



KENYA RE

Kenya Reinsurance Corporation Limited



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2020

	Audited	Audited	Audited	Audited
	Short term Business	Long term Business	Total	Total
	2020	2020	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
INCOME				
Gross premiums written	16,671,121	1,864,099	18,535,220	17,521,343
Less: change in unearned premiums	2,984,894	-	2,984,894	(913,270)
Less: retrocession premiums	(603,423)	(66,425)	(669,848)	(1,077,455)
NET EARNED PREMIUMS	19,052,592	1,797,674	20,850,266	15,530,618
Investment income	2,734,811	1,057,105	3,791,916	3,714,696
Commissions recovered	50,464	849	51,313	54,742
Fair value gains on revaluation of investment properties	(31,276)	(5,127)	(36,403)	2,176,592
Other income	53,351	-	53,351	52,969
Share of associate profits	292,844	-	292,844	587,444
TOTAL INCOME	22,152,786	2,850,501	25,003,287	22,117,061
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(12,648,270)	(1,285,112)	(13,933,382)	(11,447,721)
Less: Re-insurers share of claims and policy holder benefits	385,703	31,101	416,804	385,781
NET CLAIMS AND BENEFITS	(12,262,567)	(1,254,011)	(13,516,578)	(11,061,940)
Cedant acquisition costs	(4,784,076)	(526,420)	(5,310,496)	(4,092,047)
Operating and other expenses	(1,767,206)	(197,602)	(1,964,808)	(2,043,452)
Provision for doubtful debts	(227,813)	-	(227,813)	(743,428)
TOTAL CLAIMS, BENEFITS, AND OTHER EXPENSES	(19,041,661)	(1,978,033)	(21,019,694)	(17,940,867)
PROFIT BEFORE TAX	3,111,125	872,468	3,983,593	4,176,194
INCOME TAX EXPENSE	(801,489)	(239,181)	(1,040,670)	(209,815)
PROFIT FOR THE YEAR	2,309,637	633,287	2,942,923	3,966,379
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	2,938	-	2,938	1,812
Remeasurement gains/ (losses) on defined benefit plans, net of tax	(152,013)	-	(152,013)	(60,119)
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	-	-	-	(137,457)
Net gains / (losses) on revaluation of available-for-sale quoted equity instruments	(396,063)	-	(396,063)	(53,952)
Net gains on revaluation of available-for-sale government securities	5,444	-	5,444	69,316
Translation reserve	27,610	-	27,610	-
Share of movement in associate reserves:				
- currency translation	373,905	-	373,905	7,415
- fair value reserve	(78,163)	-	(78,163)	99,275
TOTAL OTHER COMPREHENSIVE INCOME	(216,342)	-	(216,342)	(73,710)
TOTAL COMPREHENSIVE INCOME	2,093,295	633,287	2,726,581	3,892,669
EARNINGS PER SHARE - basic and diluted			1.05	2.55
Key Ratios				
Capital Adequacy Ratio			875%	875%
Solvency Ratio			753%	809%
Claims Ratio			65%	71%
Expense Ratio			9%	13%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	Audited	Audited	Audited	Audited
	Short term Business	Long term Business	Total	Total
	2020	2020	2020	2019
	KShs '000	KShs '000	KShs '000	KShs '000
EQUITY				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	20,468	-	20,468	17,530
Fair value reserve	(498,640)	(61,630)	(560,270)	(91,488)
Translation reserve	690,498	-	690,498	288,983
Statutory reserve	-	6,387,470	6,387,470	5,754,183
Retained earnings	20,859,668	-	20,859,668	18,982,026
TOTAL EQUITY	27,571,485	6,825,839	34,397,325	31,950,725
ASSETS				
Property and equipment	92,729	-	92,729	88,919
Intangible assets	113,150	184,614	297,764	473,804
Mortgage loans	776,835	-	776,835	677,385
Investment properties	10,460,225	1,714,775	12,175,000	12,080,000
Investment in associate	5,761,432	-	5,761,432	5,169,908
Employee defined benefit asset	-	-	-	-

Unquoted equity instruments

Corporate bonds	-	-	209,674	205,733
Reinsurance Receivables	3,055,003	265,652	3,320,655	2,625,502
Premium and loss reserves	153,294	-	153,294	281,968
Other receivables	493,185	-	493,185	538,401
Quoted equity instruments	900,911	285,210	1,186,121	1,565,305
Government securities	12,740,691	4,517,371	17,258,062	17,112,941
Inventory	14,265	-	14,265	22,071
Deferred acquisition costs	737,689	-	737,689	1,408,838
Deposits with financial institutions	2,741,242	5,565,310	8,306,552	6,786,635
Cash and bank balances	2,355,193	98,133	2,453,326	584,670
Income Tax Receivable	-	-	-	584,440
TOTAL ASSETS	40,605,518	12,631,065	53,236,583	50,362,970
LIABILITIES				
Long term reinsurance contract liabilities	-	2,721,542	2,721,542	2,687,032
Short term reinsurance contracts liabilities	9,340,902	-	9,340,902	6,205,183
Reinsurance payables	993,263	608,954	1,602,217	1,807,874
Deferred tax liability	(1,193,202)	2,474,729	1,281,527	1,042,345
Other payables	709,728	-	709,728	705,961
Income tax payable	156,101	-	156,101	-
Unearned premiums	2,851,330	-	2,851,330	5,836,221
Defined benefit liability	175,911	-	175,911	127,629
TOTAL LIABILITIES	13,034,034	5,805,225	18,839,258	18,412,245
NET ASSETS	27,571,485	6,825,839	34,397,325	31,950,725

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2020

	Share capital	Revaluation reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January 2019	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,373,033
Profit for the year	-	-	-	-	1,374,246	2,592,133	3,966,379
Other comprehensive income	-	1,812	(22,818)	7,415	-	(60,119)	(73,710)
Total comprehensive income	-	1,812	(22,818)	7,415	1,374,246	2,532,014	3,892,669
Dividends declared - 2018	-	-	-	-	-	(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,618	-	-	-	-	(5,249,618)	-
At 31 December 2019	6,999,491	17,530	(91,488)	288,983	5,754,183	18,982,026	31,950,725
At 1 January 2020	6,999,491	17,530	(91,488)	288,983	5,754,183	18,982,026	31,950,725
Profit for the period 31.12.2020	-	-	-	-	633,287	2,309,635	2,942,922
Other comprehensive income (loss)/income	-	2,938	(468,782)	401,515	-	(152,013)	(216,342)
Total comprehensive income	-	2,938	(468,782)	401,515	633,287	2,157,622	2,726,580
Dividends declared - 2019	-	-	-	-	-	(279,980)	(279,980)
At 31 December 2020	6,999,491	20,468	(560,270)	690,498	6,387,470	20,859,668	34,397,325

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2020

	Audited 2020	Audited 2019
	KShs '000	KShs '000
Net cash generated from operations	1,010,730	2,283,783
Interest received on corporate bonds	11,620	61,056
Interest received on government securities	2,058,283	1,892,961
Interest received on staff mortgages and loans	25,474	22,931
Interest received on deposits with financial institutions	555,126	443,677
Interest received on commercial mortgages	24,075	38,825
Tax paid in the year	(45,039)	(410,389)
Net cash generated from operating activities	3,640,269	4,332,844
Cash flows from investing activities		
Purchase of investment property	(131,403)	(98,558)
Purchase of property and equipment	(34,989)	(30,953)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(15,577)	(88,361)
Purchase of government securities	(2,692,338)	(11,347,233)
Proceeds on maturity of government securities	2,675,246	8,739,837
Purchase of quoted equity instruments	(27,134)	(152,911)
Proceeds on sale of quoted equity instruments	10,255	133,085
Proceeds on redemption of corporate bonds	155,512	305,925
Dividends received on quoted equity instruments	88,712	95,347
Net cash generated from/ (used in) investing activities	28,283	(2,443,823)
Cash flows used in financing activities		
Dividends paid	(279,980)	(314,977)
Net increase/ (decrease) in cash and cash equivalents	3,388,573	1,574,044
Cash and cash equivalents at 1 January	7,371,305	5,797,260
Effect of unrealised exchange rate changes	-	-
Cash and cash equivalent as at 31 December 2020	10,759,878	7,371,304



COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2020

	Audited Short term Business 2020 KShs '000	Audited Long term Business 2020 KShs '000	Audited Total 2020 KShs '000	Audited Total 2019 KShs '000
INCOME				
Gross premiums written	15,197,743	1,847,058	17,044,801	16,373,482
Less: change in unearned premiums	2,816,806	-	2,816,806	(836,587)
Less: retrocession premiums	(552,394)	(66,342)	(618,736)	(891,955)
NET EARNED PREMIUMS	17,462,155	1,780,716	19,242,871	14,644,940
Investment income	2,698,292	1,037,369	3,735,661	3,681,630
Commissions recovered	14,392	15,331	29,723	35,847
Fair value gains on revaluation of investment properties	(31,276)	(5,127)	(36,403)	2,176,592
Other income	53,351	0	53,351	52,969
Share of associate profits	292,844	0	292,844	587,444
TOTAL INCOME	20,489,757	2,828,289	23,318,047	21,179,422
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(12,100,526)	(1,280,923)	(13,381,449)	(11,053,242)
Less: Re-insurers share of claims and policy holder benefits	385,703	31,101	416,804	385,781
NET CLAIMS AND BENEFITS	(11,714,823)	(1,249,822)	(12,964,645)	(10,667,461)
Cedant acquisition costs	(4,305,501)	(522,149)	(4,827,650)	(3,795,241)
Operating and other expenses	(1,512,908)	(183,871)	(1,696,779)	(1,926,155)
Provision for doubtful debts	(78,682)	0	(78,682)	(748,757)
TOTAL CLAIMS, BENEFITS AND OTHER EXPENSES	(17,611,913)	(1,955,842)	(19,567,755)	(17,137,614)
PROFIT BEFORE TAX	2,877,844	872,447	3,750,292	4,041,808
INCOME TAX EXPENSE	(714,932)	(239,181)	(954,113)	(180,842)
PROFIT FOR THE YEAR	2,162,912	633,266	2,796,179	3,860,966
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	2,938.00	-	2,938	1,812
Remeasurement gains/ (losses) on defined benefit plans, net of tax	(152,013.00)	-	(152,013)	(60,119)
			0	0
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	-	-	0	(137,457)
Net (losses) / gains on revaluation of available-for-sale quoted equity instruments	(396,063.00)	-	(396,063)	(53,952)
Net gains on revaluation of available-for-sale government securities	5,444.00	-	5,444	69,316
Share of movement in associate reserves:				
- currency translation	373,905.00	-	373,905	7,415
- fair value reserve	(78,163.00)	-	(78,163)	99,275
			0	0
TOTAL OTHER COMPREHENSIVE INCOME	(243,952.00)	-	(243,952)	(73,710)
TOTAL COMPREHENSIVE INCOME	1,918,960	633,266	2,552,227	3,787,256
EARNINGS PER SHARE - basic and diluted			1.00	2.48
Key Ratios				
Capital Adequacy Ratio			875%	875%
Solvency Ratio			753%	809%
Claims Ratio			67%	73%
Expense Ratio			9%	13%

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	Audited Short term Business 2020 KShs '000	Audited Long term Business 2020 KShs '000	Audited Total 2020 KShs '000	Audited Total 2019 KShs '000
EQUITY				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	20,468	-	20,468	17,530
Fair value reserve	(498,640)	(61,630)	(560,270)	(91,488)
Translation reserve	663,668	-	663,668	289,763
Statutory reserve	-	6,344,673	6,344,673	5,711,407
Retained earnings	20,742,369	-	20,742,369	19,011,450
TOTAL EQUITY	27,427,356	6,783,043	34,210,399	31,938,153
ASSETS				
Property and equipment	59,150	-	59,150	66,794
Intangible assets	87,931	209,833	297,764	473,804
Mortgage loans	765,636	-	765,636	668,075
Investment properties	10,460,225	1,714,775	12,175,000	12,080,000
Investment in associate	5,761,432	-	5,761,432	5,169,908
Investment in Subsidiary	2,421,540	-	2,421,540	463,408
Employee defined benefit asset	-	-	-	-
Unquoted equity instruments	209,674	-	209,674	205,733
Corporate bonds	-	-	-	156,450

Reinsurance Receivables	2,249,511	143,586	2,393,097	2,076,424
Premium and loss reserves	127,338	-	127,338	158,820
Due from related party	65,311	-	65,311	85,508
Other receivables	465,515	-	465,515	516,969
Quoted equity instruments	900,911	285,210	1,186,121	1,565,305
Government securities	12,642,882	4,517,371	17,160,253	16,972,465
Inventory	14,152	-	14,152	21,973
Deferred acquisition costs	654,771	-	654,771	1,285,548
Deposits with financial institutions	2,391,827	5,193,473	7,585,300	6,238,132
Cash and bank balances	131,457	5,477	136,934	352,968
Income Tax Receivable	-	-	-	565,720
TOTAL ASSETS	39,409,265	12,069,724	51,478,989	49,124,004
LIABILITIES				
Long term reinsurance contract liabilities	-	2,721,542	2,721,542	2,687,032
Short term reinsurance contracts liabilities	8,646,523	-	8,646,523	5,706,891
Reinsurance payables	1,039,726	90,411	1,130,137	1,564,931
Deferred tax liability	(1,209,875)	2,474,729	1,264,854	1,025,673
Other payables	603,212	-	603,212	628,510
Income tax payable	105,516	-	105,516	-
Unearned premiums	2,592,440	-	2,592,440	5,409,247
Defined benefit liability	175,911	-	175,911	127,629
Due to related Party	28,454	-	28,454	35,938
TOTAL LIABILITIES	11,981,906	5,286,682	17,268,588	17,185,851
NET ASSETS	27,427,356	6,783,043	34,210,399	31,938,153

AUDITED COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2020

	Share capital KShs '000	Revaluation reserve KShs '000	Fair value reserve KShs '000	Translation reserve KShs '000	Statutory reserve KShs '000	Retained earnings KShs '000	Total KShs '000
At 1 January 2019	1,749,873	15,718	(68,670)	282,348	4,320,953	22,165,652	28,465,874
Profit for the year	-	-	-	-	1,390,454	-	3,860,966
Other comprehensive income	-	1,812	(22,818)	7,415	-	(60,119)	(73,710)
Total comprehensive income	-	1,812	(22,818)	7,415	1,390,454	2,410,393	3,787,256
Dividends declared - 2018	-	-	-	-	-	(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,618	-	-	-	-	(5,249,618)	-
At 31 December 2019	6,999,491	17,530	(91,488)	289,763	5,711,407	19,011,450	31,938,153
At 1 January 2020	6,999,491	17,530	(91,488)	289,763	5,711,407	19,011,450	31,938,153
Profit for the period 31.12.2020	-	-	-	-	633,266	2,162,912	2,796,178
Other comprehensive income (loss)/ income	-	2,938	(468,782)	373,905	-	(152,013)	(243,952)
Total comprehensive income	-	2,938	(468,782)	373,905	633,266	2,010,899	2,552,226
Dividends declared - 2019	-	-	-	-	-	(279,980)	(279,980)
At 31 December 2020	6,999,491	20,468	(560,270)	663,668	6,344,673	20,742,369	34,210,399

COMPANY STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2020

	Audited 2020 KShs '000	Audited 2019 KShs '000
Net cash generated from operations	764,032	2,089,547
Interest received on corporate bonds	11,620	61,056
Interest received on government securities	2,032,564	1,871,787
Interest received on staff mortgages and loans	25,000	22,763
Interest received on deposits with financial institutions	543,018	435,129
Interest received on commercial mortgages	24,075	38,825
Tax paid in the year	(45,039)	(393,713)
Net cash generated from operating activities	3,355,270	4,125,394
Cash flows from investing activities		
Purchase of investment property	(131,403)	(98,558)
Purchase of property and equipment	(17,952)	(25,554)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(15,577)	(88,361)
Purchase of government securities	(2,602,673)	(11,226,222)
Proceeds on maturity of government securities	2,554,235	8,739,837
Purchase of quoted equity instruments	(27,134)	(152,911)
Proceeds on sale of quoted equity instruments	10,255	133,085
Proceeds on redemption of corporate bonds	155,512	305,925
Dividends received on quoted equity instruments	88,712	95,347
Investment in Subsidiary	(1,958,132)	(275,626)
Net cash generated from/ (used in) investing activities	(1,944,157)	(2,593,038)
Cash flows used in financing activities		
Dividends paid	(279,980)	(314,977)
Net increase/ (decrease) in cash and cash equivalents	1,131,133	1,217,379
Cash and cash equivalents at 1 January	6,591,101	5,373,721
Effect of unrealised exchange rate changes	-	-
Cash and cash equivalent as at 31 December 2020	7,722,234	6,591,100

The audited financial statements were approved by the Board of Directors on 31st May 2021 and were signed on its behalf by:

Jadhah Mwarania
Principal Officer

Chiboli Shakaba
Chairman

Michael Monari
Director

PERFORMANCE COMMENTARY

FINANCIAL HIGHLIGHTS

Gross written premiums grew by 6% from KShs 17.52 billion in the year 2019 to KShs 18.54 billion in 2020. Net earned premiums grew by 34% from KShs 15.53 billion in 2019 to KShs 20.85 billion in 2020.

Investment income grew by 2% from KShs 3.71 billion in 2019 to KShs 3.79 billion in 2020, driven by adhering to the Corporation's investment strategy.

Claims incurred in year 2020 grew by 22% to KShs 13.52 billion up from KShs 11.06 billion in 2019.

Cedant acquisition costs increased by 30% from KShs. 4.09 billion in 2019 to KShs. 5.31 billion in 2020.

Operating expenses decreased by 4% from KShs. 2,043 million as at 31 December 2019 to KShs. 1,965 million as at 31st December 2020.

Profit before tax for the year 2020 stood at KShs 3.98 billion, a decrease of 5% from profit before tax of KShs 4.18 billion in 2019.

The asset base increased from KShs 50.36 billion in 2019 to KShs 53.24 billion in 2020, a growth of 6%.

The Shareholders funds increased from KShs 31.95 billion in 2019 to KShs 34.40 billion in 2020 a growth of 8%.

DIVIDENDS

The Board of Directors recommend a payment of Kes 0.20 dividend per share.

AUDIT OPINION

Ernst and Young was contracted by the Office of the Auditor General to carry out the audit of the Corporation's books as at 31st December 2020. The firm gave an unqualified opinion signed on 31st May 2021.

KEY AUDIT MATTERS

Credit risk and impairment of reinsurance receivables balances

Valuation of reinsurance contract liabilities

Revenue recognition - premiums income and un-earned premium reserves

Valuation of investment property

By Order of the Board

Charles Kariuki
Company Secretary

