,747**	**238,444**	**544,861**
CARRYING AMOUNT				
At 31 December 2022	**13,156**	**32,771**	**93,196**	**139,123**
At 31 December 2023	**19,303**	**91,941**	**119,189**	**230,433**

14. MOTOR VEHICLE AND EQUIPMENT (CONTINUED)

COMPANY	Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
COST				
At 1 January 2021	41,738	169,078	235,492	446,308
Additions	-	32,732	2,990	35,722
Disposals	(4,500)	-	-	(4,500)
At 31 December 2021	**37,238**	**201,810**	**238,482**	**477,530**
At 1 January 2022	37,238	201,811	238,482	477,531
Additions	12,600	29,656	72,897	115,153
At 31 December 2022	**49,838**	**231,467**	**311,379**	**592,684**
DEPRECIATION				
At 1 January 2021	30,430	147,815	168,454	346,699
Charge for the year	3,815	23,173	32,852	59,840
Eliminated on disposal	(4,500)	-	-	(4,500)
At 31 December 2021	**29,745**	**170,988**	**201,306**	**402,039**
At 1 January 2022	29,745	170,988	201,305	402,038
Charge for the year	6,937	27,708	16,878	51,523
At 31 December 2022	**36,682**	**198,696**	**218,183**	**453,561**
CARRYING AMOUNT				
At 31 December 2021	**7,493**	**30,822**	**37,176**	**75,491**
At 31 December 2022	**13,156**	**32,771**	**93,196**	**139,123**

15. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Cost				
Balance as at 1 January 2023	167,840	159,522	146,264	144,620
Disposal of Subsidiary Assets	(14,954)	-	-	-
Additions during the year	3,522	7,585	3,522	1,644
Exchange difference	2,359	733	-	-
At 31 December 2023	**158,767**	**167,840**	**149,786**	**146,264**
Depreciation				
Balance as at 1 January 2023	153,413	146,473	143,270	141,551
Disposal of Subsidiary Assets	(7,563)	-	-	-
Charge for the year	7,436	6,644	3,506	1,719
Exchange difference	-	296	-	-
At 31 December 2023	**153,286**	**153,413**	**146,776**	**143,270**
Carrying amount	**5,481**	**14,427**	**3,010**	**2,994**

Fully depreciated assets at 31 December 2023 amounted to Kshs 145,712,739 (2022: Kshs 141,109,838). The notional annual depreciation on these assets would have been Kshs 48,522,342 (2022: Kshs 46,989,576). None of the Company's assets has been pledged as security for borrowings.

16. RIGHT-OF-USE ASSETS

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Cost				
At 1 January	850,490	751,559	539,093	449,235
Disposal of Subsidiary Assets	(93,946)	-	-	-
Additions during the year	121,400	108,236	-	107,221
* De-recognition	(88,474)	(17,354)	(73,460)	(17,363)
Exchange difference	-	8,049	-	-
At 31 December	**789,470**	**850,490**	**465,633**	**539,093**
Depreciation				
At 1 January	395,735	294,416	219,433	160,645
Disposal of Subsidiary Assets	(102,568)	-	-	-
Charge for the year	95,220	98,411	60,392	58,788
Exchange difference	(9,929)	2,908	-	-
At 31 December	**378,458**	**395,735**	**279,825**	**219,433**
Carrying amount	**411,012**	**454,755**	**185,808**	**319,660**

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 34.

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Depreciation expense on right-of-use assets	60,392	98,411	60,392	58,788
Interest expense on lease liabilities	81,718	83,664	57,125	63,614

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 addtional 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.

17. INVESTMENT PROPERTIES – GROUP AND COMPANY

	Long term business Shs'000	Short term business Shs'000	Total 2023 Shs'000	Total 2022 Shs'000
At start of year	8,170,000	1,255,000	9,425,000	9,963,000
Additions	57,143	113,157	170,300	69,283
Disposals	-	-	-	-
Fair value gains/(loss) (Note 6)	297,857	(7,157)	290,700	(607,283)
At year end	**8,525,000**	**1,361,000**	**9,886,000**	**9,425,000**

The investment properties were last revalued on 31st December 2023 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 484,600,627 (2022:Shs 370,950,000) (Note 6). The total property management expenses was Ksh 282,686,468 (2022: 257,259,544).

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).

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2023				
Investment property	-	-	9,886,000	9,886,000
At 31 December 2022				
Investment property	-	-	9,425,000	9,425,000
At 31 December 2021				
Investment property	-	-	9,963,000	9,963,000

Valuation technique used to derive level 3 fair values (refer to Note 3(d)

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(a). EQUITY INVESTMENTS

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Quoted investments - at fair value through profit or loss						
At 1 January	8,017,497	11,933	8,029,430	9,514,758	13,119	9,527,877
Disposal of Subsidiary Assets	-	(11,933)	(11,933)	-	-	-
Additions	900,245	-	900,245	489,204	-	489,204
Disposals	(524,359)	-	(524,359)	(67,231)	-	(67,231)
Fair value losses (Note 6)	(2,146,677)	-	(2,146,677)	(1,925,843)	(1,641)	(1,927,484)
Exchange differences	41,226	-	41,226	6,609	455	7,064
At 31 December	**6,287,932**	**-**	**6,287,932**	**8,017,497**	**11,933**	**8,029,430**

COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Quoted investments - at fair value through profit or loss						
At 1 January	7,844,244	-	7,844,244	9,345,877	-	9,345,877
Additions	897,374	-	897,374	472,259	-	472,259
Disposals	(510,513)	-	(510,513)	(67,231)	-	(67,231)
Fair value losses (Note 6)	(2,165,456)	-	(2,165,456)	(1,906,661)	-	(1,906,661)
At 31 December	**6,065,649**	**-**	**6,065,649**	**7,844,244**	**-**	**7,844,244**

18(b). REIT INVESTMENTS

GROUP AND COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
At 1 January	255,910	-	255,910	150,000	-	150,000
Additions	-	262,929	262,929	105,910	-	105,910
Disposals	-	-	-	-	-	-
Fair value gain / (losses)	10,794	(114,392)	(103,598)	-	-	-
At 31 December	**266,704**	**148,537**	**415,241**	**255,910**	**-**	**255,910**

19. INVESTMENTS IN SUBSIDIARIES – AT COST

	Short term Kshs'000	2023 Kshs'000	2022 Kshs'000
Riverside Park Limited - Kenya	-	-	9,823
ICEA LION Life Assurance Company (Uganda) Limited	193,172	193,172	193,172
ICEA LION Asset Management (Uganda) Limited	-	-	4,250
ICEA LION General Insurance Company (Uganda) Limited	-	-	483,021
	193,172	**193,172**	**690,266**

19(a) MOVEMENT IN INVESTMENT IN SUBSIDIARIES

	Total 2023 Kshs'000	Total 2022 Kshs'000
Movement in subsidiaries		
Opening balances	**690,266**	690,266
Disposal at cost	(497,094)	-
	193,172	**690,266**

19 (a) Movement in investment in subsidiaries (Continued)

ICEA LION Asset Management (Uganda) Limited & ICEA LION General Insurance Company (Uganda) Limited were disposed as at 01.1.2023 to ICEA LION Asset Management Limited & ICEA LION General Insurance Company Limited at net book value.

As at 31 December 2023, ICEA LION Life Assurance Company Limited wholly owned ICEA LION Life Assurance Company (Uganda) Limited as set out below.

Subsidiary	% Owned	Principal business activity
ICEA LION Life Assurance Company (Uganda) Limited	100%	Transacts life insurance business and pension scheme administration.

19 (b). DECONSOLIDATION ADJUSTMENT

		ICEA LION General Uganda Limited 2023 Kshs'000 Restated	ICEA LION Asset Management Uganda Limited 2023 Kshs'000	Total 2023 Kshs'000
Assets and liabilities disposed				
Property and Equipment	18	11,892	2,215	14,107
Right-of-use assets	19	17,806	-	17,806
Intangible assets	17	5,115	2,277	7,392
Deferred income tax	26	-	551	551
Equity securities held at fair value through profit or loss	34(b)	11,933	-	11,933
Debt securities at amortised cost	32	900,409	41,635	942,044
Statutory deposits at amortised cost		67,641	-	67,641
Insurance contracts issued that are assets	28	20,203	-	20,203
Reinsurance contracts held that are assets	29	124,884	-	124,884
Reinsurance contracts assets	27	555,068	-	555,068
Other receivables	22	26,264	25,267	51,531
Deposit with financial institutions at amortised cost	35(a)	107,289	12,823	120,112
Ccash and bank balances	35(c)	45,865	1,093	46,958
Current tax recoverable	13(a)	12,197	84	12,281
Insurance contract liabilities	10(a)	(991,342)	-	(991,342)
Lease liability	41	(20,686)	-	(20,686)
Other payables	40	(159,575)	(34,910)	(194,485)
Long term loan		(132,838)	-	(132,838)
Reinsurance contracts held that are liabilities	44	(88,030)	-	(88,030)
Total Equity and Liabilities		**514,095**	**51,035**	**565,130**
Cash consideration on disposal	44	(530,392)	(27,648)	(558,040)
Share of non-controlling interest		-	(25,517)	(25,517)
Recognition of investment in associate		-	-	-
Investment in subsidiary		-	-	-
Total equity and Liabilities		**(16,297)**	**(2,130)**	**(18,427)**

19 INVESTMENTS IN SUBSIDIARIES

(c) Non-Controlling Interest (NCI)

In the year 2022, ICEA LION Life Assurance Company Limited owned 75% of the shares in ICEA LION Asset Management (ILAM Uganda) Limited (disclosed under note 19(a) as investment in subsidiary, while the remaining 25% is a non-controlling interest (NCI) as indicated in the table below.

In the year 2023 the company sold 50% of its shares in ILAM Uganda leaving a stake of 25% which is disclosed as an investment in associate under note 20.

	2023 Kshs'000	2022 Kshs'000
Non-Controlling Interest percentage	-	25%
Total assets	-	85,945
Total liabilities	-	34,909
Net assets	-	51,036
Carrying amount of NCI	**-**	**12,759**
Total Income	-	85,207
Profit before income tax	-	26,251
Income tax expense	-	(7,187)
Profit for the year	-	19,064
Other comprehensive income	-	(983)
Total comprehensive income for the year	**-**	**18,081**
Total comprehensive income allocated to NCI	**-**	**4,520**

(d) Summary of Subsidiaries Performance

A summary of financial information for the subsidiaries as of 31 December 2023 and 31 December 2022 is set out below:

	ICEA LION Life Assurance Company (Uganda) Limited		ICEA LION General Assurance Company (Uganda) Limited		ICEA LION Asset Management (Uganda) Limited	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Total assets	12,385,559	7,767,213	-	2,006,458	-	85,860
Total liabilities	11,290,747	7,035,613	-	1,525,476	-	34,825
Net assets	**1,094,812**	**731,600**	**-**	**480,982**	**-**	**51,035**
Net earned premiums and other incomes	498,762	2,202,906	-	703,766	-	85,205
Profit before income tax	348,124	126,045	-	22,160	-	26,251
Income tax expense	(144,241)	(120,516)	-	(24,920)	-	(7,187)
Profit for the year	203,883	5,529	-	(2,760)	-	19,064
Total comprehensive income for the year	**238,745**	**33,440**	**-**	**(8,014)**	**-**	**18,081**

(e) Subodinated Loan

This loan was granted to ICEA LION General Uganda Limited then a subsidiary of the Company. The funds were to be applied as Company capital as a subordinated loan to fund working capital requirements.

20. INVESTMENTS IN ASSOCIATE

GROUP – LONG TERM BUSINESS	2023 Kshs'000
Company's share of net assets;	
At 1 January	16,573
Share of profit	7,806
Prior year adjustment	-
Dividends received	-
Net movement	**-**
At 31 December	**24,379**

Further information on the associate company is shown below:

Company	*Share capital Kshs*	*% owned*	*Country of Incorporation*	*Principal activity*
ICEA LION Asset Management (U) Limited	*200,000*	*25%*	*Uganda*	*Asset management business*

A summary of financial information as of 31 December 2023 and for the year then ended in respect of the associate company is set out below:

	2023 Kshs'000
Total assets	141,346
Total liabilities	(43,255)
Net assets	98,091
Group's share of the net assets	**24,379**
Income	145,851
Profit before income tax	43,206
Income tax expense	(11,981)
Profit for the year	31,225
Total comprehensive income for the year	**31,225**

COMPANY At cost	2023 Kshs'000
At 1st January	2,125
Additions	-
At 31 December	**2,125**

20. INVESTMENTS IN ASSOCIATE (CONTINUED)

GROUP – SHORT TERM BUSINESS	2023 Kshs'000	2022 Kshs'000
Company's share of net assets;		
At 1 January	1,882,856	1,671,710
Share of profit	287,210	242,054
Prior year adjustment	41,417	-
Dividends received	(61,817)	(30,908)
Net movement	**266,810**	**211,146**
At 31 December	**2,149,666**	**1,882,856**

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 reassurance businesses*

A summary of financial information as of 31 December 2023 and for the year then ended in respect of the associate company is set out below:

	2023 Kshs'000	2022 Kshs'000
Total assets	11,704,235	11,709,639
Total liabilities	4,749,293	5,617,924
Net assets	6,954,942	6,091,715
Group's share of the net assets	**2,149,666**	**1,882,856**
Net earned premiums	311,657	3,905,142
Profit before income tax	1,267,186	1,046,774
Income tax expense	337,960	263,643
Profit for the year	929,226	783,131
Total comprehensive income for the year	**929,226**	**783,131**

COMPANY At cost	2023 Kshs'000	2022 Kshs'000
At 1st January	553,922	553,922
Additions	-	-
At 31 December	**553,922**	**553,922**

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	
			2023	2022
Kenya Motor Insurance Pool	Kenya	Sharing of pool business and risks by underwriting and investments.	5.34%	5.34%

21. KENYA MOTOR INSURANCE POOL- GROUP AND COMPANY (CONTINUED)

(b) The movement in the amount due is shown below;

	2023 Kshs'000	2022 Kshs'000
At 1 January	24,158	24,738
Partial distribution	-	-
Net (decrease)/increase in Group share of net assets of the pool	(565)	(580)
	23,593	**24,158**

22. LOANS RECEIVABLE

(a) Mortgage loans - GROUP AND COMPANY

	2023 Kshs'000	2022 Kshs'000
At 1 January	661,349	653,377
Loans advanced	120,796	93,831
Interest charged	42,568	39,600
Loan repayments	(186,001)	(125,459)
Gross	**638,712**	**661,349**
Allowance for expected credit losses	(1,894)	(5,190)
At 31 December	**636,818**	**656,159**

Maturity profile of mortgage loans:

Loans maturing:		
Within 1 year	92,034	75,655
1 to 5 years	68,850	76,927
Over 5 years	475,934	503,577
	636,818	**656,159**

b) Policy loans

GROUP	2023 Kshs'000	2022 Kshs'000
At 1 January	1,004,042	864,831
Loans advanced	478,663	280,664
Interest charged	151,230	68,740
Loan repayments	(403,291)	(219,217)
Exchange adjustments	54,605	8,556
Gross	**1,285,249**	**1,003,574**
Allowance for expected credit losses	(7,697)	468
At 31 December	**1,277,552**	**1,004,042**

Maturity profile of policy loans:

Loans maturing:		
Within 1 year	232,243	174,151
1-5 years	635,198	512,237
Over 5 years	410,111	317,654
	1,277,552	**1,004,042**

22. LOANS RECEIVABLE (CONTINUED)

b) Policy loans (Continued)

COMPANY	2023 Kshs'000	2022 Kshs'000
At 1 January	784,576	678,774
Loans advanced	309,819	163,177
Interest charged	140,889	90,524
Loan repayments	(232,478)	(148,367)
Gross	**1,002,806**	**784,108**
Allowance for expected credit losses	(7,697)	468
At 31 December	**995,109**	**784,576**

Maturity profile of policy loans:		
Loans maturing:		
Within 1 year	178,225	136,085
2-5 years	502,162	400,271
Over 5 years	314,722	248,220
	995,109	**784,576**

23. REINSURANCE CONTRACTS

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Reinsurance contract assets	407,425	888,238	125,492	125,356

24. OTHER RECEIVABLES

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Due from related companies (Note 35)	324,754	40,841	365,595	93,676	39,088	132,764
Staff advances	41,272	302	41,574	36,491	10,196	46,687
Trade debtors	-	-	-	-	7,471	7,471
Others	675,059	6,403	681,462	705,254	162,862	868,116
	1,041,085	**47,546**	**1,088,631**	**835,421**	**219,617**	**1,055,038**
COMPANY						
Due from related companies (Note 35)	274,337	40,841	315,178	234,374	40,841	275,215
Staff advances	30,001	302	30,303	35,559	302	35,861
Others	664,851	6,402	671,253	461,936	2,061	463,997
	969,189	**47,545**	**1,016,734**	**731,869**	**43,204**	**775,073**

25. CORPORATE BONDS

GROUP AND COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Corporate bonds maturing:						
- within one year	683	-	683			
- 1 to 5 years	231,902	-	231,902	230,306	-	230,306
- After 5 years	-	-	-	-	-	-
- Allowance for expected credit losses	(326)	-	(326)	(323)	-	(323)
	232,259	**-**	**232,259**	**229,983**	**-**	**229,983**

26. GOVERNMENT SECURITIES

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Held at amortised cost						
Treasury bills and bonds maturing:						
- within one year	6,313,216	-	6,313,216	5,876,278	245,938	6,122,216
- 1 to 5 years	20,052,634	-	20,052,634	19,872,687	383,905	20,256,592
- After 5 years	56,294,672	-	56,294,672	55,354,231	317,139	55,671,370
Gross	**82,660,522**	**-**	**82,660,522**	**81,103,196**	**946,982**	**82,050,178**
- Allowance for expected credit losses	(74,309)	-	(74,309)	(75,517)	(281)	(75,798)
At 31 December	**82,586,213**	**-**	**82,586,213**	**81,027,679**	**946,701**	**81,974,380**
Held at FVTPL						
Treasury bills and bonds maturing:						
- within one year	207,070	-	207,070	1,031,261	-	1,031,261
- 1 to 5 years	6,104,316	-	6,104,316	6,117,935	-	6,117,935
- After 5 years	23,943,552	44,204	23,987,756	23,620,585	71,142	23,691,727
	30,254,938	**44,204**	**30,299,142**	**30,769,781**	**71,142**	**30,840,923**
COMPANY						
Held at amortised cost						
Treasury bills and bonds maturing:						
- within one year	4,775,230	-	4,775,230	5,489,434	4,656	5,494,090
- 1 to 5 years	18,556,171	-	18,556,171	17,695,497	-	17,695,497
- After 5 years	50,143,571	-	50,143,571	52,017,772	-	52,017,772
Gross	**73,474,972**	**-**	**73,474,972**	**75,202,703**	**4,656**	**75,207,359**
- Allowance for expected credit losses	(74,309)	-	(74,309)	(75,517)	-	(75,517)
	73,400,663	**-**	**73,400,663**	**75,127,186**	**4,656**	**75,131,842**

26. GOVERNMENT SECURITIES (CONTINUED)

COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Held at FVTPL						
Treasury bills and bonds maturing:						
- within one year	207,071	-	207,071	1,031,260	-	1,031,260
- 1 to 5 years	6,104,316	-	6,104,316	6,117,935	-	6,117,935
- After 5 years	23,943,551	44,204	23,987,755	23,620,586	71,142	23,691,728
	30,254,938	**44,204**	**30,299,142**	**30,769,781**	**71,142**	**30,840,923**

Treasury bonds amounting to Kshs 8,061,450,000 (2022: Kshs 7,011,450,000) are held under lien with the Central Bank of Kenya.

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Maturing within 90 days	26,731,186	1,126,775	27,857,961	1,069,096	120,112	1,189,208
Maturing after 90 days	1,763,353	19,672	1,783,025	5,007,280	759,406	5,766,686
Allowance for expected credit losses	(142,092)	(6,620)	(148,712)	(7,552)	(3,338)	(10,890)
	28,352,447	**1,139,827**	**29,492,274**	**6,068,824**	**876,180**	**6,945,004**
COMPANY						
Maturing within 90 days	25,186,374	1,126,775	26,313,149	130,827	-	130,827
Maturing after 90 days	1,589,162	19,672	1,608,834	4,988,334	759,406	5,747,740
Allowance for expected credit losses	(142,092)	(6,620)	(148,712)	(7,552)	(3,338)	(10,890)
	26,633,444	**1,139,827**	**27,773,271**	**5,111,609**	**756,068**	**5,867,677**

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.

	2023	2022
Mortgage loans	15%	15%
Policy loans	16%	16%
Government securities	12.82%	12.19%
Corporate bonds	12.25%	12.25%
Deposits with financial institution	13.35%	9.20%

28. SHARE CAPITAL

GROUP AND COMPANY	Ordinary shares Number of shares	Long term Kshs'000	Short term Kshs'000	Total Kshs'000
Balance at 1 January 2021, 31 December 2022 and 31 December 2023	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.

(a) Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company. All shares rank equally with regards to the Company's residual assets..

(b) Dividends

The following dividends were declared and paid by the Company for the year.

	2023	2022
Kshs 14.93 per qualified ordinary share (2022: Kshs 14.93)	840,000	840,000

(b) Dividends (Continued)

After the reporting date the following dividends were proposed by the Board of Directors. The dividends have not been recognized as liabilities and there are no tax consequences

	2023	2022
Kshs 14.93 per qualified ordinary share (2022: Kshs 14.93)	840,000	840,000

29. INSURANCE AND REINSURANCE CONTRACTS

	GROUP				COMPANY			
GROUP AND COMPANY	GMM Kshs'000	PAA Kshs'000	VFA Kshs'000	TOTAL Kshs'000	GMM Kshs'000	PAA Kshs'000	VFA Kshs'000	TOTAL Kshs'000
31st December 2023								
Insurance Contracts								
Insurance Contracts Liabilities	32,857,446	105,300,362	(1,289)	**138,156,519**	28,235,712	99,036,767	(1,289)	**127,271,190**
Reinsurance Contracts								
Reinsurance Contracts Assets	-	407,425	-	**407,425**	-	125,492	-	**125,492**
31st December 2022 (Restated)								
Insurance Contracts								
Insurance Contracts Liabilities	29,794,301	88,638,533	(5,213)	**118,427,621**	27,032,206	83,527,737	(5,213)	**110,554,730**
Reinsurance Contracts								
Reinsurance Contracts Assets	-	888,238	-	**888,238**	-	125,356	-	**125,356**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI. For each segment, the Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI. A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM

(i) Insurance Contracts

Insurance contracts not measured under PAA - GMM

Analysis by remaining coverage and incurred claims

GROUP 2023	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**27,332,763**	**2,366,732**	**94,806**	**29,794,301**
Insurance Revenue				
Insurance Revenue	(8,230,896)	-	-	(8,230,896)
TOTAL	**(8,230,896)**	**-**	**-**	**(8,230,896)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(604,515)	6,360,529	5,756,014
Acquisition Expenses	724,017	-	-	724,017
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	17,870	17,870
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	1,376,202	-	1,376,202
TOTAL	**724,017**	**771,687**	**6,378,399**	**7,874,103**
Insurance Finance Expenses				
Insurance Finance Expenses	(1,003,052)	293,584	-	(709,468)
TOTAL	**(1,003,052)**	**293,584**	**-**	**(709,468)**
Cash flows				
Premiums Received	11,495,588	-	-	11,495,588
Claims and Other Expenses Paid	-	-	(6,360,529)	(6,360,529)
Acquisition Cash Flows Paid	(1,681,622)	-	-	(1,681,622)
TOTAL	**9,813,966**	**-**	**(6,360,529)**	**3,453,437**
Closing Insurance Contract Liabilities	**2,739,174**	**1,149,642**	**56,949**	**3,945,765**
Transalation Gain/(Loss)	511,464	150,962	13,543	675,969
Closing Balance	**29,148,262**	**3,582,966**	**126,218**	**32,857,446**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts

Insurance contracts not measured under PAA - GMM

Analysis by remaining coverage and incurred claims

COMPANY	Liability for Remaining Coverage		Liability for Incurred Claims	Total
2023	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**25,242,858**	**1,749,880**	**39,468**	**27,032,206**
Insurance Revenue				
Insurance Revenue	(6,502,570)	-	-	(6,502,570)
TOTAL	**(6,502,570)**	**-**	**-**	**(6,502,570)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(349,998)	5,342,914	4,992,916
Acquisition Expenses	495,710	-	-	495,710
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	16,258	16,258
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	697,028	-	697,028
TOTAL	**495,710**	**347,030**	**5,359,172**	**6,201,912**
Insurance Finance Expenses				
Insurance Finance Expenses	(1,363,799)	185,452	-	(1,178,347)
TOTAL	**(1,363,799)**	**185,452**	**-**	**(1,178,347)**
Cash flows				
Premiums Received	9,286,816		-	9,286,816
Claims and Other Expenses Paid	-		(5,342,914)	(5,342,914)
Acquisition Cash Flows Paid	(1,261,391)		-	(1,261,391)
TOTAL	**8,025,425**		**(5,342,914)**	**2,682,511**
Closing Balance	**25,897,623**	**2,282,362**	**55,727**	**28,235,712**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued)

Insurance contracts not measured under PAA - GMM

Analysis by remaining coverage and incurred claims

GROUP 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**26,154,321**	**1,250,699**	**49,833**	**27,454,853**
Insurance Revenue				
Insurance Revenue	(6,423,071)	-	-	(6,423,071)
TOTAL	**(6,423,071)**	**-**	**-**	**(6,423,071)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(299,987)	5,761,790	5,461,803
Acquisition Expenses	469,380	-	-	469,380
Changes that relate to past services: changes to liabilities for	-	-	44,973	44,973
incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous	-	1,265,360	-	1,265,360
Contracts and reversals (incl reinsurer's non performance risk)	-	-	-	-
TOTAL	**469,380**	**965,373**	**5,806,763**	**7,241,516**
Insurance Finance Expenses				
Insurance Finance Expenses	485,386	150,661	-	636,047
TOTAL	**485,386**	**150,661**	**-**	**636,047**
Cash flows				
Premiums Received	7,931,727	-	-	7,931,727
Claims and Other Expenses Paid	-	-	(5,761,791)	(5,761,791)
Acquisition Cash Flows Paid	(1,284,980)	-	-	(1,284,980)
TOTAL	**6,646,748**	**-**	**(5,761,791)**	**884,956**
Closing Balance	**27,332,763**	**2,366,732**	**94,806**	**29,794,301**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued)

Insurance contracts not measured under PAA - GMM

Analysis by remaining coverage and incurred claims

COMPANY 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**24,214,105**	**1,159,784**	**21,256**	**25,395,145**
Insurance Revenue				
Insurance Revenue	(5,290,020)	-	-	(5,290,020)
TOTAL	**(5,290,020)**	**-**	**-**	**(5,290,020)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(225,456)	5,063,852	4,838,396
Acquisition Expenses	340,543	-	-	340,543
Changes that relate to past services: changes to liabilities for	-	-	18,212	18,212
incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous	-	687,308	-	687,308
Contracts and reversals (incl reinsurer's non performance risk)	-	-	-	-
TOTAL	**340,543**	**461,852**	**5,082,064**	**5,884,459**
Insurance Finance Expenses				
Insurance Finance Expenses	417,734	128,244	-	545,978
TOTAL	**417,734**	**128,244**	**-**	**545,978**
Cash flows				
Premiums Received	6,595,626	-	-	6,595,626
Claims and Other Expenses Paid	-	-	(5,063,852)	(5,063,852)
Acquisition Cash Flows Paid	(1,035,130)	-	-	(1,035,130)
TOTAL	**5,560,496**	**-**	**(5,063,852)**	**496,644**
Closing Balance	**25,242,858**	**1,749,880**	**39,468**	**27,032,206**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued)

Insurance contracts not measured under PAA - VFA

Analysis by remaining coverage and incurred claims

GROUP 2023	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,941)**	**728**	**-**	**(5,213)**
Insurance Revenue				
Insurance Revenue	(3,194)	-	-	(3,194)
TOTAL	**(3,194)**	**-**	**-**	**(3,194)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(81)	4,794	4,713
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	(890)	-	(890)
TOTAL	**-**	**(971)**	**4,794**	**3,823**
Insurance Finance Expenses				
Insurance Finance Expenses	6,519	72	-	6,591
TOTAL	**6,519**	**72**	**-**	**6,591**
Cash flows				
Premiums Received	1,498	-	(4,794)	(3,296)
Acquisition Cash Flows Paid	-	-	-	-
TOTAL	**1,498**	**-**	**(4,794)**	**(3,296)**
Closing Balance	**(1,118)**	**(171)**	**-**	**(1,289)**

2023 COMPANY	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,941)**	**728**	**-**	**(5,213)**
Insurance Revenue				
Insurance Revenue	(3,194)	-	-	(3,194)
TOTAL	**(3,194)**	**-**	**-**	**(3,194)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	(81)	4,794	4,713
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	(890)	-	(890)
TOTAL	**-**	**(971)**	**4,794**	**3,823**
Insurance Finance Expenses				
Insurance Finance Expenses	6,519	72	-	6,591
TOTAL	**6,519**	**72**	**-**	**6,591**
Cash flows				
Premiums Received	1,498	-	(4,794)	(3,296)
Acquisition Cash Flows Paid	-	-	-	-
TOTAL	**1,498**	**-**	**(4,794)**	**(3,296)**
Closing Balance	**(1,118)**	**(171)**	**-**	**(1,289)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued)

Insurance contracts not measured under PAA - VFA

Analysis by remaining coverage and incurred claims

GROUP 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,089)**	**(171)**	**-**	**(5,260)**
Insurance Revenue				
Insurance Revenue	(3,096)	-	-	(3,096)
TOTAL	**(3,096)**	**-**	**-**	**(3,096)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	2,085	2,085
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	899	-	899
TOTAL	**-**	**899**	**2,085**	**2,984**
Insurance Finance Expenses				
Insurance Finance Expenses	159	-	-	159
TOTAL	**159**	**-**	**-**	**159**
Cash flows				
Premiums Received	2,085	-	(2,085)	-
Acquisition Cash Flows Paid	-	-	-	-
TOTAL	**2,085**	**-**	**(2,085)**	**-**
Closing Balance	**(5,941)**	**728**	**-**	**(5,213)**

COMPANY 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,089)**	**(171)**	**-**	**(5,260)**
Insurance Revenue				
Insurance Revenue	(3,096)	-	-	(3,096)
TOTAL	**(3,096)**	**-**	**-**	**(3,096)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	2,085	2,085
Changes that relate to past services: changes to liabilities for incurred claims (resulting frm undrlying GoC for reins)	-	-	-	-
Changes that relate to future services: losses on onerous contracts and reversals (incl reinsurer's non-performance risk)	-	899	-	899
TOTAL	**-**	**899**	**2,085**	**2,984**
Insurance Finance Expenses				
Insurance Finance Expenses	159	-	-	159
TOTAL	**159**	**-**	**-**	**159**
Cash flows				
Premiums Received	2,085	-	(2,085)	-
Acquisition Cash Flows Paid	-	-	-	-
TOTAL	**2,085**	**-**	**(2,085)**	**-**
Closing Balance	**(5,941)**	**728**	**-**	**(5,213)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - GMM

Analysis by measurement component

GROUP	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2023	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**26,038,650**	**577,494**	**3,178,157**	**29,794,301**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(586,849)	(586,849)
Risk Adjustments	-	(205,806)	-	(205,806)
Experience Adjustments	(958,210)	-	-	(958,210)
TOTAL	**(958,210)**	**(205,806)**	**(586,849)**	**(1,750,865)**
Changes that Relate to Future Service				
Contracts Initially Recognized in the Period	(1,776,268)	347,633	1,817,111	388,476
Experience Adjustments	2,811,547	(141,226)	(1,591,389)	1,078,932
Changes in Estimates Reflected in the CSM	265,978	1,607	(267,585)	-
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(92,834)	1,628	-	(91,206)
TOTAL	**1,208,423**	**209,642**	**(41,863)**	**1,376,202**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	17,870	-	-	17,870
TOTAL	**17,870**	**-**	**-**	**17,870**
Insurance Finance Expenses				
Net Finance Expenses	(1,335,183)	108,152	517,563	(709,468)
TOTAL	**(1,335,183)**	**108,152**	**517,563**	**(709,468)**
Cash Flows				
Cash Flows	3,453,436	-	-	3,453,436
TOTAL	**3,453,436**	**-**	**-**	**3,453,436**
Closing Insurance Contracts Liabilities	28,424,986	689,482	3,067,008	32,181,476
Translation gain / (Loss)	508,784	38,987	128,199	675,970
Closing Balance	**28,933,770**	**728,469**	**3,195,207**	**32,857,446**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - GMM

Analysis by measurement component

COMPANY	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2023	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Opening Balance	**23,959,696**	**418,188**	**2,654,322**	**27,032,206**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(310,673)	(310,673)
Risk Adjustments	-	(125,965)	-	(125,965)
Experience Adjustments	(577,307)	-	-	(577,307)
TOTAL	**(577,307)**	**(125,965)**	**(310,673)**	**(1,013,945)**
Changes that Relate to Future Service				
Contracts Initially Recognized in the Period	(1,214,969)	208,384	1,202,690	196,105
Experience Adjustments	2,243,549	(104,276)	(1,415,841)	723,432
Changes in Estimates Reflected in the CSM	169,143	(2,728)	(166,415)	-
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(214,959)	(7,551)	-	(222,510)
TOTAL	**982,764**	**93,829**	**(379,566)**	**697,027**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	16,258	-	-	16,258
TOTAL	**16,258**	**-**	**-**	**16,258**
Insurance Finance Expenses				
Net Finance Expenses	(1,640,440)	64,587	397,506	(1,178,347)
TOTAL	**(1,640,440)**	**64,587**	**397,506**	**(1,178,347)**
Cash Flows				
Cash Flows	2,682,513	-	-	2,682,513
TOTAL	**2,682,513**	**-**	**-**	**2,682,513**
Closing Balance	**25,423,484**	**450,639**	**2,361,589**	**28,235,712**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - GMM

Analysis by measurement component

GROUP	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2022	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**24,699,611**	**483,839**	**2,271,403**	**27,454,853**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(399,853)	(399,853)
Risk Adjustments	-	(137,545)	-	(137,545)
Experience Adjustments	45,510	-	-	45,510
TOTAL	**45,510**	**(137,545)**	**(399,853)**	**(491,888)**
Changes that Relate to Future Service				
Contracts Initially Recognized in the Period	(994,061)	238,989	1,320,987	565,915
Experience Adjustments	2,898,726	(66,095)	(1,349,165)	1,483,466
Changes in Estimates Reflected in the CSM	(986,018)	(919)	986,937	(0)
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(774,151)	(9,872)	-	(784,023)
TOTAL	**144,496**	**162,103**	**958,759**	**1,265,358**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	44,973	-	-	44,973
TOTAL	**44,973**	**-**	**-**	**44,973**
Insurance Finance Expenses				
Net Finance Expenses	219,102	69,096	347,848	636,046
TOTAL	**219,102**	**69,096**	**347,848**	**636,046**
Cash Flows				
Cash Flows	884,959	-	-	884,959
TOTAL	**884,959**	**-**	**-**	**884,959**
Closing Balance	**26,038,650**	**577,494**	**3,178,157**	**29,794,301**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - GMM

Analysis by measurement component

COMPANY	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2022	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**23,009,077**	**404,887**	**1,981,181**	**25,395,145**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(260,111)	(260,111)
Risk Adjustments	-	(97,376)	-	(97,376)
Experience Adjustments	246,407	-	-	246,407
TOTAL	**246,407**	**(97,376)**	**(260,111)**	**(111,080)**
Changes that Relate to Future Service				
Contracts Initially Recognized in the Period	(630,623)	150,649	884,987	405,013
Experience Adjustments	2,451,305	(57,277)	(1,259,230)	1,134,798
Changes in Estimates Reflected in the CSM	(1,013,705)	(7,703)	1,021,408	(0)
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(825,474)	(27,030)	-	(852,504)
TOTAL	**(18,497)**	**58,639**	**647,165**	**687,307**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	18,214	-	-	18,214
TOTAL	**18,214**	**-**	**-**	**18,214**
Insurance Finance Expenses				
Net Finance Expenses	207,854	52,037	286,087	545,978
TOTAL	**207,854**	**52,037**	**286,087**	**545,978**
Cash Flows				
Cash Flows	496,642	-	-	496,642
TOTAL	**496,642**	**-**	**-**	**496,642**
Closing Balance	**23,959,697**	**418,187**	**2,654,322**	**27,032,206**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - VFA

Analysis by measurement component

GROUP	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2023	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,621)**	**407**	**-**	**(5,214)**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(548)	(548)
Risk Adjustments	-	(184)	-	(184)
Experience Adjustments	2,250	-	-	2,250
TOTAL	**2,250**	**(184)**	**(548)**	**1,518**
Changes that Relate to Future Service				
Experience Adjustments	(2,235)	35	1,409	(791)
Changes in Estimates Reflected in the CSM	(77)	(100)	177	-
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(44)	(56)	-	(100)
TOTAL	**(2,356)**	**(121)**	**1,586**	**(891)**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	-	-	-	-
TOTAL	-	**-**	**-**	-
Insurance Finance Expenses				
Net Finance Expenses	6,592	-	-	6,592
TOTAL	**6,592**	**-**	**-**	**6,592**
Cash Flows				
Cash Flows	(3,294)	-	-	(3,294)
TOTAL	**(3,294)**	**-**	**-**	**(3,294)**
Closing Balance	**(2,429)**	**102**	**1,038**	**(1,289)**

COMPANY	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(5,621)**	**407**	**-**	**(5,214)**
Changes that Relate to Current Service				
Contractual Service Margin	-	-	(548)	(548)
Risk Adjustments	-	(184)	-	(184)
Experience Adjustments	2,250	-	-	2,250
TOTAL	**2,250**	**(184)**	**(548)**	**1,519**
Changes that Relate to Future Service				
Experience Adjustments	(2,235)	35	1,409	(791)
Changes in Estimates Reflected in the CSM	(77)	(100)	177	-
Changes in Estimates that Result in Losses and Reversal of Losses Onerous Contracts (incl reinsurer's non-performnc risk)	(44)	(56)	-	(100)
TOTAL	**(2,356)**	**(121)**	**1,586**	**(891)**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	-	-	-	-
TOTAL	-	**-**	**-**	-
Insurance Finance Expenses				
Net Finance Expenses	6,592	-	-	6,592
TOTAL	**6,592**	**-**	**-**	**6,592**
Cash Flows				
Cash Flows	(3,294)	-	-	(3,294)
TOTAL	**(3,294)**	**-**	**-**	**(3,294)**
Closing Balance	**(2,429)**	**102**	**1,038**	**(1,289)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(i) Insurance Contracts (Continued) - Contracts not measured under PAA - VFA

Analysis by measurement component

GROUP	Estimates of the Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin	Total
2022	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(7,016)**	**634**	**1,122**	**(5,260)**
Changes that Relate to Current Service				
Risk Adjustments	-	(228)	-	(228)
Experience Adjustments	(784)	-	-	(784)
TOTAL	**(784)**	**(228)**	**-**	**(1,012)**
Changes that Relate to Future Service				
Experience Adjustments	2,050	112	(1,200)	962
Changes in Estimates Reflected in the CSM	(16)	(62)	78	-
Changes in Estimates that Result in Losses and Reversal of	(13)	(49)	-	(62)
Losses Onerous Contracts (incl reinsurer's non performnc risk)	-	-	-	-
TOTAL	**2,021**	**1**	**(1,122)**	**900**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	-	-	-	-
TOTAL	-	**-**	**-**	-
Insurance Finance Expenses				
Net Finance Expenses	159	-	-	159
TOTAL	**159**	**-**	**-**	**159**
Cash Flows				
Cash Flows	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**
Closing Balance	**(5,620)**	**407**	**-**	**(5,213)**

COMPANY	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(7,016)**	**634**	**1,122**	**(5,260)**
Changes that Relate to Current Service				
Risk Adjustments	-	(228)	-	(228)
Experience Adjustments	(784)	-	-	(784)
TOTAL	**(784)**	**(228)**	**-**	**(1,012)**
Changes that Relate to Future Service				
Experience Adjustments	2,050	112	(1,200)	962
Changes in Estimates Reflected in the CSM	(16)	(62)	78	-
Changes in Estimates that Result in Losses and Reversal of	(13)	(49)	-	(62)
Losses Onerous Contracts (incl reinsurer's non performnc risk)	-	-	-	-
TOTAL	**2,021**	**1**	**(1,122)**	**900**
Changes that Relate to Past Service				
Adjustments to Liabilities for Incurred Claims	-	-	-	-
TOTAL	-	**-**	**-**	-
Insurance Finance Expenses				
Net Finance Expenses	159	-	-	159
TOTAL	**159**	**-**	**-**	**159**
Cash Flows				
Cash Flows	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**
Closing Balance	**(5,620)**	**407**	**-**	**(5,213)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(ii) Insurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

GROUP 2023	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**88,209,516**	**177,532**	**251,485**	**88,638,533**
Insurance Revenue				
Insurance Revenue	(1,298,736)	-	-	(1,298,736)
TOTAL	**(1,298,736)**	**-**	**-**	**(1,298,736)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	(2,604)	(2,604)
Changes that relate to past services: changes to liabilities for incurred claims	-	567,855	570,149	1,138,004
TOTAL	**-**	**567,855**	**567,545**	**1,135,400**
Insurance Finance Expenses				
Insurance Finance Expenses	8,912,578	-	2,064	8,914,642
TOTAL	**8,912,578**	**-**	**2,064**	**8,914,642**
Cash flows				
Premiums Received	8,770,651	-	-	8,770,651
Claims and Other Expenses Paid	-	(231,463)	(491,183)	(722,646)
Acquisition Cash Flows Paid	-	(70,738)	(84,172)	(154,910)
TOTAL	**8,770,651**	**(302,201)**	**(575,355)**	**7,893,095**
Closing Insurance Contract Liabilities	104,594,009	443,186	245,739	105,282,934
Translation Gain/(loss)	(19,466)	-	36,894	17,428
Closing Balance	**104,574,543**	**443,186**	**282,633**	**105,300,362**

COMPANY 2023	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**83,249,478**	**177,532**	**100,727**	**83,527,737**
Insurance Revenue				
Insurance Revenue	(865,607)	-	-	(865,607)
TOTAL	**(865,607)**	**-**	**-**	**(865,607)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	1,673	1,673
Changes that relate to past services: changes to liabilities for incurred claims	-	567,855	210,380	778,235
TOTAL	**-**	**567,855**	**212,053**	**779,908**
Insurance Finance Expenses				
Insurance Finance Expenses	8,400,692	-	889	8,401,581
TOTAL	**8,400,692**	**-**	**889**	**8,401,581**
Cash flows				
Premiums Received	7,705,468	-	-	7,705,468
Claims and Other Expenses Paid	-	(231,463)	(210,119)	(441,582)
Acquisition Cash Flows Paid	-	(70,738)	-	(70,738)
TOTAL	**7,705,468**	**(302,201)**	**(210,119)**	**7,193,148**
Closing Balance	**98,490,031**	**443,186**	**103,550**	**99,036,767**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(ii) Insurance contracts measured under PAA (Continued)

Analysis by remaining coverage and incurred claims

GROUP 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**76,861,583**	**110,618**	**396,557**	**77,368,758**
Insurance Revenue				
Insurance Revenue	(865,369)	-	-	(865,369)
TOTAL	**(865,369)**	**-**	**-**	**(865,369)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	(5,032)	(5,032)
Changes that relate to past services: changes to liabilities for incurred claims	-	363,254	328,809	692,063
TOTAL	**-**	**363,254**	**323,777**	**687,031**
Insurance Finance Expenses				
Insurance Finance Expenses	4,720,322	(41,316)	1,889	4,680,895
TOTAL	**4,720,322**	**(41,316)**	**1,889**	**4,680,895**
Cash flows				
Premiums Received	7,492,980	-	-	7,492,980
Claims and Other Expenses Paid	-	(190,870)	(413,887)	(604,757)
Acquisition Cash Flows Paid	-	(64,154)	(56,851)	(121,005)
TOTAL	**7,492,980**	**(255,024)**	**(470,738)**	**6,767,218**
Closing Balance	**88,209,516**	**177,532**	**251,485**	**88,638,533**

COMPANY 2022	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**72,992,342**	**110,618**	**139,210**	**73,242,170**
Insurance Revenue				
Insurance Revenue	(564,602)	-	-	(564,602)
TOTAL	**(564,602)**	**-**	**-**	**(564,602)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	1,162	1,162
Changes that relate to past services: changes to liabilities for incurred claims	-	363,254	198,433	561,687
TOTAL	**-**	**363,254**	**199,595**	**562,849**
Insurance Finance Expenses				
Insurance Finance Expenses	4,430,783	(41,316)	639	4,390,106
TOTAL	**4,430,783**	**(41,316)**	**639**	**4,390,106**
Cash flows				
Premiums Received	6,390,955	-	-	6,390,955
Claims and Other Expenses Paid	-	(190,870)	(238,717)	(429,587)
Acquisition Cash Flows Paid	-	(64,154)	-	(64,154)
TOTAL	**6,390,955**	**(255,024)**	**(238,717)**	**5,897,214**
Closing Balance	**83,249,478**	**177,532**	**100,727**	**83,527,737**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(iii) Reinsurance Contracts

Analysis by remaining coverage and incurred claims

GROUP 2023	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(322,664)**	**-**	**(565,574)**	**(888,238)**
Insurance Revenue				
Insurance Revenue	582,974	-	-	582,974
TOTAL	**582,974**	**-**	**-**	**582,974**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	4,626	4,626
Changes that relate to past services: changes to liabilities for incurred claims	-	-	(339,744)	(339,744)
TOTAL	**-**	**-**	**(335,118)**	**(335,118)**
Insurance Finance Expenses				
Insurance Finance Expenses	-	-	(1,192)	(1,192)
TOTAL	**-**	**-**	**(1,192)**	**(1,192)**
Cash flows				
Premiums Received	(652,324)	-	-	(652,324)
Claims and Other Expenses Paid	-	-	382,263	382,263
TOTAL	**(652,324)**	**-**	**382,263**	**(270,062)**
Closing Insurance Contract Liabilities	(392,014)	-	(519,621)	(911,635)
Transalation Gain/(Loss)	189,164	-	315,046	504,210
Closing Balance	**(202,850)**	**-**	**(204,575)**	**(407,425)**

COMPANY 2023	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(29,809)**	**-**	**(95,547)**	**(125,356)**
Insurance Revenue				
Insurance Revenue	(382,467)	-	-	(382,467)
TOTAL	**(382,467)**	**-**	**-**	**(382,467)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	(478)	(478)
Changes that relate to past services: changes to liabilities for incurred claims	-	-	(210,380)	(210,380)
TOTAL	**-**	**-**	**(209,902)**	**(209,902)**
Insurance Finance Expenses				
Insurance Finance Expenses	-	-	(355)	(355)
TOTAL	**-**	**-**	**(355)**	**(355)**
Cash flows				
Premiums Received	(382,464)	-	-	(382,464)
Claims and Other Expenses Paid	-	-	210,119	210,119
TOTAL	**(382,467)**	**-**	**210,119**	**(172,348)**
Closing Balance	**(29,807)**	**-**	**(95,685)**	**(125,492)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(a). Movements in insurance and reinsurance contract balances (Continued)

(iii) Reinsurance Contracts (Continued)

Analysis by remaining coverage and incurred claims

GROUP 2022	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(276,011)**	**-**	**(612,078)**	**(888,089)**
Insurance Revenue				
Insurance Revenue	576,448	-	-	576,448
TOTAL	**576,448**	**-**	**-**	**576,448**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	(13,711)	(13,711)
Changes that relate to past services: changes to liabilities for incurred claims	-	-	(234,679)	(234,679)
TOTAL	**-**	**-**	**(248,390)**	**(248,390)**
Insurance Finance Expenses				
Insurance Finance Expenses	-	-	(32,187)	(32,187)
TOTAL	**-**	**-**	**(32,187)**	**(32,187)**
Cash flows				
Premiums Received	(623,101)	-	-	(623,101)
Claims and Other Expenses Paid			327,081	327,081
TOTAL	**(623,101)**	**-**	**327,081**	**(296,020)**
Closing Balance	**(322,664)**	**-**	**(565,574)**	**(888,238)**

COMPANY 2022	Asset for Remaining Coverage		Asset for Incurred Claims	Total
	Excluding Loss Component	Loss Component		
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Opening Balance	**(46,818)**	**-**	**(135,630)**	**(182,448)**
Insurance Revenue				
Insurance Revenue	(372,296)	-	-	(372,296)
TOTAL	**(372,296)**	**-**	**-**	**(372,296)**
Insurance Service Expenses				
Incurred Claims and Other Expenses	-	-	(103)	(103)
Changes that relate to past services: changes to liabilities for incurred claims	-	-	(198,433)	(198,433)
TOTAL	**-**	**-**	**(198,330)**	**(198,330)**
Insurance Finance Expenses				
Insurance Finance Expenses	-	-	(304)	(304)
TOTAL	**-**	**-**	**(304)**	**(304)**
Cash flows				
Premiums Received	(355,287)	-	-	(355,287)
Claims and Other Expenses Paid	-	-	238,717	238,717
TOTAL	**(355,285)**	**-**	**238,717**	**(116,568)**
Closing Balance	**(29,809)**	**-**	**(95,547)**	**(125,356)**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(b). Contractual Service Margin

Accretion is based on the interest rates as per the yield curve and recognition is based on the projected runoff of the the coverage units till maturity of the contracts.

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA

GROUP - 2023

Time	Month 0	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CSM Remaining	3,196,246	2,601,533	2,120,453	1,722,476	1,397,150	1,141,764	927,603	748,083	598,669	479,534	411,105
CSM Recognised	-	594,713	481,080	397,977	325,326	255,386	214,162	179,519	149,414	119,135	68,429
CSM IN FORCE	**3,196,246**	-	-	-	-	-	-	-	-	-	-

COMPANY - 2023

Time	Month 0	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CSM Remaining	2,362,628	2,010,487	1,711,351	1,454,211	1,229,103	1,030,549	855,739	700,880	569,279	461,118	396,977
CSM Recognised	-	352,141	299,135	257,140	225,108	198,554	174,811	154,859	131,601	108,161	64,140
CSM IN FORCE	**2,362,628**	-	-	-	-	-	-	-	-	-	-

GROUP - 2022

Time	Month 0	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CSM Remaining	3,178,158	2,746,337	2,384,638	2,073,682	1,801,138	1,573,889	1,376,985	1,207,953	1,060,166	935,898	847,409
CSM Recognised	-	431,821	361,698	310,957	272,543	227,250	196,904	169,032	147,787	124,268	88,489
CSM IN FORCE	**3,178,158**	-	-	-	-	-	-	-	-	-	-

COMPANY - 2022

Time	Month 0	Month 12	Month 24	Month 36	Month 48	Month 60	Month 72	Month 84	Month 96	Month 108	Month 120
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CSM Remaining	2,654,322	2,372,564	2,121,656	1,894,362	1,684,730	1,494,963	1,324,779	1,173,428	1,038,368	922,270	836,691
CSM Recognised	-	281,758	250,907	227,294	209,631	189,768	170,184	151,351	135,060	116,099	85,579
CSM IN FORCE	**2,654,322**	-	-	-	-	-	-	-	-	-	-

Because IFRS 17 does not mandate the time bands to be used in the analysis, the Group has applied judgement to determine the appropriate time bands.

29(c). (i) CONTRACTUAL SERVICE MARGIN MOVEMENT

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Opening Balances	3,306,357	2,272,525	2,654,322	1,982,303
Adjustments in the period	477,286	1,305,486	19,527	932,130
Recognised in the period(PL)	(587,397)	(399,853)	(311,221)	(260,111)
Closing balance	**3,196,246**	**3,178,158**	**2,362,628**	**2,654,322**

29. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

(c) Effect Of Contracts Initially Recognised In The Year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts not measured under the PAA in the year.

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Profitable Contracts Issued				
Estimate of Present Value of Future Income	10,671,123	7,391,761	8,361,080	5,827,264
Claims and Other Insurance Service Expenses	(8,078,842)	(5,557,142)	(6,611,803)	(4,584,610)
Insurance Acquisition Cash Flows	(565,246)	(369,536)	(405,204)	(258,367)
Risk Adjustment for Non-financial Risk	(209,924)	(144,096)	(141,383)	(99,300)
Contractual Service Margin	(1,817,111)	(1,320,987)	(1,202,690)	(884,987)
Total Losses on Profitable Contracts	-	-	-	-
Onerous Contracts Issued				
Estimate of Present Value of Future Income	3,213,106	3,076,989	2,568,904	2,689,926
Claims and Other Insurance Service Expenses	(2,993,631)	(3,118,164)	(2,335,036)	(2,681,856)
Insurance Acquisition Cash Flows	(470,243)	(429,847)	(362,972)	(361,734)
Risk Adjustment for Non-financial Risk	(137,709)	(94,893)	(67,001)	(51,350)
Total Losses on Onerous Contracts	**(388,477)**	**(565,915)**	**(196,105)**	**(405,014)**
Total Contracts Issued				
Estimate of Present Value of Future Income	13,884,231	10,468,750	10,929,984	8,517,190
Claims and Other Insurance Service Expenses	(11,072,473)	(8,675,306)	(8,946,839)	(7,266,466)
Insurance Acquisition Cash Flows	(1,035,489)	(799,383)	(768,176)	(620,102)
TVOM Diff on Current and Locked in Rates	-	-	-	-
Risk Adjustment for Non-financial Risk	(347,633)	(238,989)	(208,384)	(150,649)
Diff Risk Adj on Current and Locked in Rates	-	-	-	-
Contractual Service Margin	(1,817,111)	(1,320,987)	(1,202,690)	(884,987)
Total Losses on Contracts Issued	**(388,475)**	**(565,915)**	**(196,105)**	**(405,014)**

(d) Claims Development Disclosure

The Group has not disclosed claims development information because uncertainty about the amount and timing of the claims payments is typically resolved within one year.

30. OTHER PAYABLES

GROUP	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Amounts due to related companies (Note 35)	10,925	237,981	248,906	20,862	93,574	114,436
Withholding tax payable	22,496	-	22,496	40,405	-	40,405
Accrued expenses	621,223	-	621,223	595,991	-	595,991
Statutory deductions payable	31,563	-	31,563	11,843	-	11,843
Rent deposits	40,827	6,803	47,630	35,237	6,804	42,041
Amounts payable to reinsurance companies	101,053	3,981	105,034	106,216	92,011	198,227
Amounts payable to insurance brokers	-	51,187	51,187	-	51,187	51,187
Unit linked investment fund	121,641	-	121,641	121,641	-	121,641
Annuity certain policy holders fund	203,693	-	203,693	203,693	-	203,693
Other liabilities*	165,103	43,835	208,961	374,830	353,559	728,389
	1,318,524	**343,810**	**1,662,334**	**1,510,718**	**597,135**	**2,107,853**

*Other liabilities consist of rental creditors, sundry creditors, PAYE payable, outstanding staff leave liability, KPRL AGM expenses among others

The carrying value of other payables above approximates their fair value.

COMPANY	Long term business 2023 Kshs'000	Short term business 2023 Kshs'000	Total 2023 Kshs'000	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000
Amounts due to related companies (Note 35)	10,925	237,981	248,906	50,411	227,825	278,236
Withholding tax payable	18,344	-	18,344	40,405	-	40,405
Accrued expenses	568,489	-	568,489	545,227	-	545,227
Statutory deductions payable	18,085	-	18,085	11,843	-	11,843
Rent deposits	40,827	6,803	47,630	35,237	6,803	42,040
Amounts payable to reinsurance companies	52,538	3,981	56,519	18,500	3,981	22,481
Amounts payable to insurance brokers	-	51,187	51,187	-	51,187	51,187
Unit linked investment fund	121,641	-	121,641	160,629	-	160,629
Annuity certain policy holders fund	203,693	-	203,693	170,901	-	170,901
Other liabilities*	147,616	43,860	191,476	126,865	41,576	168,441
	1,182,158	**343,812**	**1,525,970**	**1,160,018**	**331,372**	**1,491,390**

31. 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 2023	At 1 Jan 2023 Kshs'000	Prior year Adjustment	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2023 Kshs'000
Deferred income tax asset				
Property and equipment on historical cost basis	(42,558)	-	42,558	-
Unrealised exchange gains	(20,176)	-	20,176	-
Prior year adjustment	311	-	(311)	-
Provision for liabilities and charges	(21,174)	-	(76,117)	(97,291)
Tax losses carried forward	(14,245)	-	14,245	-
	(97,842)	**-**	**551**	**(97,291)**
Deferred income tax liability				
Property and equipment:				
- on historical cost basis	305	-	(305)	-
- on revaluation surplus	(496)	-	496	-
Fair value gains on investment property	234,709	-	(191)	234,518
Actuarial reserve	2,287,196	-	477,864	2,765,060
Effect of IFRS 17 Adoption	538,653	-	-	538,653
	3,060,367	**-**	**477,864**	**3,538,230**
Net deferred tax liability	**2,962,525**	**-**	**478,415**	**3,440,939**

GROUP Year ended 31 December 2022	At 1 Jan 2022 Kshs'000	Prior year Adjustment	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2022 Kshs'000
Deferred income tax asset				
Property and equipment on historical cost basis	(42,405)	-	(153)	(42,558)
Unrealised exchange gains	(20,106)	(70)	-	(20,176)
Prior year adjustment	311	-	-	311
Provision for liabilities and charges	(21,174)	-	-	(21,174)
Tax losses carried forward	(14,245)	-		(14,245)
	(97,619)	**(70)**	**(153)**	**(97,842)**
Deferred income tax liability				
Property and equipment:				
- on historical cost basis	305	-	-	305
- on revaluation surplus	(496)	-	-	(496)
Fair value gains on investment property	229,394	-	5,315	234,709
Actuarial reserve	2,336,265	-	(49,072)	2,287,196
Effect of IFRS 17 Adoption	515,157	23,496		538,653
	3,080,628	**23,496**	**(43,757)**	**3,060,367**
Net deferred tax liability	**2,983,337**	**(23,426)**	**(43,910)**	**2,963,076**

31. DEFERRED INCOME TAX (CONTINUED)

COMPANY

Year ended 31st December 2023	At 1 Jan 2023 Kshs'000	(Credited/charged to Profit and Loss Kshs'000	At 31 Dec 2023 Kshs'000
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	234,518	-	234,518
Actuarial surplus	2,825,849	477,864	3,303,712
	3,060,367	**477,864**	**3,538,230**
Net deferred tax liability	**2,963,076**	**477,864**	**3,440,939**

Year ended 31st December 2022	At 1 Jan 2022 Kshs'000	(Credited/charged to Profit and Loss Kshs'000	At 31 Dec 2022 Kshs'000
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
Effect of IFRS 17 Adoption	515,157	23,496	538,653
	3,080,628	**(20,261)**	**3,060,367**
Net deferred tax liability	**2,983,337**	**(20,261)**	**2,963,076**

32. CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before taxation to cash generated from operations

	Notes	GROUP		COMPANY	
		2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Profit before tax		4,234,104	3,241,097	3,598,770	2,781,755
Adjustments for:					
Depreciation on PPE	14	159,089	73,617	91,300	51,525
Amortization on intangible assets		7,436	6,644	3,506	1,719
Depreciation on ROUA		95,220	98,411	60,392	58,788
Disposal of subsidiary lease liabilities		17,806	-	-	-
Interest paid on lease liability		81,718	83,664	57,125	63,614
Impairment allowances for loans		-	-	4,401	-
Disposal of intangible assets		-	-	3,522	-
Net movement in share of associate profits		(328,627)	(242,054)	-	-
Gain /(loss) on sale of shares		(84,223)	(4,469)	(77,766)	(4,469)
Fair value (loss) /gains on investment properties		(290,700)	607,283	(290,700)	607,283
Fair value gains on treasury bonds		2,875,989	1,296,681	2,875,990	1,296,681
Fair value loss /(gains) of quoted shares		2,148,491	1,927,484	2,165,456	1,906,661
Gain on disposal of treasury bonds		(8,489)	(97,826)	(8,489)	(97,826)
Fair value loss /(gains) on unit trusts		61,676	(22,589)	68,912	(22,589)
Fair value gains/(loss) on REIT		103,600	(13,672)	103,600	(13,672)
Rental income		(484,601)	(370,950)	(484,601)	(370,950)
Gain on disposal of equipment		-	7,962	190	-
Accorn REIT income		(9,794)	(6,111)	(9,794)	(6,111)
Dividend income		(684,861)	(566,597)	(657,993)	(552,193)
Interest income on policy		(151,229)	(90,524)	(140,889)	(90,524)
Interest income mortgage loans		(93,655)	(98,313)	(93,655)	(98,313)
Interest income		(16,826,728)	(13,590,076)	(15,562,060)	(12,617,199)
Movement in value of corpoarte bond		(2,276)	-	(2,276)	-
:Changes in working capital		-	-	-	-
Receivables arising out of reinsurance arrangements		76,558	5,819	(182,591)	25,628
Receivables arising out of direct insurance arrangements		20,203	(1,720)	-	-
Reinsurance contract assets		480,813	5,912	(136)	57,093
Life Insurance contract liabilities		19,728,898	13,966,657	16,716,460	11,922,675
Other receivables		(110,151)	(58,269)	(241,661)	(19,406)
Trade and other payables		(445,519)	281,094	34,580	167,554
Cash generated from operations		**10,570,747**	**6,439,155**	**8,031,593**	**5,047,724**

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

(b) Cash and cash equivalents

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Cash and bank balances	725,456	210,143	544,001	63,925
Deposits with financial institutions (Note 27)	27,857,961	1,189,208	26,313,149	130,827
	28,583,418	**1,399,351**	**26,857,150**	**194,752**

(c) Proceeds from disposal of Subsidiary

	2023 Kshs'000	2022 Kshs'000
Consideration received, satisfied in cash	558,040	-
Disposal of subsidiary	487,271	-
Capital gains tax paid	(7,928)	-
Loss on disposal	**62,842**	**-**

(d) Effect of translation

	2023 Kshs'000	2022 Kshs'000
Exchange differences in translating foreign operations	159,329	26,631
Exchange differences in translating Property Plant and Equipment	8,032	7,478
Exchange differences in translating Right of use asset	(133,065)	8,049
Exchange differences in translating Equity investments	41,226	7,064
Exchange differences in translating intangible assets	2,360	296
	77,882	**49,518**

33. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period date was as follows:

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Property and equipment	33,082	8,018	33,082	3,769

34. LEASE LIABILITIES

	GROUP		COMPANY	
	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
At 1 January	685,289	708,962	513,461	506,781
Derecognition of lease liabilities	(152,607)	(39,160)	(152,607)	(39,160)
Disposal of Subsidiary Assets	(20,686)	-	-	-
Additions during the year	-	108,450	-	107,221
Adjustments	128,556	996	(5,828)	-
Interest charge for the year	81,718	83,664	57,125	63,614
Repayment during the year	(213,841)	(185,044)	(130,012)	(124,995)
Exchange difference	42,745	7,421	-	-
At 31 December	**551,174**	**685,289**	**282,139**	**513,461**

Maturity analysis of operating lease payments:

	2023 Kshs'000	2022 Kshs'000	2023 Kshs'000	2022 Kshs'000
Year 1	78,240	141,723	40,050	72,887
Year 2	98,911	195,135	50,632	92,143
Year 3	119,304	111,141	61,070	111,141
Year 4	57,638	53,694	29,504	53,694
Year 5 and onwards	197,081	183,596	100,883	183,596
	551,174	**685,289**	**282,139**	**513,461**

The Group and Company recognizes leases of various office premises only. The average lease term is five years . No other leases are recognized.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

35. 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 – common ownership
- ICEA LION General Insurance Company Limited - common ownership
- Knight Frank Kenya Limited - common ownership
- First Chartered Securities Limited - common ownership
- ICEA LION Life Assurance Company (Uganda) Limited – 100% subsidiary
- ICEA LION Asset Management (Uganda) Limited – associate
- East Africa Reinsurance Company Limited - associate

	2023 Kshs'000	2022 Kshs'000
i) Transactions with related parties		
Management fees - ICEA LION Asset Management Limited	177,192	174,679
Trustee fees - ICEA LION Trust Company Limited	55,581	20,415
Deposits held with other related institutions	344,358	1,017,927
Reinsurance Premiums - East Africa Re	-	237,118
ii) Outstanding balances with related parties		
Due to related parties		
GROUP		
First Chartered Securities Limited	15,467	15,467
ICEA LION General Insurance Company Limited	80,665	27,752
ICEA LION Trust Company Limited	8	8
ICEA LION Asset Management Limited	80,504	71,209
	176,644	**114,436**
COMPANY		
Riverside Park Limited	-	30,822
ICEA LION General Insurance Company (Uganda) Limited	111,138	100,212
ICEA LION General Insurance Company Limited		17,392
ICEA LION Asset Management Limited	80,504	70,409
First Chartered Securities Limited	15,467	15,467
ICEA LION LIFE Assurance Company (Uganda) Limited	41,790	41,729
ICEA LION Asset Management (Uganda) Limited	-	2,197
ICEA LION Trust Company Limited	8	8
	248,907	**278,236**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

35. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	2023 Kshs'000	2022 Kshs'000
Due from related parties		
GROUP		
ICEA LION General Insurance Company Limited	39,088	39,087
First Chartered Securities Limited	16,220	16,089
Knight Frank Kenya Limited	105	808
ICEA LION Insurance Holdings Limited	177	177
ICEA LION Trust Company Limited	1,702	1,702
ICEA LION Asset Management Limited	74,901	74,901
	132,193	**132,764**
COMPANY		
ICEA LION General Insurance Company Limited	39,088	39,088
ICEA LION General Insurance Company (Uganda) Limited	84,636	100,105
ICEA LION Life Assurance Company (Uganda) Limited	55,499	40,592
ICEA LION Asset Management Limited	93,949	74,901
First Chartered Securities Limited	16,220	16,089
ICEA LION Trust Company Limited	2,896	1,702
Riverside Park Limited	20	3
ICEA LION Insurance Holdings Limited	-	177
Knight Frank Kenya Limited	105	808
ICEA LION Asset Management (Uganda) Limited	1,750	1,750
	294,163	**275,215**

iii) Key management and directors' remuneration

GROUP		
Directors' emoluments – fees	10,654	17,709
Key management remuneration	406,422	415,873
	417,076	**433,582**
COMPANY		
Directors' emoluments – fees	9,360	9,360
Key management remuneration	345,341	284,125
	354,701	**293,485**

07- APPENDICES

WHAT'S YOUR PLAN?

CORPORATE INFORMATION

REGISTERED OFFICE
ICEA LION Centre
Riverside Park, Chiromo Road, Westlands
P.O. Box 30190 - 00100 Nairobl
Tel: +254 (0) 20 2750000
Mobile: +254 719 071000 | +254 730 151000
Contact Centre: +254 719 071999 | +254 730 151999
+254 (0) 20 2750999
Email: info@icealion.com

SECRETARY
Kennedy M. Ontiti
First Chartered Securities Limited ICEA LION Centre, Chiromo Road
P.O. Box 30345 - 00100 Nairobi

SUBSIDIARY
ICEA LION General Insurance Company Limited (Tanzania)
Plot No. 331
Kambarage Road, Mikocheni "A"
P.O. Box 1948 Dar-es-Salaam Tanzania

ICEA LION General Insurance Company Uganda Limited
Rwenzori Courts Building,
Ground, 1st & 2nd Floors
Plot 2 & 4a - Nakasero Road
P.O. Box 33953, Kampala

AUDITOR
KPMG Kenya
Certified Public Accountants ABC Towers, Waiyaki Way
P.O. Box 40612 - 00100
Nairobi, Kenya

ADVOCATES
Kaplan and Stratton Advocates Williamson House
4th Ngong Avenue
P.O. Box 40111 - 00100 Nairobi

CONSULTING ACTUARIES
Deloitte Kenya
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092 - 00100 Nairobi

BANKERS
NCBA Bank Kenya PLC NCBA House
P.O. Box 44599 - 00100 Nairobi
Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30003 - 00100 Nairobi

AWARDS & ACCOLADES 2012 – 2023

ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER
- Insurance Sector 2017, 2014
- Company Secretary of the Year: Kennedy Ontiti 2016, 2015

1ST RUNNERS UP
- Insurance Sector 2016, 2015
- Company Secretary of the Year: Kennedy Ontiti 2018

2ND 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
- Marine Cargo Insurer 2018

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (ICPAK) FINANCIAL REPORTING (FIRE) AWARDS

WINNER
- Insurance Category 2022
- Environmental Category 2021

1ST RUNNERS UP
- Insurance Category 2019

2ND RUNNER UP
- Insurance Category 2018

KENYA INSTITUTE OF MANAGEMENT (KIM) COMPANY OF THE YEAR AWARDS (COYA) 2017

WINNER
- CEO of the Year: Steven Oluoch 2017
- Financial Management Determinant 2017

THINK BUSINESS AWARDS

- Life Assurer of the Year - 2018, 2017, 2016, 2015, 2014, 2013
- General Insurer of the Year 2017, 2014
- Lifetime Achievement Award: CEO - Steven Oluoch 2018
- Best Insurer in Product Distribution & Marketing 2017
- Corporate Risk Manager of the Year: Dorothy Maseke 2018, 2017
- 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

1ST RUNNERS UP
- Best Insurer in Sustainable CSR 2017
- Customer Service 2016, 2014
- Risk Management Award 2017, 2014
- Marketing Initiative of the Year 2012
- Most Innovative Insurance Company 2018
- Best Insurance Company in Product Distribution & Marketing 2018
- Training 2015
- Fraud Detection & Prevention 2018, 2016, 2015

2ND RUNNERS UP
- General Insurer of the Year 2018, 2016, 2015
- Training 2018, 2014

AWARDS & ACCOLADES 2012 – 2023

ASSOCIATION OF KENYA INSURERS (AKI) SPORTS DAY
WINNER
- Fraud Detection & Prevention 2017, 2014
- Claims Settlement 2016

DELOITTE'S BEST COMPANY TO WORK FOR AWARDS
- 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
- Insurance Sector 2014

INSURANCE INSTITUTE OF KENYA (IIK) ANNUAL QUIZ
WINNER
- 2017

INTERNATIONAL SAFETY TRAINING CENTRE AWARD
WINNER
- International Workplace Safety Award 2019

ASSOCIATION OF KENYA INSURERS (AKI) SPORTS DAY
WINNER
- Indoor Games 2019, 2018
- Swimming 2019

1ST RUNNERS UP
- Overall Champions 2019, 2018, 2016
- Track & Field Games Champions 2019, 2018
- Auxiliary Games, Indoor Games, Volleyball and Athletics Games Champions 2016

AFRICAN CRISTAL MEDIA & ADVERTISING AWARDS - MOROCCO
2ND RUNNERS UP
- Digital Insurance Category 2019

ICEA LION INTEGRATED LAB

Meet our team that spearheaded and continues to champion Integrated Thinking and delivered the 2023 Integrated Report that was developed and designed in-house.

Clockwise from top

Denis Odoyo
Design Lead - Brand & Marketing

Lynn Omolo
Assistant Digital Marketing and Events

Kevin Nyakeri, CFA
Chief Financial Officer
ICEA LION Life Assurance

Zipporah Chege
Chief Financial Officer
ICEA LION General Insurance

ICEA LION LIFE ASSURANCE FINANCE & ACTUARIAL TEAM

We appreciate this dedicated team from our finance and actuarial function who worked diligently in liason with integrated lab team to deliver our 2023 integrated report.

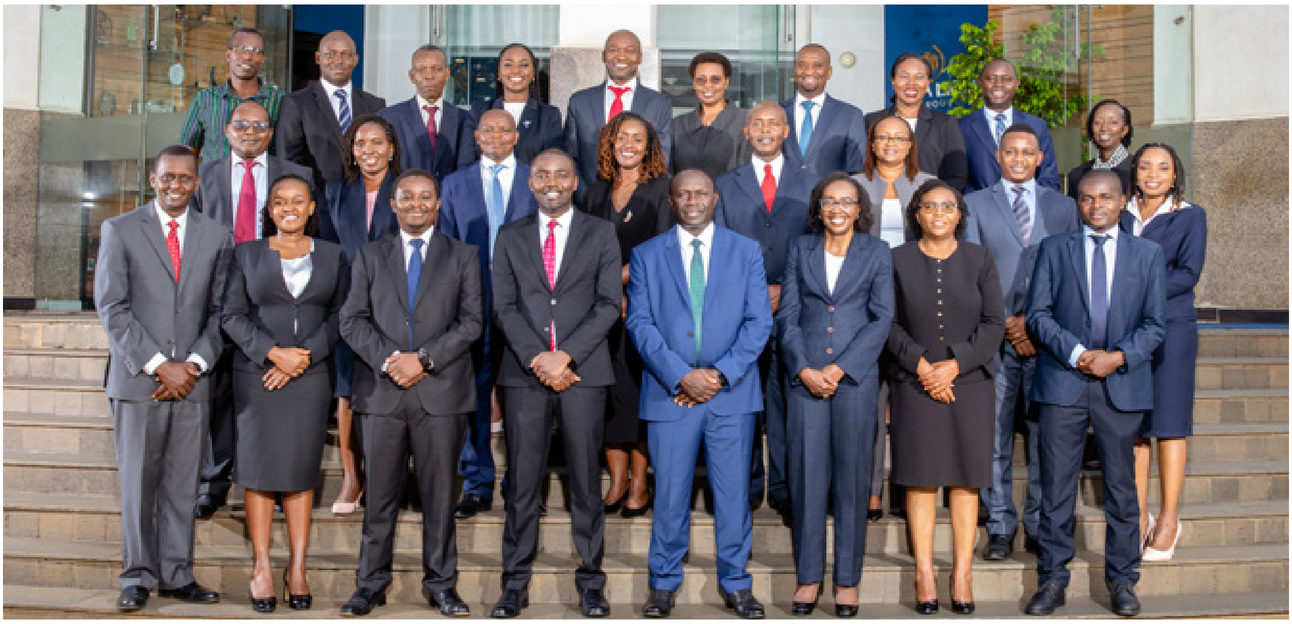
Seated from left to right

Johnstone Gachuhi | Antony Muturi | Stella Nzioka | Benson Nzimi | Kevin Nyakeri | Margaret Ndungu | Cyrus Wakonyo | Brida Muisyo | Lilian Njuguna

Standing from left to right

Margaret Wangari | Sinto Mukui | Jairus Otanga | Charles Odhiambo | Julius Irungu | Samuel Barasa | Josephat Wahome | Jedidah Kithia | Robert Kanyi | Peniel Weru | Francis Sesi | Gabriel Mbaluto | Sheila Muriira | Simon Ndungu | Margaret Mutumira

ICEA LION LIFE ASSURANCE LEADERSHIP TEAM



We appreciate this dedicated team.

Front row from left to right
Anthony Muturi | Margaret Ndungu | Asman Mugambi | Kevin Nyakeri | George Nyakundi | Enid Otieno | Juliana Nguli | Dr. Abiud Mulongo

Middle row from left to right
Felix Chomba | Patricia Kihara | John Wanjogu | Cynthia Kantai | Kenneth Muchiri | Caroline Maina | Eric Muthengi | Jacqueline Ochieng

Back row from left to right
Paul Kioi | Kevin Kombo | Muiri Waichinga | Divinah Ogoti | Kennedy Odenyo | Naomi Munyi | David Muchiri | Christine Mutahi | Benson Nzimi
Gladys Musembi

ICEA LION SHARED SERVICES TEAM

We appreciate this dedicated team.

Front row from left to right
Dr. Abiud Mulongo | Cynthia Kantai | Philip Lopokoiyit | John Wanjogu | Anthony Muturi | Divinah Ogoti

Back row from left to right
Caroline Maina | Jacqueline Ochieng | Naomi Munyi | Paul Kioi | Leonard Shalakha | Juliana Nguli | Kevin Kombo

ICEA LION
LIFE ASSURANCE

ICEA LION Centre, *Riverside Park,*
Chiromo Road, Westlands
PO Box 30190 - 00100 Nairobi
Tel: +254 (0) 20 2750000
Mobile: 0719 071000 | 0730 151000
Contact Centre: 0719 071999

Email: info@icealion.com