



KENYA RE

Kenya Reinsurance Corporation Limited



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30TH JUNE 2021

	Unaudited Short term Business 2021 KShs '000	Unaudited Long term Business 2021 KShs '000	Unaudited Total 2021 KShs '000	Unaudited Total 2020 KShs '000
<b>INCOME</b>				
Gross premiums written	8,654,931	933,699	9,588,630	9,073,816
Less: change in unearned premiums	(129,776)	0	(129,776)	(157,604)
Less: retrocession premiums	(769,583)	(321)	(769,904)	(256,037)
<b>NET EARNED PREMIUMS</b>	<b>7,755,572</b>	<b>933,378</b>	<b>8,688,950</b>	<b>8,660,175</b>
Investment income	1,394,261	502,245	1,896,506	1,904,899
Commissions recovered	114,840	96	114,936	23,030
Fair value gains on revaluation of investment properties	0	0	0	0
Other income	31,927	0	31,927	25,593
Share of associate profits	0	0	0	0
<b>TOTAL INCOME</b>	<b>9,296,600</b>	<b>1,435,719</b>	<b>10,732,319</b>	<b>10,613,697</b>
<b>CLAIMS AND BENEFITS</b>				
Gross claims incurred and policy holder benefits	(5,750,138)	(740,623)	(6,490,761)	(5,226,495)
Less: Re-insurers share of claims and policy holder benefits	207,589	0	207,589	78,015
<b>NET CLAIMS AND BENEFITS</b>	<b>(5,542,549)</b>	<b>(740,623)</b>	<b>(6,283,172)</b>	<b>(5,148,480)</b>
Cedant acquisition costs	(1,931,873)	(283,330)	(2,215,203)	(2,146,006)
Operating and other expenses	(956,906)	(103,232)	(1,060,138)	(956,943)
Provision for doubtful debts	(411,373)	0	(411,373)	(270,993)
<b>TOTAL CLAIMS, BENEFITS, AND OTHER EXPENSES</b>	<b>(8,842,700)</b>	<b>(1,127,185)</b>	<b>(9,969,885)</b>	<b>(8,522,422)</b>
<b>PROFIT BEFORE TAX</b>	<b>453,900</b>	<b>308,534</b>	<b>762,434</b>	<b>2,091,275</b>
INCOME TAX EXPENSE	(136,170)	(92,560)	(228,730)	(522,819)
<b>PROFIT FOR THE YEAR</b>	<b>317,731</b>	<b>215,974</b>	<b>533,704</b>	<b>1,568,456</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	0	0	0	0
Remeasurement gains/ (losses) on defined benefit plans, net of tax	0	0	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	0	0	0
Net gains / (losses) on revaluation of available-for-sale quoted equity instruments	122,476	0	122,476	(421,601)
Net gains on revaluation of available-for-sale government securities	0	0	0	0
Translation reserve	3,482	0	3,482	0
Share of movement in associate reserves:				
- currency translation	0	0	0	0
- fair value reserve	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>125,958</b>	<b>0</b>	<b>125,958</b>	<b>(421,601)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>443,689</b>	<b>215,974</b>	<b>659,662</b>	<b>1,146,855</b>
<b>EARNINGS PER SHARE - basic and diluted</b>			<b>0.19</b>	<b>0.56</b>
<b>Key Ratios</b>				
Capital Adequacy Ratio			<b>875%</b>	<b>875%</b>
Solvency Ratio			<b>707%</b>	<b>789%</b>
Claims Ratio			<b>72%</b>	<b>59%</b>
Expense Ratio			<b>12%</b>	<b>11%</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Unaudited Short term Business 30.06.2021 KShs '000	Unaudited Long term Business 30.06.2021 KShs '000	Unaudited Total 30.06.2021 KShs '000	Audited Total 31.12.2020 KShs '000
<b>EQUITY</b>				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	20,468	0	20,468	20,468
Fair value reserve	(389,634)	(48,160)	(437,794)	(560,270)
Translation reserve	693,980	0	693,980	690,498
Statutory reserve	0	6,603,444	6,603,444	6,387,470
Retained earnings	21,177,397	0	21,177,397	20,859,668
<b>TOTAL EQUITY</b>	<b>28,001,702</b>	<b>7,055,283</b>	<b>35,056,986</b>	<b>34,397,325</b>
<b>ASSETS</b>				
Property and equipment	84,773	0	84,773	92,729
Intangible assets	86,378	140,933	227,311	297,764
Mortgage loans	750,185	0	750,185	776,835
Investment properties	10,488,547	1,729,061	12,217,608	12,175,000
Investment in associate	5,761,432	0	5,761,432	5,761,432
Employee defined benefit asset	0	0	0	0

Unquoted equity instruments	214,480	0	214,480	209,674
Corporate bonds	45,281	0	45,281	0
Reinsurance Receivables	3,149,461	273,866	3,423,327	3,320,655
Premium and loss reserves	240,700	0	240,700	153,294
Other receivables	586,745	0	586,745	493,185
Quoted equity instruments	1,023,387	285,210	1,308,597	1,186,121
Government securities	13,846,997	4,507,459	18,354,456	17,258,062
Inventory	18,792	0	18,792	14,265
Deferred acquisition costs	715,595	0	715,595	737,689
Deposits with financial institutions	1,843,200	5,375,393	7,218,593	8,306,552
Cash and bank balances	2,631,181	109,633	2,740,814	2,453,326
Income Tax Receivable	329,353	0	329,353	0
<b>TOTAL ASSETS</b>	<b>41,816,487</b>	<b>12,421,555</b>	<b>54,238,042</b>	<b>53,236,583</b>
<b>LIABILITIES</b>				
Long term reinsurance contract liabilities	0	2,738,820	2,738,820	2,721,542
Short term reinsurance contracts liabilities	9,635,440	0	9,635,440	9,340,902
Reinsurance payables	1,591,792	152,722	1,744,514	1,602,217
Deferred tax liability	(1,193,202)	2,474,729	1,281,527	1,281,527
Other payables	602,658	0	602,658	709,728
Income tax payable	21,081	0	21,081	156,101
Unearned premiums	2,981,105	0	2,981,105	2,851,330
Defined benefit liability	175,911	0	175,911	175,911
<b>TOTAL LIABILITIES</b>	<b>13,814,786</b>	<b>5,366,271</b>	<b>19,181,056</b>	<b>18,839,258</b>
<b>NET ASSETS</b>	<b>28,001,702</b>	<b>7,055,283</b>	<b>35,056,986</b>	<b>34,397,325</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2021

	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
<b>At 1 January 2020</b>	<b>6,999,491</b>	<b>17,530</b>	<b>(91,488)</b>	<b>288,983</b>	<b>5,754,183</b>	<b>18,982,026</b>	<b>31,950,725</b>
Profit for the year	0	0	0	0	633,287	2,309,635	2,942,922
Other comprehensive income	0	2,938	(468,782)	401,515	0	(152,013)	(216,342)
Total comprehensive income	0	2,938	(468,782)	401,515	633,287	2,157,622	2,726,580
Dividends declared - 2019						(279,980)	(279,980)
<b>At 31 December 2020</b>	<b>6,999,491</b>	<b>20,468</b>	<b>(560,270)</b>	<b>690,498</b>	<b>6,387,470</b>	<b>20,859,668</b>	<b>34,397,325</b>
At 1 January 2021	6,999,491	20,468	(560,270)	690,498	6,387,470	20,859,668	34,397,325
Profit for the period 30.06.2021	0	0	0	0	215,974	317,729	533,703
Other comprehensive income (loss)/income	0	0	122,476	3,482	0	0	125,958
Total comprehensive income	0	0	122,476	3,482	215,974	317,729	659,661
Dividends declared - 2020						0	0
<b>At 30th June 2021</b>	<b>6,999,491</b>	<b>20,468</b>	<b>(437,794)</b>	<b>693,980</b>	<b>6,603,444</b>	<b>21,177,397</b>	<b>35,056,986</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2021

	Unaudited 30.06.2021 KShs '000	Audited 31.12.2020 KShs '000
Net cash generated from operations	(982,011)	1,010,730
Interest received on corporate bonds	0	11,620
Interest received on government securities	1,041,954	2,058,283
Interest received on staff mortgages and loans	13,894	25,474
Interest received on deposits with financial institutions	208,701	555,126
Interest received on commercial mortgages	10,811	24,075
Tax paid in the year	0	(45,039)
<b>Net cash generated from operating activities</b>	<b>293,349</b>	<b>3,640,269</b>
Cash flows from investing activities		
Purchase of investment property	(41,326)	(131,403)
Purchase of property and equipment	(2,078)	(34,989)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(8,272)	(15,577)
Purchase of government securities	(2,226,139)	(2,692,338)
Proceeds on maturity of government securities	1,160,414	2,675,246
Purchase of quoted equity instruments	0	(27,134)
Proceeds on sale of quoted equity instruments	0	10,255
Proceeds on redemption of corporate bonds	0	155,512
Dividends received on quoted equity instruments	68,781	0
<b>Net cash generated from/ (used in) investing activities</b>	<b>(1,048,621)</b>	<b>(60,429)</b>
Cash flows used in financing activities		
Dividends paid	0	(279,980)
Net increase/ (decrease) in cash and cash equivalents	(755,271)	3,299,860
Cash and cash equivalents at 1 January	10,759,878	7,371,305
Effect of unrealised exchange rate changes	-	-
<b>Cash and cash equivalent at 30th June 2021</b>	<b>10,004,607</b>	<b>10,671,165</b>



**COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30TH JUNE 2021**

	Unaudited Short term Business 2021 KShs '000	Unaudited Long term Business 2021 KShs '000	Unaudited Total 2021 KShs '000	Unaudited Total 2020 KShs '000
<b>INCOME</b>				
Gross premiums written	7,341,845	919,389	8,261,234	8,420,935
Less: change in unearned premiums	416,505	-	416,505	(118,309)
Less: retrocession premiums	(372,772)	-	(372,772)	(241,716)
<b>NET EARNED PREMIUMS</b>	<b>7,385,578</b>	<b>919,389</b>	<b>8,304,967</b>	<b>8,060,910</b>
Investment income	1,358,044	493,695	1,851,739	1,891,594
Commissions recovered	14,529	0	14,529	12,213
Fair value gains on revaluation of investment properties	0	0	0	0
Other income	31,927	0	31,927	25,593
Share of associate profits	0	0	0	0
<b>TOTAL INCOME</b>	<b>8,790,077</b>	<b>1,413,084</b>	<b>10,203,162</b>	<b>9,990,310</b>
<b>CLAIMS AND BENEFITS</b>				
Gross claims incurred and policy holder benefits	(5,385,876)	(735,897)	(6,121,773)	(5,032,164)
Less: Re-insurers share of claims and policy holder benefits	207,589	0	207,589	78,015
<b>NET CLAIMS AND BENEFITS</b>	<b>(5,178,287)</b>	<b>(735,897)</b>	<b>(5,914,184)</b>	<b>(4,954,149)</b>
Cedant acquisition costs	(1,711,587)	(279,244)	(1,990,831)	(1,966,382)
Operating and other expenses	(884,909)	(110,814)	(995,723)	(810,716)
Provision for doubtful debts	(345,515)	0	(345,515)	(181,544)
<b>TOTAL CLAIMS, BENEFITS AND OTHER EXPENSES</b>	<b>(8,120,297)</b>	<b>(1,125,955)</b>	<b>(9,246,252)</b>	<b>(7,912,791)</b>
<b>PROFIT BEFORE TAX</b>	<b>669,780</b>	<b>287,129</b>	<b>956,910</b>	<b>2,077,519</b>
<b>INCOME TAX EXPENSE</b>	<b>(200,934)</b>	<b>(86,139)</b>	<b>(287,073)</b>	<b>(519,380)</b>
<b>PROFIT FOR THE YEAR</b>	<b>468,846</b>	<b>200,990</b>	<b>669,837</b>	<b>1,558,139</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	-	0	0	0
Remeasurement gains/ (losses) on defined benefit plans, net of tax	-	0	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	0	0
Net (losses) / gains on revaluation of available-for-sale quoted equity instruments	122,476.00	-	122,476	(421,601)
Net gains on revaluation of available-for-sale government securities	5,444.00	-	5,444	0
Share of movement in associate reserves:				
- currency translation	-	0	0	0
- fair value reserve	-	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>127,920.00</b>	<b>-</b>	<b>127,920</b>	<b>(421,601)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>596,766</b>	<b>200,990</b>	<b>797,757</b>	<b>1,136,538</b>
<b>EARNINGS PER SHARE - basic and diluted</b>			<b>0.24</b>	<b>0.56</b>
<b>Key Ratios</b>				
Capital Adequacy Ratio			<b>875%</b>	<b>875%</b>
Solvency Ratio			<b>707%</b>	<b>789%</b>
Claims Ratio			<b>71%</b>	<b>61%</b>
Expense Ratio			<b>12%</b>	<b>10%</b>

**COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021**

	Unaudited Short term Business 30.06.2021 KShs '000	Unaudited Long term Business 30.06.2021 KShs '000	Unaudited Total 30.06.2021 KShs '000	Audited Total 31.12.2020 KShs '000
<b>EQUITY</b>				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	20,468	-	20,468	20,468
Fair value reserve	(389,634)	(48,160)	(437,794)	(560,270)
Translation reserve	663,668	-	663,668	663,668
Statutory reserve	-	6,545,663	6,545,663	6,344,673
Retained earnings	21,211,215	-	21,211,215	20,742,369
<b>TOTAL EQUITY</b>	<b>28,005,208</b>	<b>6,997,503</b>	<b>35,002,711</b>	<b>34,210,399</b>
<b>ASSETS</b>				
Property and equipment	51,780	-	51,780	59,150
Intangible assets	61,159	166,152	227,311	297,764
Mortgage loans	737,744	-	737,744	765,636
Investment properties	10,488,547	1,729,061	12,217,608	12,175,000
Investment in associate	5,761,432	-	5,761,432	5,761,432
Investment in Subsidiary	2,469,049	-	2,469,049	2,421,540
Employee defined benefit asset	-	-	-	-
Unquoted equity instruments	214,480	-	214,480	209,674
Corporate bonds	45,281	-	45,281	-

Reinsurance Receivables	1,832,144	635,670	2,467,814	2,393,097
Premium and loss reserves	201,018	-	201,018	127,338
Due from related party	57,813	-	57,813	65,311
Other receivables	569,716	-	569,716	465,515
Quoted equity instruments	1,023,387	285,210	1,308,597	1,186,121
Government securities	13,731,934	4,507,459	18,239,393	17,160,253
Inventory	18,694	-	18,694	14,152
Deferred acquisition costs	509,890	-	509,890	654,771
Deposits with financial institutions	1,296,890	5,187,559	6,484,449	7,585,300
Cash and bank balances	87,963	3,665	91,628	136,934
Income Tax Receivable	228,573	-	228,573	-
<b>TOTAL ASSETS</b>	<b>39,387,496</b>	<b>12,514,775</b>	<b>51,902,271</b>	<b>51,478,988</b>
<b>LIABILITIES</b>				
Long term reinsurance contract liabilities	-	2,738,820	2,738,820	2,721,542
Short term reinsurance contracts liabilities	8,715,214	-	8,715,214	8,646,523
Reinsurance payables	1,022,626	303,719	1,326,345	1,130,137
Deferred tax liability	(1,209,875)	2,474,729	1,264,854	1,264,854
Other payables	422,413	-	422,413	603,212
Income tax payable	-	-	-	105,516
Unearned premiums	2,175,935	-	2,175,935	2,592,440
Defined benefit liability	175,911	-	175,911	175,911
Due to related Party	78,784	-	78,784	28,454
<b>TOTAL LIABILITIES</b>	<b>11,381,007</b>	<b>5,517,268</b>	<b>16,898,275</b>	<b>17,268,589</b>
<b>NET ASSETS</b>	<b>28,006,486</b>	<b>6,997,508</b>	<b>35,003,996</b>	<b>34,210,399</b>

**UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2021**

	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
<b>At 1 January 2020</b>	<b>6,999,491</b>	<b>17,530</b>	<b>(91,488)</b>	<b>289,763</b>	<b>5,711,407</b>	<b>19,011,450</b>	<b>31,938,153</b>
Profit for the year	0	0	0	633,266	2,162,912	(152,013)	<b>2,796,178</b>
Other comprehensive income	0	2,938	(468,782)	373,905	0	(152,013)	<b>(243,952)</b>
Total comprehensive income	0	2,938	(468,782)	373,905	633,266	2,010,899	<b>2,552,226</b>
Dividends declared - 2019	0	0	0	0	0	(279,980)	<b>(279,980)</b>
<b>At 31 December 2020</b>	<b>6,999,491</b>	<b>20,468</b>	<b>(560,270)</b>	<b>663,668</b>	<b>6,344,673</b>	<b>20,742,369</b>	<b>34,210,399</b>
At 1 January 2021	6,999,491	20,468	(560,270)	663,668	6,344,673	20,742,369	<b>34,210,399</b>
Profit for the period 30.06.2021	0	0	0	0	200,990	468,846	<b>669,836</b>
Other comprehensive income (loss)/income	0	0	122,476	0	0	0	<b>122,476</b>
Total comprehensive income	0	0	122,476	0	200,990	468,846	<b>792,312</b>
Dividends declared - 2020	0	0	0	0	0	0	<b>0</b>
<b>At 30th June 2021</b>	<b>6,999,491</b>	<b>20,468</b>	<b>(437,794)</b>	<b>663,668</b>	<b>6,545,663</b>	<b>21,211,215</b>	<b>35,002,711</b>

**COMPANY STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2021**

	Unaudited 2021 KShs '000	Audited 2020 KShs '000
Net cash generated from operations	(1,312,385)	764,032
Interest received on corporate bonds	0	11,620
Interest received on government securities	1,041,954	2,032,564
Interest received on staff mortgages and loans	13,846	25,000
Interest received on deposits with financial institutions	193,096	543,018
Interest received on commercial mortgages	10,811	24,075
Tax paid in the year	0	(45,039)
<b>Net cash generated from operating activities</b>	<b>(52,678)</b>	<b>3,355,270</b>
Cash flows from investing activities		
Purchase of investment property	(41,326)	(131,403)
Purchase of property and equipment	(1,738)	(17,952)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(8,272)	(15,577)
Purchase of government securities	(2,226,139)	(2,602,673)
Proceeds on maturity of government securities	1,160,414	2,554,235
Purchase of quoted equity instruments	0	(27,134)
Proceeds on sale of quoted equity instruments	0	10,255
Proceeds on redemption of corporate bonds	0	155,512
Dividends received on quoted equity instruments	68,781	88,712
Investment in Subsidiary	0	(1,958,132)
<b>Net cash generated from/ (used in) investing activities</b>	<b>(1,048,280)</b>	<b>(1,944,157)</b>
Cash flows used in financing activities		
Dividends paid	0	(279,980)
Net increase/ (decrease) in cash and cash equivalents	<b>(1,100,958)</b>	<b>1,131,133</b>
Cash and cash equivalents at 1 January	7,722,235	6,591,101
<b>Cash and cash equivalent at 30th June 2021</b>	<b>6,621,277</b>	<b>7,722,234</b>

The audited financial statements were approved by the Board of Directors on 06th August 2021.

**PERFORMANCE COMMENTARY**
**FINANCIAL HIGHLIGHTS**

Gross written premiums grew by 6% from KShs 9.074 billion in the year June 2020 to KShs 9.59 billion in June 2021. Net earned premiums grew by 0.3% from KShs 8.660 billion in June 2020 to KShs 8.689 billion in June 2021.

Investment income decreased by 0.44% from KShs 1.905 billion in June 2020 to KShs 1.897 billion in June 2021.

Claims incurred in as June 2021 grew by 22% to KShs 6.283 billion up from KShs 5.148 billion in June 2020.

Cedant acquisition costs increased by 3% from KShs. 2.146 billion in June 2020 to KShs. 2.215 billion in June 2021.

Operating expenses decreased by 11% from KShs. 0.957 billion in June 2020 to KShs.1.060 billion in June 2021.

Profit before tax as at 30.06.2021 stood at KShs 0.762 billion, a decrease of 64% from profit before tax of KShs 2.091 billion as at 30.06.2020.

The asset base increased from KShs 53.24 billion as at 31.12.2020 to KShs 54.24 billion as at 30.06.2021, a growth of 2%.

The Shareholders funds increased from KShs 34.40 billion as at 31.12.2020 to KShs 35.06 billion as at 30.06.2021 a growth of 2%.

**DIVIDENDS**

The Board of Directors does not recommend payment of an interim dividend.

**By Order of the Board**

**Charles Kariuki**  
Company Secretary

