CIC GROUP

2023

Integrated Report & Financial Statements

THE CIC INSURANCE GROUP PLC


EasyBima
Monthly Motor
Insurance Cover

CONTENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS	**Nelson Kuria** – Group Chairman **James Njue** – Group Vice Chairman **Patrick Nyaga** – Group Chief Executive Officer **Peter Nyigei** **Gordon Owuor** **Michael Wambia** **Rogers Kinoti** **Julius Mwatu** **Sharon Kisire** **Ludia Rono** – Appointed in June 2023
COMPANY SECRETARY	**Gail Odongo** Certified Public Secretary (Kenya) P. O. Box 59485 - 00100 Nairobi, Kenya
REGISTERED OFFICE	**CIC Plaza** Upper Hill, Mara Road P. O. Box 59485 - 00200 Nairobi, Kenya
SENIOR MANAGEMENT	**Patrick Nyaga** – Group Chief Executive Officer **Philip Kimani** – Group Chief Financial Officer **Fred Ruoro** – Managing Director: CIC General Insurance Limited **Humphrey Gathungu** – Managing Director: CIC Asset Management Limited **Meshack Miyogo** – Managing Director: CIC Life Assurance Limited **Erick Obila** – Managing Director: CIC Africa (Uganda) Limited **Julius M. Ndugire** – Managing Director: CIC Africa Insurance (SS) Limited **Zachary Wambugu** – Acting Managing Director: CIC Africa Co-operatives Insurance Limited **Gail Odongo** – Group Company Secretary/Chief Legal Officer **Mwenda Itumbiri** – Acting Director People and Culture **Muyesu Luvai** – Group Chief Internal Auditor **Susan Robi** – Group Risk and Compliance Manager **Henry Malmqvist** – Group Chief Information Officer **Peter Kibe** – Acting Head of Marketing and Communications **Richard Nyakenogo** – General Manager Co-operatives **Michael Mugo** – General Manager Branch Distribution **Salome Ndegwa** – Group Actuary
AUDITOR	**PricewaterhouseCoopers LLP** Certified Public Accountants (Kenya) PwC Tower, Waiyaki Way / Chiromo Road Westlands P. O. Box 43963 - 00100 Nairobi, Kenya
PRINCIPAL BANKER	**The Co-operative Bank of Kenya Limited** P. O. Box 67881 - 00100 Nairobi, Kenya
CONSULTING ACTUARY	**QED Actuaries and Consultants Kenya Limited** Capita Registrars, Royal Office, 1st Floor No. 17 Mogotio Road, Off Chiromo Lane P.O. Box 101795 - 00101 Westlands, Nairobi, Kenya

OUR REPORTING ECOSYSTEM

OUR REPORTING ECOSYSTEM

This Integrated Report and Financial Statements 2023 contains information on our financial and non-financial performance for the financial year 2023. It outlines how we create value for our stakeholders through our inputs, strategy & oversight. As a business, we are committed to transparency and accountability to all our stakeholders.

Frameworks

This report has been prepared in alignment to:

I. Globally recognized best practices and sound accounting frameworks.
II. The Companies Act, 2015
III. The Capital Markets Authority (CMA) guidelines
IV. The Nairobi Securities Exchange (NSE) Listings Manual.
V. The guidelines established by the International Integrated Reporting Council (IIRC).
VI. The International Financial Reporting Standards (IFRS)

Scope and Boundary

This report focuses on the performance of the Group across our geographical footprint covering Kenya and the regional businesses. The Kenyan operations offer Life Assurance, General Insurance and Asset Management services. We have regional subsidiaries in South Sudan, Uganda, and Malawi where we offer General Insurance and Life Assurance solutions. The time frame for this report is from 1st January to 31st December 2023.

Assurance

The Annual Financial Statements for the CIC Group, CIC General Insurance, CIC Life Assurance, CIC Asset Management and CIC Africa South Sudan were audited by PricewaterhouseCoopers LLP (Kenya). CIC Africa Uganda was audited by KPMG (Uganda) while CIC Africa Malawi was audited by Ernst & Young (Malawi).

Approved by the Board of Directors on May 13, 2024 and signed on its behalf by:

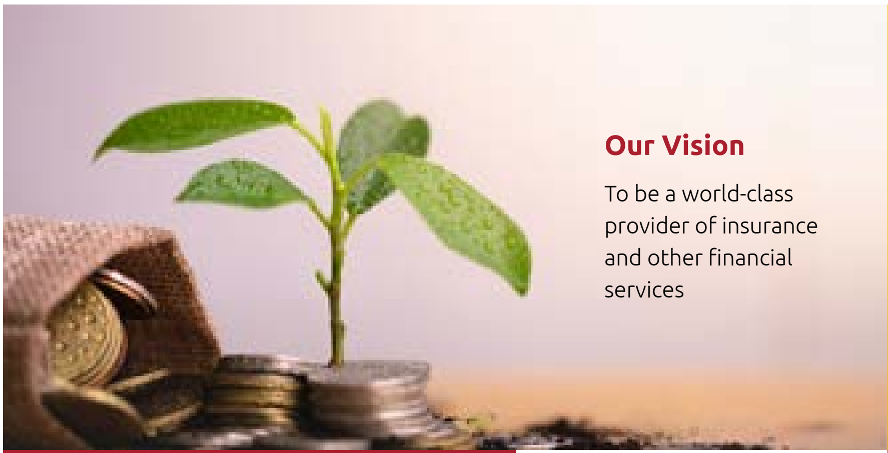
Dr. Nelson Kuria, OGW, MBS **Chairman**	Patrick Nyaga **Group Chief Executive Officer**	Julius Mwatu **Director**

WHO WE ARE

The CIC Insurance Group is a leading Cooperative Insurer in Africa, providing insurance and related financial services in Kenya, Uganda, South Sudan and Malawi.

The Group offers a wide range of products including General Insurance, Life Assurance, Medical Insurance and Asset Management services. We are a pioneer and leader in Micro-insurance. The Group's focus on innovation and excellence in service delivery has differentiated it in the market and earned it National and International recognition.

OUR PHILOSOPHIES AND VALUES



Our Vision

To be a world-class provider of insurance and other financial services

Our Purpose (Mission)

Enable people achieve financial freedom

Our Values

Integrity
Be fair and transparent

Dynamism
Be passionate and innovative

Performance
Be efficient and results-driven

Cooperation
Live the cooperative spirit

CIC Tagline/ Slogan

"We keep our word"

We recognize that for our business to grow, we have a role to play in reversing the mistrust partly contributed by our industry players through various malpractices such as mis-selling or failure to honor claims thus undermining the growth we desire. We shall honor our promises to all our stakeholders.

Value Proposition

"To offer simple, flexible insurance and financial services built around our customers' needs."
Our approach to business growth shall be research-driven. We shall seek to understand our customers and their needs, and innovatively develop appropriate products that address their needs, wants and desires.

CIC GROUP QUICK FACTS

25.4B

Insurance revenue (Kshs)

50.3B

Total Assets (Kshs)

4 Countries

Kenya, Uganda, South Sudan and Malawi

29.5%

Assets Management Unit trust Market share *Q4 2023

146B

Assets Under Management (Kshs)

5.8%

Life Assurance Market share *Q4 2023

8.4%

General Business Market share *Q4 2023

	GENERAL BUSINESS	LIFE BUSINESS
Insurance revenue	Kshs 15.5 Bn	Kshs 6.7 Bn
Total Assets	Kshs 14.4 Bn	Kshs 24.3 Bn
Market Share as at Q4 2023	8.4%	5.8%

ASSET MANAGEMENT	
Assets Under Management	Kshs 146 Bn
Total Assets	Kshs 1.7 Bn
Market Share as at Q4 2023	29.5%

OUR HISTORY

1968

CIS started as an insurance agency within the Kenya National Federation of Co-operatives (KNFC).

1978

Incorporated and licensed as Co-operative Insurance Services Ltd (CIS).

1999

Name change from CIS to the Cooperative Insurance of Kenya Ltd (CIC).

2010

Name change to CIC Insurance Group Limited in preparation for the demerger of our Life and General Business operations.

2011

We fully demerge resulting in the formation of :-
- CIC Life Assurance Limited,
- CIC General Insurance Limited
- CIC Asset Management Limited.

2012

CIC Insurance Group listed its shares by introduction at the Nairobi Securities Exchange on Thursday 19th July 2012.

2013

Entry into Southern Sudan and commencement of Regional Expansion.

2014

Opening of CIC Plaza II and Successful Corporate Bond issuance (oversubscribed by 111%). Entry into Malawi and Uganda markets

111%
Oversubscription

2015

Successful implementation of a unified CIC Brand.

2016

- Successful launch of the CIC Foundation.
- CIC Group awarded Best Company to Work for Deloitte - 2016.
- CIC Life awarded Group Life Company of the Year - AKI.

2017

- AKI Awards: Overall Winner 2017 Group Life Company of the Year
- AKI Group Life Best Practice.

2018

- AKI Awards – Overall Winner
- 2018 Group Life Company of the Year
- Fire Award Winner Insurance Category 2018

2019

- Marked 50 Years of service to the people.
- Name change to Public Listed Company (PLC) in compliance with the requirements of the Companies Act.
- Successfully paid the 2014 KShs 5 Bn Corporate Bond upon maturity.
- AKI Awards: Overall Winner 2019 Group Life Company of the Year AKI, Group Life Best Practice.
- AKI Awards: CIC General - second runners.
- Insurance Motor Data System Award.

CIC GROUP

50

Years of Service

2020

- CIC Goes Cashless
- Customer Digital Motor Certificates
- CIC launches Records and Information Management System
- Winner – AKI Group Life Company of the Year
- Second runners up AKI Motor Data System Award
- CIC General awarded Best Automotive Insurer – Automotive Industry
- Excellence Awards: Best Motor Insurer – Cheki Awards

2021

- Awarded 2nd Runners up - FIRE Awards Insurance Category 2021
- Decade of Excellence Insurance Kenya - Global Banking and Finance Awards 2021
- Best General Insurance Company Kenya - International Business Magazine Awards 2021
- Best Life Insurance Company Kenya - International Business Magazine Awards 2021
- Best Asset Management Company Kenya - International Business Magazine Awards 2021

2022

- CIC launches new medical product for cooperative members dubbed "CIC CoopCare" to offer solution for the Cooperatives and Sacco markets
- CIC launches Motoring Assist in conjunction with AA Kenya
- Launch of revamped website including regional sites
- CIC introduces Ushirika Gardens and started the sale of its 200 acres of land
- Winner - AKI Group Life Company of the Year 2021
- Winner - Medical Underwriter of the Year - Group medical – CIC General Insurance
- Overal Winner - Champion of Governance Award
- Winner - Company Secretary of the Year Award
- Third runners up - minimum loss ratio
- Third runners up - Most Improved company

2023

AWARDS AND ACCOLADES – 2023

CIC staff celebrate the win at the AKI Awards.

AKI 2022 Awards

Winner

- Annualized premium award - Patrick Weru Mwangi
- Agriculture insurance Premium volume award - Christopher Muoo Muliko
- Domestic Package insurance premium volume award - Joan Cherotich

2nd runners up

- Group Life Best Loss Ratio

CIC staff receiving a trophy at the FiRe Awards.

Fire Awards

Winner

- Insurance category - The CIC Insurance Group Plc

1st Runners Up

- Insurance category - CIC General Insurance

International Business Magazine Awards

Winner

- Best Life Insurance Company Kenya 2023
- Best General Insurance Company Kenya 2023

Think Business Awards 2023

Winner

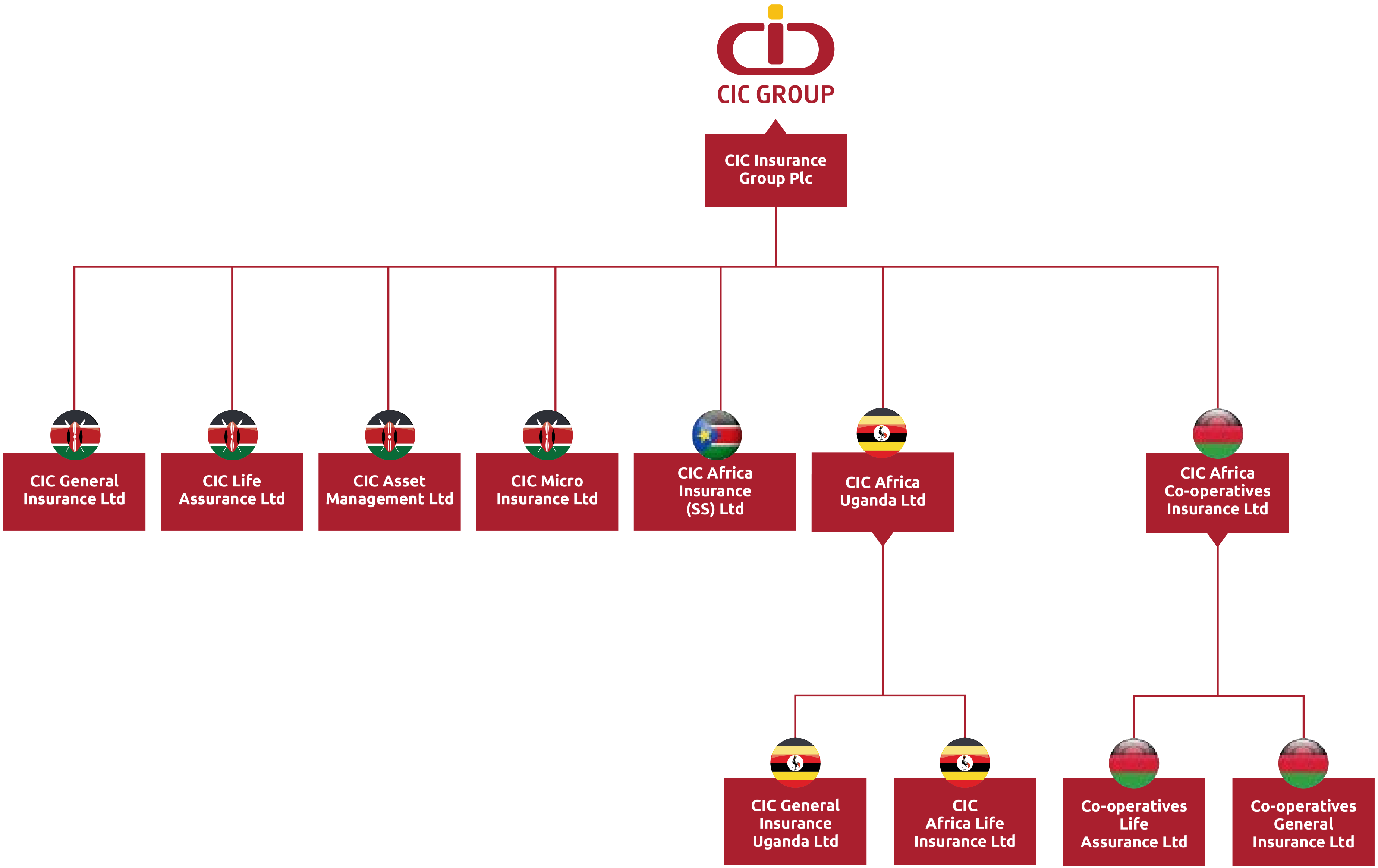
- Life insurer of the year
- Medical underwriter of the year - Group medical
- Most customer - centric underwriter - CIC Life Assurance
- Training award - CIC Insurance Group
- Best insurance in product innovation - General Insurance
- Claims settlement award - Life Assurance
- Fraud detection and prevention initiative: underwriters - Life Assurance
- Claims settlement award - General Insurance

1st runners up

- General insurer of the year
- Medical underwriter of the year - personal
- Most customer centric underwriter - General insurance
- Best insurance in technology application - General Insurance
- The risk management award - Life Assurance

CIC staff receiving awards at the Think business insurance awards.

COMPANY GROUP STRUCTURE & SHAREHOLDING



SHAREHOLDING STRUCTURE

Summary of Shareholding as at 31st December 2023

Category	Number of Shareholders	Number of Shares	% Shareholding
Foreign Companies	2	24,482,040	0.9%
Foreign Individuals	74	2,836,584	0.1%
Local Companies	616	2,008,663,387	76.8%
Local Individuals	18,334	579,556,517	22.2%
TOTALS	19,026	2,615,538,528	100%

WHAT WE OFFER

We have a wide product offering in insurance and investments across our subsidiaries both in Kenya and the region i.e. South Sudan, Uganda and Malawi

Long-term Insurance:

- Term policies - Protection
- Endowment - Savings+protection
- Whole life - Savings+protection
- Unit link - Investments+Protection
- Pensions
- Annuity

Short-term Insurance

- Engineering
- Fire
- Liability
- Marine
- Motor private
- Motor commercial
- Accident
- Theft
- Workmen's compensation
- Miscellaneous - which includes livestock and crop insurance, political violence and terrorism, sportsmen, forestry and aquaculture insurance
- Micro insurance – This signifies a step towards financial inclusivity. These are products specifically designed for low-income individuals. These include, 'Kameza' in Uganda which represents a family income benefit product characterized by remarkably low annual premiums. In the unfortunate event of the policyholder's demise, the full sum assured is disbursed. The 'Abwenzi' product in Malawi aims to provide health insurance to women and their families.

Investments

Unit trusts with various funds – Money Market, Equity Fund, Balanced Fund, Fixed Income, Wealth Fund, Dollar Fund. Pension - segregated schemes & Income draw down

Services

- Risk Assessment and Underwriting
- Claims Processing and Settlement
- Policy Management and Customer Service
- Financial Planning and Retirement Solutions
- Insurance Education and Training Programs
- Loss Prevention
- Fraud Prevention
- Customer Outreach and Communication Programs (e.g. webinars)

MESSAGE FROM OUR LEADERSHIP

CIC Coop Care

Affordable Medical Product
Tailor-made for Registered
Cooperative Society Members

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,
It is my pleasure to present to you on behalf of the Board of Directors of CIC Insurance Group Plc the performance of CIC Insurance Group for the financial year ended December 31, 2023. This report serves as a testament to our steadfast commitment to transparency, sustainability, and value creation for all stakeholders. The Group has once again reported impressive results for the year ended December 2023 recording a growth of 23% in insurance revenue from Kshs 20.7 Billion reported in 2022 to Kshs 25.4 Billion in 2023 and a growth of 209% Profit Before Tax from KShs. 823 Million for the year 2022 to Kshs. 2.5 Billion as at December 2023. We are pleased to report that CIC Insurance Group Plc has successfully transitioned to the IFRS 17 standard as of 1 January 2023 and comparative periods have been restated to reflect the application of the new accounting standard. The standard provides consistent principles for all aspects of accounting for insurance contracts and enables various stakeholders to meaningfully compare companies' performance. We have continued to invest in the growth of our regional businesses and this has been reflected in our performance. The contributions from our regional businesses continue to grow currently at combined contribution of 13% to the insurance revenue of the Group as at December 2023.

Operating and Economic Environment

The Kenyan economy recorded an average growth of 5.5% in the period between January to September 2023. The average GDP growth of 5.5% marked a slight decline from the 5.6% average growth recorded in a similar period in 2022. The inflation rate for the year 2023 averaged at 7.7%, 0.1% points higher than average inflation rate of 7.6% recorded over a similar period in 2022. The Kenya Shilling depreciated by 26.8% in 2023 to close at Kshs 156.46 against the US Dollar, compared to Kshs 123.37 recorded at the end of 2022, adding to adding to the 9.0% depreciation recorded in 2022. This was driven by increased dollar demand from importers, especially oil and energy sectors, the ever-present current account deficit and the need for government debt servicing which has continued to put pressure on the country's forex reserves. In 2023, the Kenyan equities market was on a downward trajectory, with NASI, NSE 20, and NSE 25 declining by 27.7%, 10.4%, and 24.2%, respectively. During the year, equities turnover declined by 18.3% to close the year at USD 0.6 Billion, from USD 0.8 Billion recorded in 2022. We also experienced various challenges in our other regions where we operate such as weakened currencies against the dollar and high inflation rates.

As a business we have remained resilient in appreciation of the fact that we operate in a dynamic environment and as such we need to demonstrate agility, continually innovate and adapt to more efficient and effective ways of working. We have continued to work with our various stakeholders to adequately manage and minimize adverse effects of the economy on various aspects of the business. We have employed robust investment strategies and have worked with our customers to provide product alternatives that guarantee value for their money.

Governance and Oversight

In line with our commitment to transparency, integrity, and effective corporate governance, the Board of Directors of CIC Insurance Group has diligently exercised its oversight responsibilities throughout the year. Governance remains at the forefront of our operations, guiding every decision and action we take. Led by a robust governance framework, we have maintained a culture of accountability and responsibility at all levels of the organization.

Commitment to Sustainability

Our commitment to sustainable and responsible business practices remains steadfast. We have continued to take deliberate steps in integrating ESG into the business. We have implemented ESG governance structures, including the establishment and operationalization of the ESG Committee, to integrate ESG principles into our operations. Building upon this foundation, we developed an ESG Integration Roadmap and conducted comprehensive training sessions to instill the principles of ESG across all levels of our organization. To drive our ESG initiatives forward, we established an ESG Workstream comprising ESG Champions and the ESG Secretariat. We have also signed up and actively participated in global sustainability initiatives, such as the United Nations Global Compact Network Kenya and the Nairobi Declaration on Sustainable Insurance.

Through the CIC Foundation whose objective is to promote education opportunities for the less privileged, the Company was able to sponsor 88 high school students. The CIC Group has also invested greatly in training and capacity building within the Co-operative movement. To this end we conducted over 40 trainings in various regions across the country targeting Cooperative leaders and members. The Company also participated in various charity golf events.

Maintaining the well-being of our planet is also our priority owing to the climate change effects seen across nations. The Group continues to make deliberate efforts in environmental conservation initiatives such as planting of trees. In the year 2023 we participated in various initiatives such as the annual Kereita Forest Challenge and the Ushirika tree planting exercise.

Outlook

As we look to the future, we remain committed to our vision of being the leading provider of innovative insurance and asset management solutions in the region. We will continue to invest in digitization, expand our product offerings, and deepen our relationships with our stakeholders. We look at making great strides in addressing the insurance protection gap in the region through micro insurance solutions and partnerships with key stakeholders such as Cooperatives, Banks, intermediaries and insuretechs. Together, we will navigate the evolving landscape, seize new opportunities, and create shared prosperity for all.

Acknowledgments

I extend my sincere gratitude to the Board of Directors, our Group Chief Executive Officer, Mr. Patrick Nyaga and the Board of Management, along with all staff members, for their relentless efforts in meeting the evolving needs of our clients. Their hard work and dedication have been key in propelling the company to success.

On behalf of the Board of Directors, I would also like to express my sincere gratitude to our shareholders, customers, advisers, business associates, suppliers and regulatory authorities for their continued trust and support. It is through your partnership that we are able to achieve our strategic objectives and drive sustainable growth for the benefit of all stakeholders.

Thank you.

Dr. Nelson Kuria, OGW, MBS
Chairman CIC Group

UJUMBE KUTOKA KWA MWENYEKITI

Wapendwa Wanahisa,
Nina furaha kuwasilisha kwenu kwa niaba ya Bodi ya Wakurugenzi ya CIC Insurance Group Plc utendaji wa CIC Insurance Group mwaka wa fedha uliomalizika Disemba 31, 2023. Ripoti hii inatumika kama ushahidi wa dhamira yetu thabiti ya uwazi, uendelevu, na uundaji wa thamani kwa wadau wote. Kwa mara nyingine tena, Kundi limeripoti matokeo ya kuvutia kwa mwaka ulioishia Disemba 2023 likirekodi ukuaji wa 23% katika mapato ya bima kutoka Ksh. Bilioni 20.7 zilizoripotiwa mwaka 2022 hadi Ksh. Bilioni 25.4 mwaka 2023 na ukuaji wa 209% Faida Kabla ya Kodi kutoka KSh. Milioni 823 kwa mwaka 2022 hadi Ksh. Bilioni 2.5 kufikia Disemba 2023. Tunafurahi kuripoti kwamba CIC Insurance Group Plc imefanikiwa kuhamia kwenye kiwango cha IFRS 17 kuanzia tarehe 1 Januari 2023 na vipindi vya ulinganisho vimerejeshwa ili kuonyesha matumizi ya kiwango kipya cha uhasibu. Kiwango hiki kinatoa kanuni thabiti kwa nyanja zote za uhasibu wa mikataba ya bima na kuwezesha wadau mbalimbali kulinganisha utendaji wa kampuni. Tumeendelea kuwekeza katika ukuaji wa biashara zetu za kikanda na hii imeonekana katika utendaji wetu. Michango kutoka kwenye biashara zetu za kikanda inaendelea kukua kwa sasa kwa mchango wa pamoja wa 13% kwa mapato ya bima ya Kundi kufikia Disemba 2023.

Mazingira ya Uendeshaji na Uchumi

Uchumi wa Kenya ulirekodi ukuaji wa wastani wa 5.5% katika kipindi cha kati ya Januari hadi Septemba 2023. Ukuaji wa wastani wa Pato la Taifa wa 5.5% uliashiria kushuka kidogo kutoka ukuaji wa wastani wa 5.6% uliorekodiwa katika kipindi kama hicho mwaka 2022. Kiwango cha mfumuko wa bei kwa mwaka 2023 kilikuwa wastani wa 7.7%, kwa pointi za 0.1% juu kuliko kiwango cha mfumuko wa bei cha wastani cha 7.6% kilichorekodiwa katika kipindi kama hicho mwaka 2022. Shilingi ya Kenya ilishuka thamani kwa 26.8% mnamo 2023 na kufunga kwenye Ksh. 156.46 dhidi ya Dola ya Marekani, ikilinganishwa na Ksh. 123.37 iliyorekodiwa mwishoni mwa 2022, na kuongeza ongezeko la 9.0% lililorekodiwa mnamo 2022. Hii ilisababishwa na ongezeko la mahitaji ya dola kutoka kwa waagizaji, hasa wa sekta za mafuta na nishati, hali isiyokoma ya uagizaji kuzidi usafirishaji na hitaji la serikali kufanya marejesho ya mikopo jambo ambalo limeendelea kuweka shinikizo katika hifadhi ya fedha za kigeni za nchi. Mnamo 2023, soko la hisa la Kenya lilikuwa kwenye mwelekeo wa kushuka, huku NASI, NSE 20, na NSE 25 zikipungua kwa 27.7%, 10.4%, na 24.2% kila moja wapo. Katika mwaka huo, mauzo ya hisa yalipungua kwa 18.3% na kufunga mwaka ikiwa kwenye dola bilioni 0.6, kutoka dola bilioni 0.8 zilizorekodiwa mwaka 2022. Pia tulipata changamoto mbalimbali katika kanda zetu zingine ambapo tunafanya kazi kama vile sarafu/shilingi kuwa dhaifu dhidi ya dola na viwango vya juu vya mfumuko wa bei.

Kama biashara tumebaki thabiti katika kutambua ukweli kwamba tunafanya kazi katika mazingira yabadilikayo na kwa hiyo tunahitaji kuonyesha unyumbufu, kuendelea kubuni na kutumia njia fanisi na bora zaidi za kufanya kazi. Tumeendelea kushirikiana na wadau wetu mbalimbali kusimamia ipasavyo na kupunguza athari mbaya za uchumi katika nyanja mbalimbali za biashara. Tumetumia mikakati thabiti ya uwekezaji na tumeshirikiana na wateja wetu kutoa bidhaa mbadala zinazohakikisha thamani ya pesa zao.

Utawala na Usimamizi

Sambamba na dhamira yetu ya uwazi, uadilifu, na utawala bora wa shirika, Bodi ya Wakurugenzi ya CIC Insurance Group imetekeleza kwa bidii majukumu yake ya uangalizi katika kipindi cha mwaka mzima. Utawala unabaki mstari wa mbele katika shughuli zetu, ukiongoza kila uamuzi na hatua tunayochukua. Ikiongozwa na mfumo thabiti wa utawala, tumedumisha utamaduni wa uwajibikaji na majukumu katika ngazi zote za shirika.

Dhamira Yetu ya Uendelevu

Dhamira yetu kuwa na taratibu endelevu na za uwajibikaji katika biashara inaendelea kubaki pale pale. Tumeendelea kuchukua hatua za makusudi za kujumuisha ESG kwenye biashara. Tumetekeleza miundo ya utawala wa ESG, ikiwa ni pamoja na uanzishwaji na uendeshaji wa Kamati ya ESG, ili kujumuisha kanuni za ESG katika shughuli zetu. Kwa kutumia msingi huu, tuliunda Mkakati wa Ujumuishaji wa ESG na tukaendesha vikao vya kina vya mafunzo ili kusisitiza kanuni za ESG katika ngazi zote za shirika letu. Ili kuendeleza mipango yetu ya ESG, tulianzisha Mkondo wa Kazi wa ESG unaojumuisha Mabingwa wa ESG na Sekretarieti ya ESG. Pia tumejiandikisha na kushiriki kikamilifu katika programu za uendelevu za kimataifa, kama vile Mtandao wa Umoja wa Mataifa wa Global Compact Kenya na Azimio la Nairobi kuhusu Bima Endelevu.

Kupitia Taasisi ya CIC ambayo lengo lake ni kukuza fursa za elimu kwa watu wasio na uwezo, Kampuni iliweza kudhamini wanafunzi 88 kwenda shule za sekondari. Kundi la CIC pia limewekeza kwa kiasi kikubwa kwenye mafunzo na kujenga uwezo ndani ya harakati za Ushirika. Kwa lengo hili tulifanya mafunzo zaidi ya 40 katika mikoa mbalimbali nchini yanayowalenga viongozi na wanachama wa Ushirika. Kampuni pia ilishiriki katika hafla mbalimbali za gofu ya hisani.

Kudumisha ustawi wa sayari yetu pia ni kipaumbele chetu kutokana na athari za mabadiliko ya tabianchi zinazoonekana katika mataifa yote. Kundi linaendelea kufanya juhudi za makusudi katika programu za uhifadhi wa mazingira kama vile upandaji miti. Mwaka 2023 tulishiriki kwenye programu mbalimbali kama vile Shindano la kila mwaka la Msitu wa Kereita na zoezi la upandaji miti la Ushirika.

Mtazamo

Tunapotazamia siku zijazo, tunaendelea kuwa na dhamira na maono yetu ya kuwa mtoa huduma anayeongoza wa bima bunifu na suluhu za usimamizi wa mali katika kanda. Tutaendelea kuwekeza katika masuala ya kidijitali, kupanua bidhaa zetu, na kuimarisha uhusiano wetu na wadau wetu. Tunatazamia kupiga hatua kubwa katika kushughulikia pengo la ulinzi wa bima katika kanda kupitia suluhu ndogo za bima na ushirikiano na wadau muhimu kama vile Ushirika, Benki, mawakala na teknolojia za bima. Kwa pamoja, tutakabiliana na mazingira yanayobadilika, tutachangamkia fursa mpya na kuunda ustawi wa pamoja kwa wote.

Shukrani

Natoa shukrani zangu za dhati kwa Bodi ya Wakurugenzi, Afisa Mtendaji Mkuu wa Kundi letu, Mheshimiwa Patrick Nyaga na Bodi ya Menejimenti, pamoja na wafanyakazi wote, kwa juhudi zao zisizokoma za kukidhi mahitaji yabadilikayo ya wateja wetu. Jitihada zao na kujitoa kwao vimekuwa vitu muhimu katika kuhamasisha kampuni kufikia mafanikio.

Kwa niaba ya Bodi ya Wakurugenzi, ningependa pia kutoa shukrani zangu za dhati kwa wanahisa wetu, wateja, washauri, washirika wa kibiashara, wasambazaji na mamlaka za udhibiti kwa imani na msaada wao unaoendelea. Ni kupitia ushirikiano wenu tunaweza kufikia malengo yetu ya kimkakati na kuchochea ukuaji endelevu kwa manufaa ya wadau wote.

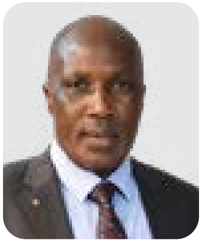
Asante.

Dkt. Nelson Kuria, OGW, MBS
Mwenyekiti, CIC Group

BOARD OF DIRECTORS

Dr. Nelson Kuria, OGW, MBS: Group Chairman

Dr. Nelson Kuria aged 70, joined the Board in September 2020 as an Independent Non- Executive Director and became the chairman on 29th June 2021. He holds a BA in Economics, MA in Leadership studies and an Executive Leadership training from Stanford Business School. Dr. Kuria has 37 years of experience in development finance and insurance. He entered the insurance industry in 1982 through Kenya National Assurance Company as an Assistant Manager where he rose to the position of Chief Manager -General Insurance Division and later also served as the General Manager in Gateway insurance Company. He was the CIC Insurance Group CEO from 2001 to 2015. Dr. Kuria is currently the Chairman of Smep Microfinance Bank, Kenya National Entrepreneurs Savings Trust, Institute of Directors of Kenya (IoDK) and African International University Council. He has also served as a Chairman of the Association of Kenya Insurers (AKI), Enwealth Financial Services, Deputy Chairman Federation of Kenya Employers and Board Member of many organizations both locally and internationally, notably; Kenya Reinsurance Corporation, Takaful Insurance of Africa, Kenyatta National Hospital, College of Insurance and the International Co-operative & Mutual Insurance Federation.



Mr. James Njue: Group Vice Chairman

Mr. James Njue aged 57, joined the Board in 2019. Mr. Njue represents Eastern Region based societies at the Co-operatives Insurance Society Limited. He is the Chairman of Nawiri Sacco Society. He is also a Director of Coop Holdings Co-operative Society and the Cooperative Bank of Kenya Ltd. Mr. Njue is a member of Board of Management for various schools in the Eastern Region. He holds a diploma in Business Management from the Kenya Institute of Management. He is also a member of the Institute of Directors of Kenya.

Patrick Nyaga: Group Chief Executive Officer

Mr. Patrick Nyaga, aged 56, joined the Company on 22nd June 2020, as the Group Chief Executive Officer. He holds a Master of Business Administration from Strathmore Business School and a Bachelor of Commerce Degree in Accounting from Nairobi University. He is a Certified Public Accountant (K) and a member of ICPAK. Mr. Nyaga has over 30 years of working experience mainly in Financial Services and Auditing. He has worked in various senior positions in the Banking sector. Prior to joining CIC Insurance Group Plc, he was the Group Finance and Strategy Director at Co-operative Bank of Kenya Limited. He previously worked at Barclays Bank now (ABSA) as the Regional Head of Assurance and at KPMG (EA), with the main focus being audit of financial institutions in Kenya and the regions. He is a member of the Institute of Directors of Kenya and has undertaken training in various disciplines among them Corporate Governance, Insurance, Banking, and Strategy among others.

Mr. Peter Nyigei: Director

Mr. Peter Nyigei aged 71, joined the Board in 2012. He is a Non- Executive Director representing Co-operative Insurance Society Ltd., a major shareholder. He is currently the secretary of Sinendet Tea Multipurpose Society and a director of Imarisha SACCO. Mr. Nyigei is a retired teacher and was also a principal. He served as a Programme Officer and a trainer in Early Childhood Education in Bomet, Nakuru, Baringo and Kericho Counties. The Director has undertaken General Insurance Business and several Corporate Governance trainings from Centre for Corporate Governance and Leadership Group. Director Nyigei is a member of the Institute of Directors of Kenya.

Mr. Gordon Owuor: Director

Mr. Gordon Owuor, aged 67, is a Non-Executive Director and representing Co-operative Insurance Society Ltd., a major shareholder. He is the Chairman of Jumuika (formerly Chemelil) Sacco, a member of the Nyanza Provincial Co-operative Development Team and a Member of the Institute of Directors- Kenya. He previously worked with the East African Fresh Water Fisheries Research Organization and currently is the chairman of Loyalty Refined Limited. He holds an executive Diploma in Financial Management. He has undertaken training in specialized Life Assurance Business Management conducted by LIMRA and several corporate governance training courses including from Centre for Corporate Governance and Leadership Group.

BOARD OF DIRECTORS *(continued)*

Mr. Michael Ondinya Wambia: Director

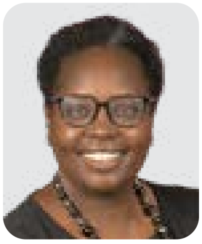
Mr. Michael Ondinya Wambia, aged 55, is a Non-Executive Director representing Co-operative Insurance Society Ltd. The Director also holds a diploma in Education Management from KEMI (Kenya Educational Management Institute) and is a Member of the Institute of Directors Kenya. He is the Chairman Maanisha Xane Growers Co- operative society. Director Wambia has undertaken training in specialized Life Assurance Business Management conducted by LIMRA. He has also undergone extensive training on Corporate Governance by International Finance Corporation (IFC), Centre for Corporate Governance and Leadership Group.

Dr. Rogers Kinoti: Director

Dr. Rogers Kinoti, aged 47, joined the Board as an Independent Non-Executive Director on 22nd July 2021. Dr. Kinoti has a wealth of experience in Investment Management and Finance having worked for over 19 years in various private and public financial institutions. Dr. Kinoti holds a PhD in Finance (JKUAT), Master of Arts in Economics and Bachelor of Arts (Economics) First Class Honors from the University of Nairobi. He is a Certified Public Accountant, CPA (K), a Certified Public Secretary, CPS (K) and a Financial Analyst, FA (K). He is a member of ICPAK, ICPSK and ICIFA. Dr. Kinoti is a lecturer at Riara University School of Business and served as the Independent Chairman of the Audit and Risk Committee of the Teachers Service Commission (TSC) until February 2023.

FCPA - Julius Mwatu: Director

FCPA Julius Waita Mwatu, aged 51, joined the Board as an independent Non-Executive Director on 1st April 2021. FCPA Mwatu holds a Master's in Business Administration (Finance) from the United States International University (USIU) Africa. He is the Managing Partner at CPJ & Associates (CPA-K) and has extensive experience in the accountancy profession spanning over 20 years specializing in Audit, Tax, Finance and Integrated Reporting. FCPA Mwatu is a past Chairman of the Institute of Certified Public Accountants of Kenya (ICPAK), sits in various boards and has vast board experience both locally and internationally, gained from the private sector, public sector, publicly listed entities, and non- profit & donor funded agencies.



CS Commissioner Sharon Kisire: Director

CS Commissioner Sharon J. Kisire aged 55, joined the Board on 4th August 2022 as an independent Non-Executive Director. She holds a Master's degree in Arts, a Diploma in Human Resources Management, and a PhD student at Strathmore University. She is a Certified Secretary (ICS), a Certified Executive Leadership Coach, a Certified Governance Auditor, and a Certified Emotional Intelligence Coach. The Director is currently a Commissioner at the Teachers Service Commission. She has previously worked as the General Manager, HR and Administration at Kenya pipeline Company, Director – Resources at Safaricom limited, Head, Human Capital at Kenya wildlife Service among others. Director Kisire is a Trustee at the Kenya Methodist University, Council member at African International University and the Chairman of the Board of HR professional Examinations. She is a member of Kenya Institute of Management, Institute of certified secretaries, and Institute of Directors of Kenya.

Ludia Rono: Director

Director Ludia Rono, age 58, joined the Group Board in June 2023 representing Co-operative bank of Kenya. She is currently the Director, Corporate and Institutional Banking Division at Co-operative bank of Kenya. She Holds a Master of Business Administration (MBA) Finance Option degree from University of Nairobi and a Bachelor of Commerce (Double Major in Accounts and Business Administration) degree from Daystar University. Director Ludia has also undergone high performance skills training for leaders from London Business School and she is also a Certified Executive Leadership Coach.

STATEMENT FROM THE GROUP CHIEF EXECUTIVE OFFICER

Dear Shareholders,

I am delighted to report another year of strong performance and results for CIC Insurance Group Plc. The Group reported a Profit Before Tax of Kshs 2.5 Billion for the year ended December 2023 compared to the profit before tax of Kshs 823 Million recorded in 2022 representing a 209% growth. Our insurance revenue grew by 23% from Kshs 20.7 Billion reported in 2022 to Kshs 25.4 Billion in 2023 while our balance sheet position continued to be strong with a growth of 16 % on our total assets from Kshs 43.5 Billion in 2022 to Kshs 50.3 Billion in 2023. The strong performance was driven by continued execution of our transformational initiatives focusing on customer experience, performance management, operational efficiency, digital transformation, research and innovation, cost competitiveness and debt management among others.

This being the first annual report to be released under the IFRS 17, as a Group we are pleased to note that while the standard has changed how we report, it has not had material impact on overall business strategy and growth trajectory. The standard provides consistent principles for all aspects of accounting for insurance contracts and removes existing inconsistencies that enables investors, analysts and others to meaningfully compare companies, contracts and industries. CIC Insurance Group Plc has adopted the IFRS 17 standard as of 1 January 2023 and comparative periods have been restated to reflect the application of the new accounting standard.

Overall Operating Environment

The global recovery from the COVID-19 pandemic and conflict in the Middle East remained slow and uneven within the reporting period. Despite economic resilience, the global activity still fell short of its pre-pandemic path. Kenya and most African markets were faced with various challenges ranging from unfavorable weather patterns to high inflation, high interest rates and weakened currencies.

The insurance penetration rate has continued to be low both in Kenya and in the region. While we have experienced some growth in total industry revenues the penetration level is still low relative to the global average. As at December 2022, the insurance penetration rate in Kenya increased to 2.29 percent, up from 2.25 percent in the preceding year. Uganda's insurance penetration improved by 0.08% from 0.796% in 2021 to 0.876% in 2022. The penetration in Malawi stood at 2.5% as at December 2022. This provides opportunity for the industry players to continue to innovate solutions that enhance simplicity of insurance products and build trust.

CIC Group Financial Performance Overview

The Group registered a strong performance across the various subsidiaries with an Insurance revenue growth of 23% from KShs.20.7 Billion in 2022 to KShs.25.4 Billion in 2023 driven by growth in most of the group's business lines. The increase in insurance revenue was mainly driven by new business acquisitions as well as optimal pricing of risks. The insurance service expense grew by 21% in line with growth in underwritten risks. Other operating expenses increased from Kshs 1.3 Billion to Kshs 1.5 Billion, a 10% increase in line with the overall business growth. The Group recorded a profit before tax of Kshs 2.5 Billion, up from a profit before tax of Kshs 0.8 Billion in 2022. This was largely attributed to the growth in insurance revenue and improved investment income during the year. The group's total assets grew by 16% from Kshs 43.5 Billion in 2022 to Kshs 50.3 Billion in line with the growth in businesses.

Kenya Subsidiaries

General Insurance Business; Insurance revenue was reported at 15.5 Billion being 21% growth from prior year restated at 12.8 Billion while Profit before tax reported a 55% growth to close at Kshs. 1.4 Billion from the restated Kshs. 892 Million reported in the year 2023. The company further reported a 24% Return on Equity growing from 10% ROE reported in the prior.

CIC Life Assurance; The Company reported KShs. 6.7 Billion insurance revenue being 22% growth from prior year. This was as a result of increase in new business in the year which resulted to notable 33% growth in Group Credit portfolio. The profit before income tax was KShs 1.3 Billion being 433% growth from prior year's loss before tax KShs 378 Million.

CIC Asset Management; The company's assets under management grew by 15% to Kshs 146 Billion up from Kshs 127 Billion in 2022, profitability rose 10% year-on-year, while our customer-centric approach was clearly demonstrated by the 30% climb in our client base.

Regional Subsidiaries

The performance of regional subsidiaries has continued to improve with a contribution of 13% to the insurance revenue of the Group during the period. CIC Uganda insurance revenue grew by 30% while CIC South Sudan grew by 70% and CIC Malawi grew by 19%. This growth comes at the backdrop of various challenges experienced in these countries.

Malawi witnessed a significant devaluation of its currency, the Malawi Kwacha (MWK) which has had far-reaching impacts on the business including decreased value of assets and increased cost of claims. The hyperinflation and the volatility of the local currency in South Sudan has also continued to impact business. The opportunity for growth in these countries is however immense necessitating a move towards innovation and strategic partnerships to grow product offering while enhancing operational efficiency. We have continued to invest on product offering expansion within our regional business which has been reflected in the revenue growth.

Strategy

We continued to drive our transformation strategy across all our businesses, with key focus in the year 2023 centered on the functional structure across the Group enabling proper alignment of roles which results to team synergies and enhanced productivity. We have also implemented various culture transformation initiatives geared at entrenching high performance culture. Digital transformation is another key pillar within our strategy. We have undertaken a maturity assessment and developed an implementation road map. We continue to adopt various technologies including Artificial intelligence (AI) in a bid to enhance efficiency in our business processes. The other key area of focus for the Group has been on balance sheet optimization to ensure that all our businesses are optimally capitalized. Disposal of Phase 1 of Kiambu property is progressing very well and are looking to finalize this even as we target our other land property in Kajiado.

Looking forward we are focusing on product innovation to ensure alignment of our offerings to the dynamic customer needs and preferences as well as implementation of a robust digital transformation strategy that will not only focus on on-boarding emerging technologies but also a re-imagining our business processes and model to ensure seamless customer experience. We are also looking at product offering expansion for our regional business to cover individual life, medical and asset management.

The Cooperatives remain integral to our business strategy and we look at strengthening our partnerships in this space to offer personalized solutions targeting the individual members as well as the institutions.

Value Creation

In our pursuit of holistic value creation at CIC Insurance Group, we recognize the pivotal role played by the six capitals in our operations. These capitals i.e. financial, intellectual, human, manufactured, social and relationship, and natural, are essential resources and relationships that drive sustainable growth and stakeholder prosperity. Together they represent stores of value that are the basis of an organization's value creation.

Throughout the year, we have prioritized the optimization of these capitals to uphold responsible business practices and foster long-term value creation. From maintaining an optimal level of financial capital to investing in intellectual capital through innovation and strategic partnerships, we have remained committed to enhancing our capabilities and offerings. Furthermore, our engagement with communities and industry peers, coupled with our commitment to responsible competition practices, has strengthened our social and relationship capital. Our microinsurance products, partnerships with the International Co-operative and Mutual Insurance Federation (ICMIF), co-operatives, schools, churches, and banks and a 22% growth in digital interactions highlight our commitment to societal engagement and customer satisfaction. Our agents and brokers' partnerships grew from 5,080 in 2022 to 6,862 in 2023. By investing in social and relationship capital, we have built trust, fostered mutual understanding, and created shared value for all stakeholders. Our customer satisfaction index improved to 83% as of Q4 2023 from 80% in the same period during the previous year whereas our brand grew by 63% being the fastest growing brand in 2023.

Our focus on human capital, reflected in our investment in employee development and welfare, has resulted in a resilient and high-performing workforce. We have invested in professional development, fostered diversity and inclusion, and implemented wellness programs. For instance, we conducted extensive training in leadership, ESG and climate change, among other areas, supporting our 793 employees' growth and well-being.

Additionally, strategic investments in manufactured capital, such as technological enhancements and infrastructure upgrades, have enhanced our operational efficiency and customer experiences. Lastly, our dedication to preserving and enhancing natural capital through sustainable practices and conservation efforts underscores our commitment to environmental stewardship. Through these initiatives, partnerships, and investments, we continue to drive value creation while ensuring the well-being of all stakeholders and the sustainability of our operations for generations to come.

Risk Management

Risk management is an integral part of our organizational culture and strategic implementation. The Board has laid a strong foundation to embed risk management across all our operations, ensuring that strategy setting, execution, and operations are all driven by robust risk governance. Through continuous awareness of the risk environment, comprehensive risk identification, assessment, and accurate measurement, we ensure that risks are adequately treated and monitored against established risk tolerance limits. Our approach to risk management has a three-line defense model, ensuring ownership, accountability, and resilience across the organization. Furthermore, our proactive response to key risks demonstrates our commitment to building a resilient and sustainable business. Through strong controls, compliance frameworks, and strategic investments, we mitigate risks, capitalize on opportunities, and safeguard the interests of our stakeholders.

Outlook

We are focused on maintaining the business growth trajectory while at the same time progressively building a socially responsible and sustainable business. The leadership remains confident and committed to delivering our strategy and forging strong business partnerships with various stakeholders across the markets that are aligned to our business strategy.

Acknowledgements

I extend heartfelt gratitude to our loyal customers for their unwavering support and trust in the Group. To the dedicated members of the CIC team, your unwavering commitment to duty and exceptional service have been instrumental in driving the successful implementation of our strategy and achieving notable performance outcomes. A special acknowledgment goes out to our partners, whose steadfast support has been pivotal in our journey of transformation. With optimism, I anticipate even greater achievements in 2024 and beyond.

Lastly, I express profound appreciation to the Board of Directors, under the leadership of Chairman Dr. Nelson Kuria, for their guidance and leadership.

Thank you.

Patrick Nyaga
Group Chief Executive Officer

UJUMBE KUTOKA KWA MKURUGENZI MTENDAJI

Wapendwa Wanahisa,

Nina furaha kuripoti mwaka mwingine wa utendaji na matokeo mazuri kwa CIC Insurance Group Plc. Kundi liliripoti Faida Kabla ya Kodi ya Kshs. Bilioni 2.5 kwa mwaka ulioishia Disemba 2023 ikilinganishwa na faida kabla ya kodi ya Kshs. Milioni 823 iliyorekodiwa mwaka 2022 ikiwakilisha ukuaji wa 209%. Mapato yetu ya bima yalikua kwa 23% kutoka Kshs. Bilioni 20.7 yaliyoripotiwa mnamo 2022 hadi Kshs. Bilioni 25.4 mnamo 2023 wakati msimamo wa kitabu chetu cha mizania uliendelea kuwa thabiti ukiwa na ukuaji wa 16% ya jumla ya mali zetu zote kutoka Kshs. Bilioni 43.5 mnamo 2022 hadi Kshs. Bilioni 50.3 mnamo 2023. Utendaji thabiti ulisababishwa na utekelezaji endelevu wa programu zetu za mabadiliko zinazozingatia uzoefu bora kwa wateja, usimamizi wa utendaji, ufanisi wa utendaji, mabadiliko ya kidijitali, utafiti na uvumbuzi, ushindani katika gharama na usimamizi wa madeni miongoni mwa mengine.

Hii ikiwa ripoti ya kwanza ya mwaka kutolewa chini ya IFRS 17, kama Kundi, tunafurahi kutambua kwamba ingawa kiwango kimebadilika jinsi tunavyoripoti, hakijawa na athari kubwa kwa mkakati wa jumla wa biashara na mwelekeo wa ukuaji. Kiwango hiki kinatoa kanuni thabiti kwa nyanja zote za uhasibu wa mikataba ya bima na kuondoa tofauti zilizopo ambazo zinawezesha wawekezaji, wachambuzi na wengine kulinganisha kwa usahihi makampuni, mikataba na sekta. CIC Insurance Group Plc ilianza kutumia kiwango cha IFRS 17 kuanzia tarehe 1 Januari 2023 na vipindi vya ulinganisho vimerejeshwa tena ili kuonyesha matumizi ya kiwango kipya cha uhasibu.

Mazingira ya Jumla ya Uendeshaji

Uimarikaji wa kimataifa kutokana na janga la COVID-19 na mgogoro wa Mashariki ya Kati umekuwa wa taratibu na usio na usawa ndani ya kipindi cha utoaji ripoti. Licha ya ustahimilivu wa kiuchumi, shughuli za kidunia bado hazikuweza kufikia hali yake ya kabla ya janga. Kenya na masoko mengi ya Afrika yalikabiliwa na changamoto mbalimbali kuanzia hali mbaya ya hewa hadi mfumuko wa bei uliokithiri, viwango vya juu vya riba na sarafu zilizodhoofika.

Kiwango cha upenyo wa bima kimeendelea kuwa chini nchini Kenya na katika ukanda. Ingawa tumepata ukuaji fulani katika mapato ya jumla ya sekta, kiwango cha kupenya bado kiko chini ikilinganishwa na wastani wa kimataifa. Kufikia Disemba 2022, kiwango cha kupenya kwa bima nchini Kenya kiliongezeka hadi asilimia 2.29, kutoka asilimia 2.25 mwaka uliopita. Upenyaji wa sekta ya bima Uganda uliboreka kwa 0.08% kutoka 0.796% mwaka 2021 hadi 0.876% mwaka 2022. Upenyaji nchini Malawi ulisimama katika 2.5% kufikia Disemba 2022. Hii inatoa fursa kwa wadau wa sekta hii kuendelea kubuni suluhu ambazo zinaongeza urahisi wa bidhaa za bima na kujenga uaminifu.

Muhtasari wa Utendaji wa Kifedha wa CIC Group

Kundi lilisajili utendaji mzuri katika matawi mbalimbali na ukuaji wa mapato ya Bima wa 23% kutoka Kshs. Bilioni 20.7 mwaka 2022 hadi Kshs. Bilioni 25.4 mwaka 2023 unaotokana na ukuaji katika biashara mbalimbali za kundi. Ongezeko la mapato ya bima, kwa sehemu kubwa lilisababishwa na ununuzi mpya wa biashara pamoja na upangaji bora wa bei. Gharama ya huduma za bima ilikua kwa 21% kulingana na ukuaji katika tathmini za hatari. Gharama nyingine za uendeshaji ziliongezeka kutoka Kshs. Bilioni 1.3 hadi Kshs. Bilioni 1.5, ongezeko la 10% kulingana na ukuaji wa jumla wa biashara. Kundi lilirekodi faida kabla ya kodi ya Kshs. Bilioni 2.5, kutoka faida kabla ya kodi ya Ksh. Bilioni 0.8 mwaka 2022. Hii kwa kiasi kikubwa ilihusishwa na ukuaji wa mapato ya bima na mapato ya uwekezaji yaliyoboreshwa katika mwaka. Jumla ya mali za kikundi zilikua kwa 16% kutoka Ksh. Bilioni 43.5 mwaka 2022 hadi Ksh. Bilioni 50.3 sambamba na ukuaji wa biashara.

Mashirika Tanzu ya Kenya

Biashara ya Bima za Kawaida; Mapato ya bima yaliripotiwa kuwa (Ksh.) Bilioni 15.5 ikiwa ni ukuaji wa 21% kutoka mwaka uliopita yaliyorekebishwa kuwa (Ksh.) Bilioni 12.8 wakati Faida kabla ya kodi iliripoti ukuaji wa 55% kufunga kwa Ksh. Bilioni 1.4 kutoka kwenye Ksh. Milioni 892 zilizorekebishwa zilizoripotiwa katika mwaka wa 2023. Kampuni pia iliripoti ROE ya 24% ikiongezeka kutoka 10% ya ROE iliyoripotiwa hapo awali.

Bima ya Maisha ya CIC; Kampuni iliripoti mapato ya bima ya KSh. Bilioni 6.7 ikiwa ni ukuaji wa 22% kutoka mwaka uliopita. Hii ilitokana na ongezeko la biashara mpya katika mwaka ambao ulisababisha ukuaji mkubwa wa 33% katika Jalada la Mikopo la Kundi. Faida kabla ya kodi ya mapato ilikuwa KSh.

Bilioni 1.3 ikiwa ni ukuaji wa 431% kutoka hasara ya mwaka uliopita kabla ya kodi ya KSh. Milioni 378.

Usimamizi wa Mali za CIC; Mali za kampuni zilizo chini ya menejimenti zilikua kwa 15% hadi Ksh. Bilioni 146 kutoka Ksh. Bilioni 127 mnamo 2022, faida iliongezeka kwa 10.4% mwaka-hadi-mwaka, huku mbinu yetu ya kuzingatia wateja ikionyeshwa wazi kwa ongezeko la 30% la wateja wetu.

Mashirika Tanzu ya Kikanda

Utendaji wa kampuni tanzu za kikanda umeendelea kuimarika kwa mchango wa 13% kwenye mapato ya bima ya Kundi katika kipindi hicho. Mapato ya bima ya CIC Uganda yalikua kwa 30% huku CIC Sudan Kusini ilikua kwa 70% na CIC Malawi ilikua kwa 19%. Ukuaji huu unakuja ilhali kukiwa na changamoto mbalimbali zilizotokea kwenye nchi hizi.

Malawi ilishuhudia kushuka kwa thamani kwa sarafu yake, Kwacha ya Malawi (MWK) ambayo imekuwa na athari kubwa kwa biashara ikiwa ni pamoja na kupungua kwa thamani ya mali na kuongezeka kwa gharama za madai. Mfumuko wa bei uliokithiri na ubadilikaji badilikaji wa sarafu ya Sudani Kusini umeendelea kuathiri biashara. Fursa ya ukuaji katika nchi hizi hata hivyo ni kubwa sana inayohitaji hatua kuelekea uvumbuzi na ushirikiano wa kimkakati ili kukuza utoaji wa bidhaa huku ikiongeza ufanisi wa uendeshaji. Tumeendelea kuwekeza kwenye upanuzi wa manufaa ya bidhaa ndani ya biashara yetu ya kikanda ambayo imeonekana katika ukuaji wa mapato.

Mkakati

Tuliendelea kupigia debe mkakati wetu wa mabadiliko katika biashara zetu zote, huku lengo kuu la mwaka 2023 likizingatia muundo wa utendaji katika Kundi lote likiwezesha uoanishaji sahihi wa majukumu ambayo husababisha ushirikiano wa timu na uzalishaji ulioimarishwa. Pia tumetekeleza programu mbalimbali za mabadiliko ya utamaduni zinazolenga kuimarisha utamaduni wa utendaji wa hali ya juu. Mabadiliko ya kidijitali ni nguzo nyingine muhimu ndani ya mkakati wetu. Tumefanya tathmini ya ukomavu na kutengeneza mkakati wa utekelezaji. Tunaendelea kutumia teknolojia mbalimbali ikiwemo Akili Unde (AI) katika jitihada za kuongeza ufanisi kwenye michakato yetu ya biashara. Eneo lingine muhimu la kuzingatia kwa Kundi limekuwa kwenye uboreshaji wa kitabu cha mizania ili kuhakikisha biashara zetu zote zina mitaji mikubwa. Uondoaji wa Awamu ya 1 ya jengo la Kiambu unaendelea vizuri sana na tunatarajia kukamilisha hili hata tunapolenga ardhi yetu nyingine huko Kajiado.

Kwa huko mbeleni, tutazingatia uvumbuzi wa bidhaa ili kuhakikisha uwiano wa bidhaa zetu kwa mahitaji na mapendeleo ya wateja yabadilikayo pamoja na utekelezaji wa mkakati thabiti wa mabadiliko ya kidijitali ambao hautazingatia tu teknolojia zinazoibuka bali pia kufikiria upya michakato na muundo wetu wa biashara ili kuhakikisha huduma rahisi kwa wateja. Pia tunaangalia upanuzi wa manufaa ya bidhaa kwa ajili ya biashara yetu ya kikanda ili kushughulikia bima binafsi ya maisha, matibabu na usimamizi wa mali.

Mashirika yanabaki kuwa muhimu kwa mkakati wetu wa biashara na tunaangalia kuimarisha ushirikiano wetu katika eneo hili ili kuyapa suluhu mahsusi zinazowalenga wanachama binafsi pamoja na taasisi.

Uundaji wa Thamani

Katika harakati zetu za kuunda thamani kamilifu ndani ya CIC Insurance Group, tunatambua jukumu muhimu la mitaji mikuu sita katika shughuli zetu. Mitaji hii mikuu yaani ya kifedha, kiakili, kibinadamu, viwanda, kijamii na kimahusiano, pamoja na asili, ni rasilimali na mahusiano muhimu ambayo yanasababisha ukuaji endelevu na ustawi wa wadau. Kwa pamoja zinawakilisha hazina ya thamani ambayo ni msingi wa uundaji wa thamani wa shirika.

Kwa mwaka wote, tumeweka kipaumbele uboreshaji wa mitaji hii mikuu ili kudumisha taratibu nzuri za biashara na kukuza uundaji wa thamani ya muda mrefu. Kuanzia kudumisha kiwango bora cha mtaji wa fedha hadi kuwekeza katika mtaji wa kiakili kupitia uvumbuzi na ushirikiano wa kimkakati, tumeendelea kujitoa katika kuongeza uwezo na bidhaa zetu. Zaidi ya hayo, ushirikiano wetu na jamii na wenzetu ndani ya sekta, pamoja na dhamira yetu ya taratibu nzuri za ushindani, imeimarisha mtaji wetu wa kijamii na kimahusiano. Bidhaa zetu ndogo ndogo za bima, ushirika na International Co-operative and Mutual Insurance Federation (ICMIF), mashirika, shule, makanisa, na benki na ukuaji wa 22% katika mwingiliano wa kidijitali unaonyesha dhamira yetu katika ushiriki wa jamii na kuridhika kwa wateja. Ushirikiano wa mawakala na madalali wetu ulikua kutoka 5,080 mwaka 2022 hadi 6,862 mwaka 2023. Kwa kuwekeza katika mtaji wa kijamii na kimahusiano, tumejenga uaminifu, kukuza uelewa wa pamoja, na kuunda thamani ya pamoja kwa wadau wote. Fahirisi yetu ya ridhiko la wateja iliboreshwa hadi 83% kufikia Q4 2023 kutoka 80% katika kipindi kama hicho kwa mwaka uliopita ambapo chapa yetu ilikua kwa 63% ikiwa chapa inayokua kwa kasi zaidi mnamo 2023.

Uzingativu wetu juu ya mtaji wa binadamu, unaakisiwa katika uwekezaji wetu kwenye maendeleo na ustawi wa wafanyakazi, umesababisha nguvu kazi thabiti na ya hali ya juu. Tumewekeza katika maendeleo ya kitaaluma, kukuza uanuwai na ujumuishaji na kutekeleza mipango ya ustawi. Kwa mfano, tulifanya mafunzo ya kina ya uongozi, ESG na mabadiliko ya tabianchi, kati ya maeneo mengine, tukisaidia ukuaji na ustawi wa wafanyakazi wetu 793.

Zaidi ya hayo, uwekezaji wa kimkakati katika mtaji wa viwanda, kama vile uboreshaji wa kiteknolojia na usasishaji wa miundombinu, umeongeza ufanisi wetu wa utendaji na uzoefu bora kwa wateja. Mwisho, kujitoa kwetu katika kuhifadhi na kuboresha mtaji wa asili kupitia taratibu endelevu na juhudi za uhifadhi mazingira kunasisitiza kujitoa kwetu katika usimamizi wa mazingira. Kupitia programu hizi, ushirikiano, na uwekezaji, tunaendelea kuchochea uundaji wa thamani huku tukihakikisha ustawi wa wadau wote na uendelevu wa shughuli zetu kwa vizazi vijavyo.

Udhibiti wa Hatari

Udhibiti wa hatari ni sehemu muhimu ya utamaduni wetu wa shirika na utekelezaji wa kimkakati. Bodi imeweka msingi thabiti wa kupachika udhibiti wa hatari katika shughuli zetu zote, kuhakikisha kuwa uwekaji wa mikakati, utekelezaji, na shughuli zote zinaendeshwa na kanuni thabiti za udhibiti wa hatari. Kupitia uelimishaji endelevu wa mazingira ya hatari, utambuzi yakinifu wa hatari, tathmini, na vipimo sahihi, tunahakikisha kuwa hatari zinashugulikiwa ipasavyo na kufuatiliwa dhidi ya mipaka iliyowekwa ya uvumilivu wa hatari. Mtazamo wetu katika udhibiti wa hatari una muundo wa safu tatu za ulinzi, kuhakikisha umiliki, uwajibikaji, na ustahimilivu katika shirika lote. Zaidi ya hayo, muitikio wetu thabiti kwa hatari kubwa unaonyesha dhamira yetu ya kujenga biashara thabiti na endelevu. Kupitia vidhibiti thabiti, mifumo ya kufuata masharti, na uwekezaji wa kimkakati, tunapunguza hatari, kutumia fursa vizuri, na kulinda maslahi ya wadau wetu.

Mtazamo

Tunalenga kudumisha mwelekeo wa ukuaji wa biashara na wakati huo huo tunajenga biashara inayojali jamii na iliyo endelevu. Uongozi unaendelea kuwa na imani na una dhamira ya kufanikisha mkakati wetu na kuunda ushirikiano thabiti wa kibiashara na wadau mbalimbali katika masoko yote ambayo yanaendana na mkakati wetu wa biashara.

Shukrani

Ninatoa shukrani za dhati kwa wateja wetu waaminifu kwa uaminifu wao usioyumba na imani na msaada wao kwa Kundi. Kwa wanachama waliojitoa wa timu ya CIC, dhamira yenu thabiti kwa wajibu na huduma ya kipekee imekuwa muhimu katika kuchochea utekelezaji mzuri wa mkakati wetu na kufikia matokeo ya utendaji yanayoonekana. Shukrani maalumu ziwaendee washirika wetu, ambao msaada wao thabiti umekuwa muhimu katika safari yetu ya mabadiliko. Kwa matumaini, ninatarajia mafanikio makubwa zaidi mwaka 2024 na kuendelea.

Mwisho, naishukuru sana Bodi ya Wakurugenzi, chini ya uongozi wa Mwenyekiti Dkt. Nelson Kuria, kwa mwongozo na uongozi wao.
Asante.

Patrick Nyaga
Afisa Mtendaji Mkuu wa Kundi la Makampuni

SENIOR MANAGEMENT

Patrick Nyaga

Mr. Patrick Nyaga, aged 56 is the Group Chief Executive Officer. He holds a master of Business Administration from Strathmore Business School and a Bachelor of Commerce Degree in Accounting. He is a Certified Public Accountant (K) and a member of ICPAK. Mr. Nyaga has over 30 years working experience mainly financial services and auditing. He has worked in various senior positions in banking. Prior to joining CIC Group Ltd he was the Group Finance and Strategy Director- at Co-operative Bank of Kenya Limited. He previously worked at Barclays Bank now (ABSA) as the Regional Head of Assurance and at KPMG (EA), with the main focus being audit of financial institutions in Kenya and the region. He is a member of the Institute of Directors of Kenya and has undertaken training in various disciplines among them Corporate Governance courses, Insurance, Banking, and Strategy among others.

Philip Kimani

Mr. Philip Kimani aged 43, is the CIC Group Chief Finance Officer. Philip holds a Master of Science in Professional Accountancy from University of London and Bachelor of Commerce Degree in Accounting. He is a Certified Accountant and Member of The Association of Chartered Certified Accountants. Philip has over seventeen years of experience mainly in the Insurance Sector. Prior to joining CIC Group, he was the Chief Finance Officer & Principal Officer for Jubilee Insurance Company. He previously held Senior Management roles at Resolution Insurance, WPP Scan group and PricewaterhouseCoopers where he began his career. He has a wealth of experience in Strategic planning, Investment management, Financial and Risk Management.

Fred Ruoro

Mr. Fred aged 44, is the Managing Director CIC General Insurance Ltd. He holds a bachelor's degree in Mathematics & Physics from The University of Nairobi. In addition, he is a senior Certified Insurance Professional from the Australian & New Zealand Institute of Insurance and Finance and is a Fellow of the Life Management Institute. Fred holds Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA). Prior to joining CIC, he was the Managing Director of First Assurance Company Ltd. He is a member of good standing of the Insurance Institute of Kenya (IIK).

Humphrey Gathungu

Mr. Humphrey Gathungu aged 47, is the Managing Director of CIC Asset Management Limited. He holds a Master's Degree (MBA) in Global Business Management, USIU and a Bachelor of Science in International Business from the same University. Mr. Humphrey is a CFA Charter holder, a Certified Public Accountant (K) and a member of ICIFA. Mr. Humphrey has over twenty-four years' experience in the Financial Services sector, thirteen of which have been in leadership roles. He has vast experience in Asset Management, Private Equity and Corporate Finance. Prior to joining CIC Group, he was the Chief Executive Officer Jubilee Financial Services. Earlier on, he worked as the Chief Investment Officer at Stanlib Africa.

Meshack Miyogo

Mr. Meshack Miyogo aged 41, is the Managing Director CIC Life Insurance Ltd. He holds a Bachelor's Degree in Education Arts (Major in Economics and Business Studies) from Egerton University. In addition, he holds a Senior Leadership Development Programme Certificate from the University of Stellenbosch Business School South Africa, Post Graduate Degree (MBA) in Marketing from Daystar University. He also holds a Diploma in Insurance (AIIK) from the College of Insurance. He is an Associate Member of the Institute of Insurance Kenya (IIK) in good standing. His experiences cuts across Banking and Insurance on Matters Sales Growth, Sales Management, business development, and Strategic Leadership.

SENIOR MANAGEMENT *(Continued)*

Eric Obila

Mr. Eric Obila aged 44, is the Managing Director for CIC Africa (U) Ltd. Eric joined CIC Group Ltd on 2nd August 2021. He has over fifteen years' experience in various leadership roles, mainly in the insurance sector. Erick holds a Bachelor of Science Degree in Applied Statistics from Maseno University and vast experience in business development, pension management and Life assurance. Prior to joining CIC Group, he was the Head of life and pension for Liberty Life assurance - Kenya. He has previously held Senior Management roles at CPF financial services, APA Life Assurance and Jubilee insurance. He brings a wealth of experience in business development and visionary leadership. He is currently pursuing a Master of Business Administration in Strategic Management from Jomo - Kenyatta University of Science and Technology. Erick is a member of the Institute of Insurance Kenya in good standing.

Julius Ndugire

Mr. Julius Ndungire aged 37, is the Managing Director for CIC Africa Insurance (SS) Ltd. He holds a Bachelor of Business Management (BBM), Risk Management & Insurance option, a Diploma in Insurance (DipCII) from The Chartered Insurance Institute, UK and is a graduate of the Programme for Management Development – PMD 2018 from Strathmore University Business School, Nairobi & Gordon Institute of Business Science (GIBS), University of Pretoria, South Africa having undergone various Insurance trainings at College of Insurance, ZEP RE Academy. He has held various positions within the Group and joined CIC in 2013 and is a current member of The Chartered Insurance Institute (CII) and a member of the Insurance Institute of Kenya (IIK).

Zachary Wambugu

Mr. Zachary Wambugu aged 47 years is the Acting Managing Director of CIC Africa Co-operatives Insurance, Malawi. He holds MBA in Strategic Management from Kenya Methodist University, Bachelors of Commerce Degree, Insurance Option from University of Nairobi and Certified Public Accountant II (CPA II) from Kenya Accountants and Secretaries Examinations Board. He is a Microinsurance Master, holds a Diploma in Insurance (AIIK) from the College of Insurance and is a member of good standing of the Insurance Institute of Kenya (IIK). He holds Leadership and Management Training Certificates from Strathmore Business School, International Leadership Institute (ILI), KPMG, International Leadership University (ILU) and Strategy Centre Africa. He has also undergone several trainings in Cooperatives from the Co-operative College of Kenya and Enterprise Risk Management from ProTechT Africa Consultants. He has wealthy of experience having joined CIC Group in 2002 and held various positions within the Group.

Gail Odongo

Ms. Odongo aged 51, is the Group Company Secretary. She is an Advocate of the High Court of Kenya holding a Bachelor of Laws ("LLB") Degree from the University of Liverpool and a Master of Business Administration ("MBA") from Salford University in the United Kingdom. Professionally Ms. Odongo is a Certified Public Secretaries ["CPS (K)"]. She holds a Post Graduate Diploma from the Kenya School of Law and has 14 years of experience in various capacities and industries ranging from Audit, Banking and Finance, Insurance and Legal. She is also a member of the Institute of Directors - Kenya.

Mwenda P. Itumbiri

Mwenda aged 49, is the Ag. Director, People and Culture. He holds a Bachelor of Science Degree (Biochemistry) from Egerton University, a Master of Business Administration, MBA (Human Resource Management) from the University of Nairobi, a Higher Diploma in Human Resource Management from the Kenya Institute of Management, KIM and Diploma in Insurance from the College of Insurance. Mr. Mwenda is also a Certified Quality Management Systems Lead Auditor with over 22 years Leadership and Management experience, 18 of which have been in Strategic HR Leadership. He is a full member of the Institute of Human Resource Management, MIHRM, the Kenya Institute of Management, MKIM, Insurance Institute of Kenya, AIIK and the Institute of Directors, Kenya, IOD. Mr. Mwenda has been in the insurance industry for the last 11 years. He joined CIC Insurance Group in 2012.

SENIOR MANAGEMENT *(Continued)*

Muyesu Luvai

Mr. Muyesu Luvai aged 45, is the Group Chief Internal Auditor. He is a Certified Public Accountant ("CPA (K)"), and a member of the Institute of Certified Public Accountants of Kenya ("ICPAK"), the Chartered Institute of Internal Auditors UK, the Institute of Internal Auditors, Kenya Chapter, as well as the Institute of Directors, Kenya. He holds a Bachelor of Commerce Degree from the University of Nairobi and a Master of Business Administration (MBA) Degree with a concentration in Employee Relations /Organisational Behaviour from the University of Leicester (UK). Mr. Luvai acted as CIC's Group Chief Financial Officer between February 2020 and June 2021 during a period of change in executive management. Before joining CIC in 2008, Mr. Luvai worked for Deloitte in the Audit & Assurance Division auditing a range of multi-national and local institutions. Prior to joining Deloitte, Mr. Luvai had a stint in the oil and gas industry working in the Finance Department of Dalbit Petroleum Limited.

Susan Robi

Ms. Susan Robi aged 45, is the General Manager Risk and Compliance. She is an Advocate of the High Court of Kenya holding a Bachelor of Laws(LLB) Degree from the Makerere University and a Masters in Law and Finance from Goethe University (Institute of law and Finance)in Frankfurt Germany. Professionally Ms. Robi holds a Post Graduate Diploma from the Kenya School of Law and has over 10 years of experience in various capacities and industries ranging from both Local and International Law Practice, Insurance, Finance, Pensions and Risk Management. Ms. Robi joined CIC Insurance Group Plc in 2011.

Henry Malmqvist

Mr. Henry Malmqvist aged 43, is the Group Chief Information Officer. He holds an MSc in Information Technology Management from the University of Salford (UK). He also holds a Post graduate Certificate from the University of Sunderland (UK) as well as certificates in Project Management, Business Continuity & Performance Management. Prior to joining he held similar leadership positions such as Group Chief Information officer (APA Insurance), Head of ICT & Infrastructure (Resolution Insurance) and Head of IT (G4S Kenya Ltd). He has over 20 years' experience in ICT both within Kenya and the East African Region. He joined CIC in 2015.

Richard Nyakenogo

Mr. Richard Nyakenongo aged 56, is the General Manager - Co-operatives. He holds a Bachelors of Commerce Degree from Egerton University and Masters in Business Administration from Mount Kenya University. He has a Diploma in Co-operative Management from the Co-operative College of Kenya and a certificate in Corporate Governance from Center for Corporate Governance. He also has LOMA-Associate & FLMI. Richard is an Associate Member of Insurance Institute of Kenya (AIIK), Member of Marketing Society of Kenya (MSK), Member of Institute of Directors of Kenya(IOD),a Certified Co- operative Professional (CCOP), and a Council Member of Kenya Society of Professional Cooperators(KSPC). He served as a member of the Taskforce on the implementation of the National Cooperative Policy. He was involved in the transformation of Sacco's form Back office to Front office (FOSA). He joined CIC in 1999.

Michael Mugo

Mr. Michael Mugo aged 53, is the General Manager - Branch Distribution. He joined the Group in 2003 as an Agency Manager in Ordinary life. He has a total of 25 years' experience in the Insurance industry. He has served the organization in various senior capacities including Sales Management, Corporate Affairs and Communication, Marketing and Strategy. He has undergone extensive training in the areas of leadership, Governance, and strategic management. He is the immediate former MD, CIC Africa (South Sudan) and played a prime role in the establishment of the subsidiary in South Sudan. Michael is a graduate of the Advanced Management Program (AMP) from Strathmore Business School, Lagos Business School and IESE, Barcelona. He holds an MBA degree from JKUAT with special focus on Strategy and Marketing. He is a Bed (Econ & Geog) graduate of Moi University. He has extensive training and experience in institutions and business enterprises. He is a member of the Institute Of Directors of Kenya, the institute of Customer Service of Kenya, MSK and LOMA.

SENIOR MANAGEMENT *(Continued)*

Salome Wambui

Ms. Salome aged 37, is the Group Actuary. She holds a BSc (Hons) in Actuarial Science, Masters in Economics (Econometrics) and is a Fellow of the Institute and Faculty of Actuaries (IFoA) in the UK. She is also a member of The Actuarial Society of Kenya (TASK). Salome joined CIC Insurance Group in 2014.

Peter Kibe

Mr. Peter aged 39, is the Acting Head of Marketing & Communication. He holds a Master of Science (MSc) in Marketing from the University of Nairobi, a Bachelor of Arts in Economics and Business Administration from Kenyatta University, and a Diploma in Information Systems Management (I.M.I.S). He is a member of the Chartered Institute of Marketing (CIM) and an active member of the Marketing Society of Kenya (MSK). Peter has over 15 years of distinguished success in the insurance and telecommunications industries. Since joining CIC Insurance Group in 2015, he has demonstrated expertise in developing and implementing integrated marketing strategies, enhancing brand equity, and driving business growth.

CELEBRATING
AKI AWARDS 2023

1st runner up
Company of the Year,
Group Life Best Practice.

2nd runner up
Innovation, Group Life Best
Practice award.

1st runner up
Highest Growth in Number
of Life Policies.

OUR STRATEGY FOR VALUE CREATION

Invest in CIC Dollar Fund

OUR CAPITALS

In our pursuit of holistic value creation process, we acknowledge the significance the six capitals hold in our operations. These capitals represent the diverse resources and relationships we steward, each playing an important role in driving sustainable growth and fostering stakeholder prosperity. The section below indicates how we optimize these capitals to fulfill our commitment to responsible business practices and long-term value creation.

We take a hands-on approach to overseeing the resources and relationships crucial to our operations, ensuring we generate lasting and ethical value for all stakeholders through our business model.

We have identified our capitals as financial capital, intellectual capital, human capital, manufactured capital, social & relationship capital as well as natural capital.

FINANCIAL CAPITAL

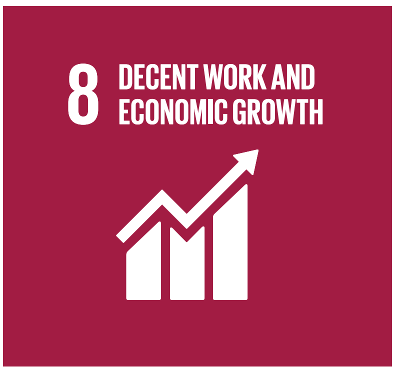
The cornerstone of our operations, financial capital represents the monetary resources enabling us to underwrite policies, invest in innovative solutions, and fulfill our commitments to policyholders. The Group has consistently maintained an optimal level of capital to support its strategic initiatives and ensure efficient operations, thereby creating value for our stakeholders.

In the year under review, the Companies Total assets stood at Kshs 50.3 Bn, the assets under management was at Kshs 146 Bn with a 29.5% market share. The retained earnings and other reserves as at the close of the reporting period was Kshs 4.9 Bn.

Through our insurance services, we provide a safety net for vulnerable communities shielding them from economic instability. As a business, we acknowledge our role in contributing to economic growth and poverty alleviation through tax payments. In 2023, we directly contributed Kshs 2.7 Bn in form of tax. Our payment to suppliers contributes to the economic resilience of our supply chain.

We promote inclusive hiring practices thus fostering a culture of diversity and inclusion within the organization as well as reduced inequalities. The total employee benefits in 2023 was Kshs 2.7 Bn.

Capital allocation policies and governance structures have been established to ensure the effective utilization of available capital. Through these practices we have optimized value to our stakeholders. The shareholders equity was at Kshs 7.6 Bn. The Group declared dividends payable to shareholders of Kshs. 345 Mn for the period ending 31 December 2023. The average return on Assets was 5.4% for 2023.



INTELLECTUAL CAPITAL

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Beyond tangible assets, our reputable brand, good reputation, innovation and strategic partnerships empower us to make informed decisions, enhance risk management strategies, and stay at the forefront of the insurance landscape

CIC boasts of 55 years of delivering insurance solutions with a highly innovative culture. During the year, CIC Rolled out one innovative travel insurance product offered through reinsurance and product partner MAPFRE that is under the pilot phase. In addition, we enhanced four products and services as below:

- The Golfers' insurance was enhanced to raise the coverage limit from a singular amount of Kshs 100,000 to a range of options starting from Kshs 100,000 and extending to Kshs 300,000, with increments of Kshs 50,000
- The Group mortgage cover was upgraded to expand its availability as a product for SACCOs and Cooperatives, now including a free cover limit, fire coverage, and domestic package policy.
- Enhanced the student personal accident cover for primary school children through a partnership with AAR, adding benefits like ambulance services and on-site emergency treatment.
- Improved the personal accident cover for Higher Education students by offering discounted rates when obtained through the institution

We remain committed to conducting thorough market research aimed at producing innovative solutions to the ever-changing needs of our stakeholders.

HUMAN CAPITAL

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

Our skilled and dedicated workforce, embodying the collective knowledge, expertise, and passion driving the company forward. Investing in professional development and fostering a positive workplace culture is vital to sustaining and growing our human capital.

CIC is an equal opportunity employer has a recruitment policy to guide the process of hiring that is regularly reviewed. The company demonstrates a deliberate commitment to enhancing employee skills through learning and development initiatives aimed at skill development and career management. The Framework for development of career progression guidelines helps in managing and transitioning employee careers, underscoring the company's investment in its workforce's professional growth and well-being.

The wellness programs organized for employees during the year included free health checkup during the customer service week, training on mental health, personality and self-awareness, emotional intelligence and ergonomics.

The professional training provided included but not limited to: leadership training, customer service, ESG reporting, Microinsurance, pension, Reinsurance and claims management, fraud detection, prevention and investigation, AML and combating financial crimes, technology, mediation, climate change, security intelligence, arbitration and corporate governance.

Additionally, the company implements a comprehensive performance management policy to govern performance appraisal and reward systems, ensuring fair and transparent evaluation processes. Moreover, the company aims to promote work-life balance and employee welfare as essential priorities within its organizational ethos. CIC Group is committed to fostering a diverse and inclusive workplace culture where all employees feel valued, respected, and empowered to contribute their best.

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

The Company has 793 Employees. Of these employees 52% were female and 48% were male. In 2023, the company invested Kshs 62 Mn in upskilling employee skills, knowledge and expertise, and on training and development programs.

By prioritizing our human capital, we have built a resilient and high-performing workforce that drives growth. There was a 19% increase in employee benefits compared to the previous year.

MANUFACTURED CAPITAL

The physical assets and infrastructure that enable our day-to-day operations, from technology systems to office facilities. Efficient management and strategic investments in manufactured capital are essential for ensuring operational resilience and agility in a rapidly evolving business landscape. We have 25 branches in Kenya and 3 regional offices with a robust investment in ICT infrastructure, Digital channels and apps.

The organization is able to withstand and mitigate cyber threats, safeguard sensitive data and maintain business continuity. This is enabled through our robust infrastructure where we have a virtualized environment to ensure high availability in case of an event and data replication to our Disaster Recovery site to guard against data loss as well as having threat detection & response tools within our environment.

Additionally, we have authentication & Access Control to ensure that all users are first authenticated before being granted access to respective company ICT resources. We have firewall, network segregation, endpoint data encryption, regular audits, penetration tests and intrusion detection systems in place to ensure robust cyber security enforcement.

We have continued to invest in technological enhancements to enhance our customer experience. Some of the key developments within the reporting period included:

- Revamp of the CIC Asset mobile App to introduce MPESA withdrawals and reinforcement of registration of accounts through online registration links for our investment customers. As of end of the FY 2023, the number of downloads had grown by 71%, withdrawals via the App grew by 215% and top-ups via the mobile App grew by 153% in comparison to previous period.

- We also implemented a medical mobile app (Medipal) that helps to track claims and the client and service provider portal for medical that allows the contact person to share membership via the system (addition, deletion and category change). At the end of the reporting period, we had onboarded 1,170 total users and 268 service provider portal users within the 1 year period post launch.
- Dawa mlangoni – which is a drugs delivery service at the client's doorstep has revolutionized the customer experience for our medical clients.

Through these strategic investments in technology and innovation, we have enhanced our operational efficiency, streamlined processes, and improved customer experiences.

SOCIAL & RELATIONSHIP CAPITAL

Building strong relationships with the communities we serve and with our industry peers. Our social capital reflects the trust and goodwill we cultivate, contributing to a positive corporate reputation, customer loyalty, and collaborations that benefit both society and our company. CIC Group strives to ensure the marketing and advertising practices adhere to ethical and responsible standards by avoiding false or exaggerated promises, providing adequate information and respecting customers.

We aim at providing tailored products to our customers. Our micro insurance product, specifically designed for low-income individuals signifies a step towards financial inclusivity. These include; ‚Kameza' product in Uganda which represents a family income benefit product characterized by remarkably low annual premiums. In the unfortunate event of the policyholder's demise, the full sum assured is disbursed, while a unique feature guarantees a 50% refund if no such eventuality occurs. The, 'Abwenzi' product launched in November 2022 in Malawi aims to provide health insurance to women and their families in rural areas of Malawi. By December 2023 we had recorded a growth of over 500% on the total number of lives covered on this product.

We aim to foster an environment of integrity, equity, and mutual respect within the marketplace. For this reason, we have made responsible competition practices integral to the company's operations by upholding principles of fair competition and demonstrating respect for our competitors and their products.

We have established several partnerships including but not limited to partnerships with:

- International Co-operative and Mutual Insurance Federation (ICMIF) to provide mutual insurance solutions.
- Co-operatives to offer insurance products and services as well as capacity building,.
- Schools and churches to market and exhibit our business and grow a wide relationship for business.
- Banks to provide banking and bancassurance services.

Our agents and brokers partnerships grew from 5,080 in 2022 to 6,862 in 2023. Claims paid grew from Kshs 12.9 Bn to Kshs 15.2 Bn in the year 2023, commission paid grew from Kshs 1.9 Bn to Kshs 2.4 Bn in 2023 while Kshs 11 Mn was invested in CSR up from Kshs 10 Mn in 2022.

In the year under review, we actively engaged with our communities through various initiatives, such as education and charity programs, environmental conservation projects, and support for vulnerable groups.

We provided 40 trainings to the senior management and board members of various co-operatives on risk management, CIC Coop care, digital lending and emerging trends, financial wellness and cyber security.

By investing in social and relationship capital, we have built trust, fostered mutual understanding, and created shared value for all stakeholders. Our customer satisfaction index improved to 83% as of Q4 2023 from 80% in the same period. There was a 22% growth in digital customer interactions.

Through continuous collaboration and stakeholder engagement, we strive to build relationships that contribute to our long-term success and the well-being of society as a whole.

NATURAL CAPITAL

As an insurance company, we understand the significant role that natural capital plays in mitigating risks, supporting economic activities, and enhancing societal resilience. We, therefore, strive to manage and mitigate our potential and actual negative impacts. Through sustainable practices, conservation efforts, and responsible resource management, we aim to preserve and enhance the natural capital that sustains our businesses. We continue to track our water and energy consumption. In 2023, we spent Kshs 23 Mn on office electricity expenses from Kshs 16 Mn in 2022 and Kshs 6 Mn on water bill expenses from Kshs 11 Mn in 2022. The Company undertook initiatives such as acquisition of a solar powered pump to pump water from our borehole to the reservoir tanks at Ushirika Gardens. Purchase of laptops as opposed to desktop computers, and the use of energy-efficient bulbs to reduce energy consumption among other initiatives.

We also participated in the Kereita forest challenge and the Ushirika tree planting exercise to promote biodiversity conservation.

Through these sustainable business practices and partnerships, we strive to protect and enhance natural capital for the benefit of current and future generations.

OUR STRATEGY

The Group continues to implement 2021-2025 strategic plan dubbed 'Recapturing CIC's transformation agenda' to steer the company toward growth and profitability. The main theme of our strategy is customer centricity which centers on putting our customer first and at the core of our business in order to provide a positive seamless experience and build long-term relationships. The transformation journey has encompassed a comprehensive approach targeting various aspects of our operations. We have focused on various transformation initiatives ranging from fostering a culture of excellence to enhancing operational efficiency through technology integration and embracing digitalization. Additionally, we are dedicated to upholding robust governance, risk management, and compliance standards to uphold the integrity and sustainability of our business practices. Together, these efforts will propel CIC Insurance Group toward a brighter future, characterized by resilience, growth, and continued success.

SUMMARY OF OUR VALUE CREATION PROCESS

Capitals	Inputs (Prior Period)	What we do to create value	Our Outputs-What we produce
Financial Capital	• Equity: 2022 - Kshs 7.4 Bn • Assets under management: 2022 - Kshs 127 Bn • Deposits admin: 2022 - Kshs 7.9 Bn • Cash and cash: 2022 - Kshs 3.8 Bn • EBITDA: 2022 - Kshs 1.5 Bn • Total assets: 2022 - Kshs 43.5 Bn	• Effective risk management • Compliance • Efficient Operations	• Return on equity: 2022 - 2.1%, 2023 - 19.2% • Return on assets: 2022 - 2.0%, 2023 - 5.4% • EPS: 2022 - 0.06, 2023 - 0.57 • Equity: 2023 - Kshs 7.6 Bn • Assets under management: 2023 - Kshs 146 Bn • Deposits admin: 2023 - Kshs 10.9 Bn • Cash and cash: 2023 - Kshs 4.9 Bn • EBITDA: 2023 - Kshs 3.3 Bn • Total assets: 2023 - Kshs 50.3 Bn
Intellectual Capital	• 55 years of delivering insurance solutions • Highly innovative culture • Risk management and actuarial expertise	• Efficient operations	• Implementation of innovative insurance products • Effective internal controls and risk management
Human Capital	• 734 Employees (Kenya and regional offices) • Kshs 23.4 Mn in 2022 and 62.0 Mn in 2023 spent on employee skills, knowledge and expertise • Cost above includes training and development programs • Employee well-being initiatives	• Operational efficiency • Healthy work environment • 18,203 online training hours completed in 2023 • 845 staff and agents trained during the year	• 793 staff in 2023 • 2022: Kshs 2.3 Bn, 2023: 2.7 Bn Employee salaries and bonuses
Manufactured Capital	• 25 branches in Kenya • 3 regional offices • Kshs 157 Mn in 2022 and Kshs 235 Mn in 2023 Investment in ICT infrastructure • Digital channels and apps. **18,203** Online training hours completed in 2023	• Robust IT systems	• Upgraded and efficient technological infrastructure • Well-maintained office facilities • Medical Mobile app-(Medipal)-Helps to track claims, reimbursement, members can view the nearest service provider, additions or deletions of dependents and also view utilization and benefits. • Client and service provider portal for Medical that allows the contact person share membership movement via the system (addition, deletion and category change) • Dawa mlangoni - Drug delivery at the client's doorstep. • Revamp of the CIC Asset App. • Integration with AA on the Motoring Assist. • Reinforcement of registration of accounts through online registration links for CICAM. • Introduction of MPESA withdrawals on the CICAM mobile App • Automation of withdrawal notification process for Pension

Outcomes/ How we create and preserve value for stakeholders	Stakeholders	Our strategies to improve outcomes
• 16% Growth in total assets • 23% Growth in insurance revenue • 0.51 Increase in EPS • 3.4% change in ROA and 17.1% change in ROE • 0.5% Return on AUM • Kshs 0.13 Dividends per share	• Shareholders • Customers • Regulators • Government institutions	• Operational efficiency through organizational review. • Cost reduction through digitization. • Innovative products and services.
• Rolled out one innovative insurance product in 2023 and enhanced four products and services	• Customers • Co-operatives • Society	• Continued market research to develop innovative solutions.
• 19% increase in employee benefit • 35% increase in the number of training hours for staff. • 22% increase in the number of staff trained	• Employees • Board of Directors	• Improved employee welfare and company culture. • Operational efficiency • Employee training and development programs
• 25 branches in Kenya • 3 regional offices	• Customers	• Continuous enhancement of our digital channels.

793

Staff in 2023

Capitals	Inputs (Prior Period)	What we do to create value	Our Outputs-What we produce
Social and Relationship Capital	• Over 5000 agents and brokers • Claims paid: Kshs 12.9 Bn in 2022 • Commission paid: Kshs 1.9 Bn in 2022 • CSR: Kshs 10 Mn in 2022 • Over 2 Mn lives covered • Engagement with other key stakeholders such as regulators • 26,528 corporate clients • 227,176 individual clients	• Operational efficiency • Co-operative Strategy • Customer Experience • Customer focus • 40 trainings undertaken by CIC to co-operatives • 7 customer experience trainings to all staff	• 6,862 agents and brokers • Customer Satisfaction index of 83% as at Q4 2023. • 88 students sponsored through the CIC Foundation education program • Kshs 2.7 Bn Tax paid to the government • Over 2.4 Million lives covered. • 28,733 corporate clients • 246,764 individual clients • Claims paid: Kshs 15.2 Bn in 2023 • Commission paid: Kshs 2.4 Bn in 2023 • CSR: Kshs 11 Mn in 2023
Natural Capital	• Office electricity expense Kshs 16 Mn in 2022 • Kshs 11 Mn Water bill expense in 2022 • Sustainable business practices	• Signatories to the Nairobi Declaration of Sustainable Insurance. • Signatories to the UN Global Compact Network Kenya Program	• Integration of ESG into our business. • Development and implementation of sustainable products and services. • 45% reduction in water consumption • Kshs 6 Mn Water bill expense in 2023 • Office electricity expense Kshs 23 Mn in 2023

750

Seedlings planted at Kereita Forest

55

Years of delivering insurance solutions

6,862

Agents and brokers

Outcomes/ How we create and preserve value for stakeholders	Stakeholders	Our strategies to improve outcomes
• Revenue growth and profitability • Improvement in CSI score to 83% • Centralized customer complaints • 22% growth in digital interactions • 8.3% growth in the number of corporate clients. • 8.6% growth in the number of individual clients	• Customers • Society • Co-operatives • Suppliers • Strategic alliances & partnerships	• Courtesy visits to customers and intermediaries • Monitoring of Service Level Agreements • Training • Product gap analysis • Implementation of the co-operatives strategy • Providing adequate information on our products
• Sponsorship to the Kereita Forest challenge where 750 seedlings were planted • Replacing dirty or clogged filters for the air conditioners, water dispensers, pump impellers, and genset filters with a clean one that lowers the energy consumption by 5% to 15% since the equipment functions at its peak efficiency, prolonging the life of the equipment and reducing the emissions. • Incorporating motion sensors in lighting systems lead to energy savings of up to 30–60% • Ushirika gardens project is solely powered by solar PV installation ,size 4000VA/4000Watts complete with 1 No. inverter and 14 Nos solar panels to power the office sockets and lighting • Security Solar flood lighting is made of 10 Nos. LED flood light each having power of 80W.	• Society • Employees • Suppliers	• Use of energy saving bulbs • Consideration for the hybrid pump that can use both electricity and solar to pump the water from the borehole to the reservoir tank-Ushirika Gardens • Purchase of laptops as opposed to desktop computers

30-60%

Energy savings by Incorporating motion sensors in lighting systems

22%

Growth in digital interactions

88

Students sponsored through the CIC Foundation education program

OUR KEY STAKEHOLDERS AND PARTNERS

As a group, we recognize the role of our stakeholders in shaping our journey and contributing to our shared success. We have identified our key stakeholders with a commitment to understanding and addressing the unique needs and expectations of each stakeholder group. Through proactive engagement and a commitment to transparency, we strive not only to meet but to exceed the expectations of our stakeholders on an ongoing basis, fostering a collective journey towards a sustainable and profitable business.

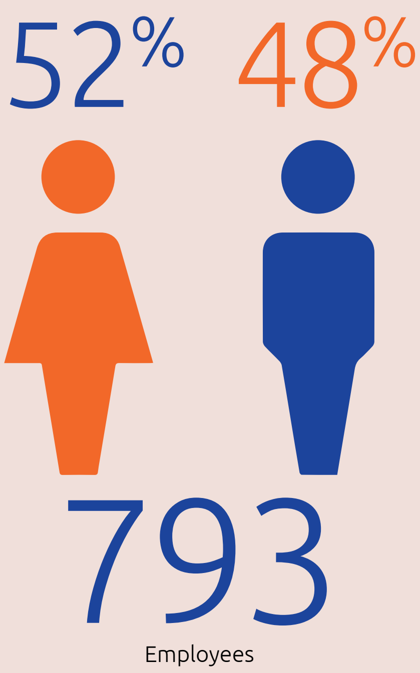
Our Stakeholder Categories

Stakeholder Category	Who they are at CIC	Identified Needs & Expectations	How we met the needs and expectations during the year
SHAREHOLDERS (OWNERS)	A shareholder is a person, company or institution that own shares in CIC Insurance Group Plc. Shareholders exercise their role as follows; i. Contribute capital. ii. Participate in AGMs • Approval of audited accounts • Election of directors • Approval of directors remuneration • Appointment of external auditors • Approval of dividends payment	• Strong financial performance • Maximum shareholder returns • Transparent information • Commitment to ESG principles • Frequent communication • Long term sustainable value	• 2023 Annual General Meeting • Investor briefings • Payment of dividends. • Transparent reporting through the annual integrated report, half and yearly publication of the financial statements. • Continuous effective communication through the CIC website and emails • Appointment of Directors. • Engagement of a dedicated share registrar to deal with shareholder queries. • An in-house investor relations team to deal with shareholder queries. • Recognition of availed proxy forms and voting rights • Addressed frequently asked questions and posted on the website. • Voting and appointment of an external auditor during the AGM.
CO-OPERATIVES	Co-operative entities play a significant role as key stakeholders of CIC Group. We engage with them in dual capacity both as shareholders and as customers. The Co-operative Insurance Society Limited owns 74.3% of CIC shareholding.	• Training and capacity building • Tailored coverage: insurance products that address their needs. • Responsive customer practices • Training and development • Community engagement • Collaborative partnerships	• Implementing the co-operatives strategy • Offered 40 training sessions to co-operatives • Supported Ushirika day celebration activities

74.3%

Co-operative Insurance Society Limited ownership of CIC shareholding.

Stakeholder Category	Who they are at CIC	Identified Needs & Expectations	How we met the needs and expectations during the year
BOARD OF DIRECTORS	The Board of Directors is the Governing body that sets strategy and offers oversight. The role of the board includes the following: i. Defining the Mission, Vision, Values statements of the company. ii. Ensure growth and long-term sustainability. iii. Organization strategic oversight. iv. Performance management v. Manage shareholder expectations and reputational risk. vi. Ensure good governance and deepen the trust placed in the Company and its brand.	• Regular and accurate financial reports. • Adherence to relevant laws and regulations. • Proactive exploration and pursuit of strategic opportunities to enhance the company's position in the market. • Effective implementation of the Company's strategy • Positive relationships with key stakeholders. • Integration of sustainable and responsible business practices into company operations	• Accurate statutory reporting. • Approval of six policies during the year. • Annual Board Retreat • Annual Board Evaluation • 17 board training • 3 board Induction sessions • Institute of Directors membership • Setting Board KPIs • Compensation Package & Benefits • Maintaining the conflicts and interests register • Regular communication through the e-board system, SMS Alert, phone calls, emails. • Board meetings and board reports.
EMPLOYEES	The group has 793 employees. 52% are female while 48% are male.	• Fair compensation structures • Access to training, mentorship and career development within the Company. • A healthy work environment • Open and transparent communication channels • Healthy work-life balance • Competitive benefits • Responsible leadership • Fair performance management and recognition	• Regular Jipashe (staff magazine) updates • Employee engagement & Satisfaction surveys • Monthly Management meetings at Group and subsidiary levels. • Quarterly automated performance appraisals. • Digital learning solutions- (LinkedIn Solutions). • Jumuika: Intranet (Policies) • 2022 performance incentive and bonus awards. • Staff awards/recognition • Quarterly member webinar health talks. • Fortnightly sectional meetings. • Career growth planning and mentorship. • Clear career growth • Equitable remuneration • Clear, fair and equitable performance management framework • Webinars on stress management • Health, safety and security policy as well as Safety & Health Committee to provide safety at work.



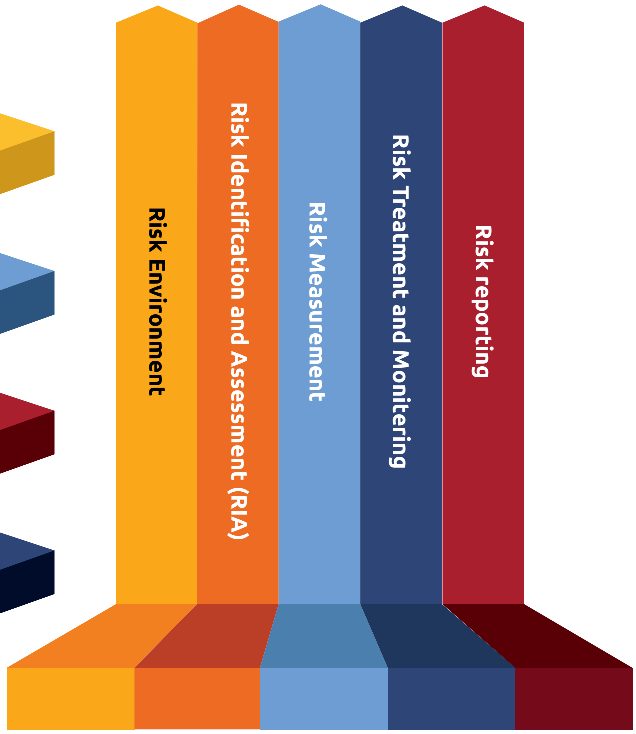
Stakeholder Category	Who they are at CIC	Identified Needs & Expectations	How we met the needs and expectations during the year
CUSTOMERS	Our customers range from our shareholders i.e. the cooperative movement and its membership, to corporate clients and individuals. We have 28,733 corporate clients and 246, 764 individual clients	• Quality products and service offerings. • Competitive Pricing • Seamless processes and communication. • Product accessibility. • Sustainable products • Timely and efficient payment of claims • Accessible and responsive customer support	• Courtesy visits to customers • Monitoring of SLAs • Customer training • Reviewing and redesigning our product offerings and solutions as well as new product developments including the monthly motor product. • Awareness creation on products and services • Technological advancements • Customer experience training for staff • Digital interaction through social media • Responsible marketing and advertisement
REGULATORS AND GOVERNMENT INSTITUTIONS	These are our regulators: • Insurance Regulatory Authority • Capital Markets Authority • Nairobi Securities Exchange • Financial Reporting Centre • Retirement Benefits Authority • Kenya Revenue Authority • Office of the Data Protection Commission • Unclaimed Financial Assets Authority	• Adherence to relevant laws and regulations. • Transparency and accountability • Robust risk management practices • Strong governance mechanisms • Consumer protection • Data protection and privacy • Ethical business practices • Integration of ESG into the business • Effective AML and CFT policies	• Compliance with legal and regulatory requirements. • Transparent reporting • Formulation of the CIC data protection policy and appointment of the Data Protection Officer to comply with the Data Protection Act of 2019
STRATEGIC ALLIANCES AND PARTNERSHIPS	These include: • The Association of Kenya Insurers • Banks e.g., Co-operative Bank • National and County Governments • Professional bodies; Institute of Directors, Institute of Certified Secretaries, Institute of Certified Public Accountants of Kenya, Law Society of Kenya etc.	• Advocacy and representation • Information and education • Access to resources • Collaboration and partnerships	• Participation in industry conferences and trainings • Market visits • MOU's with strategic partners and stakeholders • Sponsoring and participating in AKI activities e.g. AKI games

Stakeholder Category	Who they are at CIC	Identified Needs & Expectations	How we met the needs and expectations during the year
SERVICE PROVIDERS & SUPPLIERS	Outsourcing companies, providers of business support services i.e. Consulting companies. i. As required or dictated by performance contracts and/or agreements. ii. To obtain products or services required for conducting the company's business. iii. To maintain an ideal and timeous service for operations. iv. To encourage responsible practices across our client, local procurement, supplier conduct and environmental considerations. v. To include critical suppliers in cross-functional teams to contribute expertise and advice.	• Timely payments • Opportunity for long term partnerships • Fair and equitable contract terms • Commitment to sustainable business practices • Fair competition • Reliable demand and supply chain planning	• National papers for invitation to bid • Service providers and supplier engagement forums about specific engagements • Revamped service providers and supplier portals • Service providers and supplier surveys • Timely and accurate notifications on payments and renewals • Digital client onboarding.
SOCIETY	Individual citizens	• Socially and responsible initiatives • Job creation and economic development • Consideration of public health and safety • Affordable and accessible products and services	• CSR Activities • CIC Foundation education scholarship

EMBEDDING A RISK MANAGEMENT CULTURE

> **Making risk management a reflex as opposed to ticking the box**

CIC Insurance Group has identified risk management as a critical pillar in strategic implementation and success. The Board has laid a foundation to enable management entrench risk management as part of the culture. Strategy setting, execution and operation are all driven by the risk governance ensuring that at all time there is awareness of the risk environment, risks are identified and adequately assessed. This ensures accurate measurement of risk, leading to the right treatment of the risks which are then monitored against well-established risk tolerance limits. There are also well-established risk reporting cycles to ensure ownership and accountability at all times.



OUR APPROACH TO RISK MANAGEMENT

(THREE LINES OF DEFENSE)

TOP RISK AND OUR RESPONSE

Key Risk Description	Impact	Mitigation	Opportunity
Insurance Risk: Context: Insurance Risk would be as a result of inappropriate reinsurance, reserving, underwriting, claims management, product design and pricing.	This impacts business performance since it results in poor core business outcomes which in turn affects strategic objectives.	CIC has a detailed insurance risk policy that guides on the management of this risk. The above policy is framed within risk tolerance and appetite. Insurance risk is strictly monitored using dynamic Key Risk Indicators. Strong controls are in place to guide product design, pricing, rating and reinsurance arrangements.	This risk gives us insight into market development and gives us the opportunity for product development and pricing adjustment. We have partnered with cooperative societies to create products that align with their specific needs e.g. Co-op care which is a medical product targeting the lower of the pyramid market segment, agricultural products, the Kameza and Abwenzi microinsurance products in Uganda and Malawi respectively and seniors mediplan product. Product innovation remains a key focus area as we continue to provide coverage
Regulatory Risk Context: Being a regulated entity together with its subsidiaries the Group is Subject to Changing regulatory requirements and increased reporting requirements.	Our regulatory environment is complex and in the current year we experienced increased regulatory risk due to changes in laws and regulations; the revised Anti Money Laundering and Counter Terrorism Financing (Amendment) Act 2023, The Data Protection Act implementation and International Financial Reporting Standards Changes. All these impact the way we do business.	CIC has built a compliance culture and compliance is monitored through a well-established compliance model. The Group has mapped out compliance requirements to anticipate regulatory deadlines and ensure full implementation and 100% compliance with new requirements.	We are keen on 100% compliance and by focusing on regulatory compliance we continue to strengthen our control environment to build a more resilient brand. To this end we have: • Created a resilient corporate environment by building capabilities to track and identify non-compliance issues for stronger operations and corporate sustainability. • Enhanced our customers data protection and privacy rights which also strengthens our Anti Money Laundering efforts. • We have built system capabilities to screen customers on AML • Developed and approved our data protection policy. • Trained, informed and updated staff on regulatory changes. We held eighteen (18) compliance-focused training sessions for staff during the year.

Key Risk Description	Impact	Mitigation	Opportunity
Credit Risk Context: This is a risk that a counterparty will be unable to pay amounts in full when due. These may arise out of insurance/ reinsurance contracts, cash at bank, corporate bonds and deposits with financial institutions.	High amount of Insurance premium receivables or reinsurance claims receivables impact business solvency negatively under the Insurance Risk based Capital Requirements. Any credit resulting in failure of the Investment counterparty has an impact of the Balance sheet.	The Group carries out its insurance Business on a "cash and Carry" basis and further has a strict credit risk management framework. The Group also minimizes its investment counter party risk through robust Investment Policy statement, that guides on investment grade assets / counter parties and give allowable ranges for all investment asset mix	• Continuous engagement with customers and understanding the customer needs to form a long-lasting partnership and retain business. • We have internal framework including credit committees to monitor debt risk across the Group • The investment counterparty risk has provided us the opportunity to diversify the investment portfolio ensuring sustainable investment income.
Operational Risk Context: This is the risk of failure of Systems, processes and people.	The risk would leave the company exposed to financial losses, reputational risk and even regulatory penalties.	CIC Group has built a strong control environment for managing the risks and in addition, there is a strong BCP framework for managing black swan events.	Building a resilient company through regular testing of control and hardening on virtual and physical environments. We have done this through: • Establishing risk appetite across the Group • Creating standard operating procedures that are applicable to the Group • Updating and reviewing core systems with KPIs to monitor system uptimes. • Improving culture and engagement to ensure we retain the best resources. • Effectively managing conduct risk to maintain levels within our risk appetite.
Market Risk This is the risk of financial Losses in investment caused by adverse price movements. The Group runs a fund management subsidiary, manages Annuities, sponsors and administers pension schemes. The nature of this business relies heavily on investment returns to meet the customer expectations	This exposes the company to fluctuation in the value of its assets and impacts of the rate of return offered to customers while also reducing investment opportunities available in the market.	We manage our market risk by ensuring we have a diversified portfolio. To this end, we have embedded a portfolio rebalancing strategy in our Investment policy statement to provide agility in responding to market movement. Our investment strategy is informed by our Asset Liability Matching model that ensures asset allocation corresponds to liabilities to minimize our risk exposure	Capabilities within our Investment Policy Statement that enable us monitor market movements We have investment thresholds across assets available in the market depending on the current market performance as well as diverse research capabilities across all the assets

Our ERM framework enables us to identify emerging risks that could affect the business model, strategy and sustainability. The approach enables the Group to have in place an early warning system to discover events that could significantly impact its financial strength, competitive position or reputation. Emerging Risks are reported and escalated regularly as per the board-approved Risk appetite.

Jipange Pension

Retirement Plan for
Individuals and SMEs

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

GOVERNANCE AUDITOR'S REPORT 2023

INTRODUCTION

Governance Audit was conducted for The CIC Insurance Group PLC covering the year ended 31st December 2023, which comprised assessment of Governance Practices, Structures and Systems put in place by the Board.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with ICPSK Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices in the interest of stakeholders.

CS. Jacqueline Oyuyo Githinji, ICPSK GA. No 00030
For Umsizi LLP

13 May 2024

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

LEGAL AND COMPLIANCE AUDITOR'S REPORT 2023

The Capital Markets Authority's Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("the Code") requires the Board to ensure that an independent legal and compliance audit is carried out at least bi-annually by a legal professional in good standing with the Law Society of Kenya.

A legal and compliance audit conducted by an Advocate of the High Court of Kenya is a reasonable assurance engagement. The Code requires that we undertake a legal and compliance audit to obtain reasonable assurance on the level of compliance of CIC's operations with the existing legal and regulatory framework. This reasonable assurance is provided through opinions and conclusions that enhance the confidence of the Board that CIC is in material compliance with its applicable legal and compliance framework.

The Code only imposes this independent legal and compliance audit requirement on issuers of securities to the public. However, in the spirit of replicating the best practices espoused under the Code and evaluating the compliance framework of its trading subsidiaries in Kenya, CIC deemed it prudent to undertake a legal and compliance audit that transcended to all its trading subsidiaries in Kenya.

It is with this consideration that CIC instructed TripleOKLaw Advocates LLP to undertake a comprehensive legal and compliance audit on The CIC Insurance Group PLC and its trading subsidiaries in Kenya. We commend this demonstration of CIC Group's commitment to ensuring that it operates in compliance with its overarching compliance framework.

The scope of the independent legal and compliance audit was to:

- Identify and analyze the current framework of laws, regulations and policies under which CIC Group operates;
- Evaluate the existing procedures of CIC Group and assess the extent of their compliance with the framework;
- Advise the Board on any non-compliance findings that require to be acted upon expediently.

Accordingly, we conducted a systematic, objective and independent examination of the current framework of laws, regulations and policies under which CIC Group operates and assessed the level of compliance with its applicable legal and compliance framework.

OPINION

Subject to our comments, assumptions and limitations set out in our Legal and Compliance Report, we issue our unqualified opinion that there are no material instances of non-compliance with the applicable laws, regulations and standards by The CIC Insurance Group PLC, for the year ended 31 December 2023.

Brian M. Muindi FCIArb.
Practice No: LSK/2021/04169
Partner and Head of Commercial practice,
TripleOKLaw Advocates LLP
Dated 13 May 2024

CORPORATE GOVERNANCE REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The CIC Insurance Group Plc, through its Board of Directors, is committed to implementing and adhering to good corporate governance. The Board is keen to see to it that the ethos of corporate governance as spelt out in various legislations governing the operations of the company are observed. The legislations include the Companies Act 2015, the Insurance Act, the Capital Markets Authority Act, and the Capital Markets Authority Code of Corporate Governance Guidelines for issuers of securities, the Company's Articles of Association among others. The Company also adheres to Nairobi Securities Exchange listing rules and the ethical standards prescribed in the Company Code of Conduct. In addition, the Company abides by the tenets of the Constitution of Kenya and all other laws as a law-abiding corporate citizen.

The Board is cognizant of the general expectation by stakeholders that it maintains the highest standards of corporate governance and it has in this regard institutionalized policies and processes and established robust frameworks that are necessary to The CIC Insurance Group plc's foundational pillars and mission to enable people achieve financial security. The Board of Directors are responsible for the governance of the Company. The Directors are committed to fulfilling their fiduciary responsibilities and have instituted various principles necessary to ensure that good governance is practiced with respect to dealings with the Company's shareholders, customers and other relevant stakeholders in line with the spirit of the Code for listed companies.

The Board also regularly reviews its corporate governance arrangements and practices and ensures that the same reflects the developments in regulation, best market practice and stakeholder expectations across the region where we operate.

This statement therefore details the key corporate governance structure and practices of The CIC Insurance Group Plc and its subsidiary companies. The statement sets out the key components of the Company's corporate governance framework, which provides guidance to the Board, management and employees and defines the roles responsibilities and conduct expected of them.

STATEMENT OF COMMITMENT

The Board is committed to good corporate governance and appreciates that good governance, achieved through an ethical culture, competitive performance, effective control and legitimacy, can create sustainable value and enhance long-term sustainability. The Board acknowledges the relationship between good governance, on the one hand and risk management practices for the achievement of the Company's strategic objectives and performance, on the other.

Directors have a statutory duty to promote the success of the Company for the benefit of its stakeholders. In promoting the success of the Company, Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and various stakeholders, the impact of the Company's operations on the community and the environment, and the desire to maintain a reputation for high standards of business conduct.

The Board promotes and supports high standards of corporate governance and is committed to the demonstrable pursuit of excellence in sound corporate governance practices, policies and procedures as evidenced in its internal policies and procedures. Concerning the year under review, the Board believes that the principles of the governance framework are embedded in the corporate culture, internal controls, policies and procedures governing corporate conduct within the Company. The Board is committed to continuous improvement to strengthen the principles and spirit envisioned in the guidelines in its operations, to the extent that the same are applicable and appropriate.

GENERAL GOVERNANCE FRAMEWORK

The Governance framework sets out the strategic direction of the Group while entrusting the day-to-day running of the organization to the executive management led by the Group Chief Executive Officer, with his performance measured against set objectives and policies closely monitored.

The Group has institutionalized a robust corporate governance framework at all levels of the Group's strategic and operational spheres. The corporate governance framework, which the Board confirms is aligned with the global best practice was formulated to among other things:

i. Protect and enhance shareholders value by maintaining highest standards of governance, business behavior and transparency.
ii. Ensure the Board's accountability to shareholders and provide for an appropriate delegation of responsibilities to the Group Chief Executive Officer and the Board of Management; and
iii. Provide a platform for regular review of the Group's governance structure against the nationally and universally accepted guidelines and best practices.

The responsibility for the strategic control of the Company is divided between shareholders represented at the Annual General Meeting, the Board of Directors supported by its four (4) Committees or any other ad- hoc committee that the Board may deem necessary to constitute. The Board is further assisted by the Group Chief Executive Officer and the Board of Management for all operational functions.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

THE BOARD CHARTER

The Board recognizes the importance of a Board Charter and has to this extent developed and put in place a board charter to ensure effective strategic oversight administration in its stewarding task of the company to greater prosperity while ensuring accountability and disclosure.

The Board Charter defines and distinguishes the relationship and interactions between the Board and Management and sets out matters expressly reserved for Board's decision. For instance, it defines the Board's roles and responsibilities, delegated powers of various Board Committees and their roles, separation of roles between the Board and Management regarding policies and practices.

The Board is responsible for determining the Company's overall objectives; developing strategies to meet those objectives in conjunction with management; formulating a clear and concise governance policy to which the Company shall adhere; delegation and segregation of the Board's responsibilities and accountability; and evaluating the performance of the Board, its Committees and individual Directors.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. The Board Charter is periodically reviewed and details the Board's roles and responsibilities. The existing Board Charter was reviewed and approved by the Board in December, 2023.

The Board Charter can be found in the investor relations section of the Group's website at https://www.cicinsurancegroup.com/investor-relations.

THE BOARD

The Board is collectively responsible for the Group's vision, strategic direction, its values, and governance. The primary role of the Board remains provision of effective leadership to the Group towards:

i. Sustainable long-term success through the exercise of objective and informed judgment in determining the strategy of the Group;
ii. Having the right team in place to execute the strategy through effective succession planning;
iii. Setting up appropriate governance structures for the management of the business operations;
iv. Monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business;
v. Ensuring ethical behavior and compliance with the laws and regulations.

The Board is solely responsible for its agenda. It is, however, the responsibility of the Chairman and the Company Secretary, working closely with the Chief Executive Officer, to come up with the annual Board work plan and the agenda for the Board meetings.

The Board is primarily responsible for the protection of and enhancement of long-term shareholders' value considering the interests of other stakeholders including employees, customers, suppliers, and the wider community.

In particular, the Board's responsibilities include:

i. Determining and setting the tone of the Group values including principles of ethical business practice and the requirements to be a responsible corporate citizen;
ii. Approve the Group's mission, vision, its business strategy, goals, risk policy plans and objectives;
iii. Approve the Group's business strategy and ensure the necessary financial and human resources are in place to meet agreed objectives;
iv. Review and agrees on Board succession plans and approve Non-Executive Director appointments;
v. Review periodic financial and governance reports and approve the Annual Report, Group results;
vi. Declare an interim/recommending a final dividend;
vii. Approve the Group's budgets as proposed by the executive management team;
viii. Establish and agree on an appropriate governance framework;
ix. Review the sufficiency, effectiveness and integrity of the risk management and internal control systems;
x. Approve the Group's performance objectives and monitor its achievements;
xi. Provide oversight over reporting to shareholders on the direction, governance and performance of the Group as well as other processes that require reporting and disclosure;
xii. Provide oversight over the activities of the subsidiaries of the Group;
xiii. Provide oversight over performance against targets and objectives;
xiv. Ensure that disputes are resolved as effectively, efficiently, and expeditiously as possible; and
xv. Monitor the relationship between the Group and its stakeholders.

CORPORATE GOVERNANCE REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

SEPARATION OF THE ROLES OF THE GROUP CHAIRMAN AND THE GROUP CHIEF EXECUTIVE OFFICER

The separation of the functions of the Group Chairman (an Independent Non-Executive Director) and the Group Chief Executive Officer (Group CEO) supports and ensures the independence of the board and management. The balance of power, increased accountability, clear definition of responsibilities and improved decision- making are attained through a clear distinction between the non-executive and executive roles. The Group Chairman's responsibilities include the operation, leadership and governance of the board. The Group CEO's roles and responsibilities remains the day-to-day management of the Group's business and overseeing the implementation of strategy and policies approved by the board.

Duties of the chairman of the board

The Chairman of the Board is responsible for the proper functioning of the Board. He ensures that discussion on all key issues is efficient and timely, as well as fulfilling his responsibilities and powers set forth in the Board Charter. The Chairmanship of the Board and the Group Chief Executive Officer are separate functions held by different individuals.

The roles of the chair are as follows;

i. Leads the Board, and ensures the Board receives accurate, timely and clear information in order to monitor, challenge, guide and take sound decisions;
ii. Regularly meets with the Chief Executive Officer to stay informed;
iii. Ensures effective communication with shareholders and other stakeholders;
iv. Promotes high standards of corporate governance;
v. Promotes and safeguards the interests and reputation of the Group.

Duties of the Group Chief Executive Officer

i. Driving the implementation of the strategy and business as approved by the Board.
ii. Managing all matters affecting the operations and performance of the company within the authority delegated to him by the Board.
iii. Providing timely and accurate information about the Group and material developments to the Board.
iv. Communicating to internal and external stakeholders on matters affecting the Group.
v. Leading and motivating the Senior Management team by ensuring they set annual performance objectives that stretch their capabilities and monitoring the delivery of the same.
vi. Maintaining and ensuring the effectiveness of the system of governance adopted across the Group.

The Group Chief Executive Officer's performance is reviewed regularly against objectives and measures set by the Board in annual performance appraisals. The Group Chief Executive Officer's performance appraisal was evaluated during the reporting period on this basis.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

BOARD COMPOSITION AND DIRECTORS' APPOINTMENT

The Board's composition is determined by the nature of the Group's business and the shareholding structure with particular attention being paid to the Board Charter and the Group's Memorandum and Articles of Association.

Noting that the Group is committed to ensuring that the composition of the Board comprises directors, who, possess the diversity of skills and experience required to fulfill the role and responsibility of the Board, the following guiding principles are considered in determining the board composition:

- The Company's shareholding structure;
- Maintenance of the requisite independence on the board;
- The sufficiency of the size of the Board as is necessary to attain the objectives of the company;
- Effective succession planning to ensure smooth transition on the board;
- Board Diversity to ensure that there is the desired mix of skills, knowledge, expertise, and experience to enable the board to discharge its duties effectively.

During the year under review, the Board comprised of ten (10) directors of which four (4) are independent non-executive directors and one is executive director as shown in the tabulation below;

BOARD OF DIRECTORS				
Position and Name	**Executive[1]**	**Non-Executive**	**Independence[2]**	**Director Since**
Group Chairman: N. Kuria		X	Independent	29-Sep-2020
Vice Chairperson: J. Njue		X	Non-Independent[3]	13-May-2016
Group CEO: P. Nyaga	X		Executive	22-June-2020
Director: P. Nyigei		X	Non-Independent	8-May-2009
Director: M. Wambia		X	Non-Independent	23-May-2008
Director: G. Owour		X	Non-Independent	19-May-2006
Director: L. Rono		X	Non-Independent	16-June-2023[4]
Director: R. Kinoti		X	Independent	29–June-2021
Director: J. Mwatu		X	Independent	20-May-2021
Director: S. Kisire		X	Independent	05-September-2022

[1] Executive means a member of the Board who also serves as manager of the company
[2] =Independent means a member of the board who does not form part of the management team and who is not an employee of the Company or affiliated with it in any other way.
[3] Non-independent means a member of the board representing a shareholder.
[4] Director Ludia Rono was appointed to the Board on 16 June 2023.

- Endorsement for re-election of non-executive directors to the Board after their three-year term is not automatic. Before the Board endorses a director for re-election, the individual's performance as a director is reviewed per processes agreed by the Board from time to time. The company provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.
- Independent directors are appointed for a maximum period of six years subject to regulatory approval.
- New directors are provided with a formal letter of appointment that sets out the key terms and conditions of appointment including, among other things, duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding involvement with the Board and Board Committee work.

CORPORATE GOVERNANCE REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

BOARD DIVERSITY

The Board recognizes the role of diversity in bringing different perspectives into board deliberations and offers better anticipation of material areas that are inherent in the business and the opportunities that the business pursues. The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The areas of expertise of the current Board of Directors include Business Management, Banking and Finance, Actuarial, Accounting, Corporate Communications, Economics, Marketing, Project Management, Risk management, Human Resources, Legal and Governance. While considering the composition of the Board, directors consider the appropriate characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience necessary for the present and future needs of the Group.

The Board's Governance and Nominations Committee has the primary responsibility for conducting director assessments of the current mix of skills and experience of directors, considering the business and strategic needs of the Group, as well as broader succession planning issues for both the Board and management.

DIRECTOR INDEPENDENCE

Directors are expected to bring independent views and judgment to the Board's deliberations. The CIC Insurance Group Board recognizes the importance of independent judgment and constructive debate on all issues under consideration. Directors are expected to bring views and judgment to Board deliberations that are independent of management and free of any business relationship or circumstances that would materially interfere with the exercise of objective judgment, having regard to the best interest of the organization and its stakeholders as a whole. Board independence is annually assessed through the board evaluation toolkit.

In assessing the independence or otherwise of a director, the Board, relies on the codified principles and an objective regard to the relationship between a director and the Group or between a director and third parties that may compromise the director's independence.

TENURE

The Group notifies shareholders of their right to nominate a candidate for election as a director by a notice convening the shareholders meeting in the event any director election or re-election is to occur at a shareholder meeting. Directors must retire every three years and, if desired, seek re-election.

BOARD WORKPLAN

To enhance the efficient execution of the Board's responsibilities and ensure adherence to legal and regulatory standards, the Board operates according to an Annual Workplan that outlines its activities for the year. This plan outlines the scheduled engagements of both the Board and its Committees, in addition to other crucial company events.

SUCCESSION

As part of its annual review, the Board continues to consider board succession. The Board's succession plan is focused on identifying suitable candidates for future appointment to the Board, having regard to the Board's current skills mix and desirable future skills, so that the Board remains proactive, and renewal occurs in an orderly manner over time.

Where a need is identified or arises, the Governance and Nominations Committee considers potential candidates based on the skills required by the Board and the qualities and experience of the candidate. The Committee, with the assistance of professional consultants, if necessary, will undertake a search process and shortlisted candidates will be interviewed by the Governance and Nominations Committee before being recommended to the full Board for appointment.

Nominations for appointment to the Board are considered by the Governance and Nominations Committee and approved by the Board as a whole. Appropriate checks are undertaken on any potential candidates and regulatory approval sought before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director.

DIRECTOR INDUCTION

Newly appointed Directors receive appropriate formal induction and training, specifically tailored to the Group's business needs. The induction is aimed at enabling the new directors to fully take up their roles and execute their responsibilities. The Board has put in place Board Induction Policy for new Directors and ensures that all directors regularly update their skills and knowledge at regular intervals.

CAPACITY BUILDING FOR THE BOARD

In relation to the governance guidelines on twelve (12) hours' annual Board training, the board underwent comprehensive training facilitated by various specialists during the four-day retreat session on strategy, Insurance of the future, anti-money laundering training, data protection, Environmental, Social, and Governance training (ESG) and industry trends. Audit and Risk committee members underwent specialized training and the Chairman also underwent special leadership training for chairmen.

All Directors are expected to maintain the skills required to carry out their obligations. Continuous capacity building ensures that the Board is kept up to date with developments in the industry both locally and globally. It includes sessions with experts in the areas of general corporate governance and in the particular fields relevant to the Group's operations.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board is entitled to access such information and seek such independent advice as they consider necessary or desirable, individually, or collectively, to fulfil their responsibilities and permit independent judgement in decision making. Procedures are in place, through the Group Board Chairman and the Group Company Secretary, enabling the Directors to have access, at reasonable times, to all relevant Group information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. The Directors are also entitled to obtain independent legal, accounting or other professional advice at the Group's expense.

However, this does not abrogate the Board's responsibility to make independent decisions as such advice is only meant to enhance comprehension of certain matters placed before the Board.

BOARD COMMITTEES

The Board has delegated work to its four (4) standing Committees to effectively deal with specialized issues: Audit & Risk Committee, Finance & Investment Committee, Governance & Nominations and Human Resource Committee. The mandate of these committees is clearly defined in each of the Committees' Terms of Reference. The Committees make recommendations for actions to the Board, which retains collective responsibility for decision making. The Committees' membership is structured to spread responsibility and make best use of the range of skills across the Board.

Unless there are compelling circumstances, the Committee meetings are scheduled to coordinate with the Board meeting cycle. Each Committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

BOARD COMMITTEES (Continued)

An overview of the role and responsibilities, membership, and meetings of the Board's four standing Committees is provided below.

	Governance & Nomination	HR	Audit & Risk	Finance & Investment
Roles and Responsibilities	Exercise general oversight with respect to the governance of the Board of Directors. Review the balance and effectiveness of the Board and remuneration of Directors and senior management as well as the succession planning at Board and senior leadership levels. Monitoring the size and composition of the Board and its succession plans. Recommending individuals for nominations as members of the Board and its committees. Reviewing executive appointments, succession and development plans and proposing the remuneration structures of executive and non-executive members of the Board.	Supporting the human resource function of the Group by overseeing the development of appropriate Human Resources policies and strategies. Reviewing, monitoring and making recommendations to the Board of Directors on the Group's Human Resources strategy and polices that pertain to staffing, compensation, benefits, bonus structure and related issues of strategic importance that directly affect Group's ability to recruit, develop and retain the highly qualified staff needed for it to achieve its mandate. Reviewing human resource policies and making suitable recommendations to the Board on senior management appointments. Overseeing the nomination functions and senior management performance reviews. Noting the annual performance of staff and recommending to the board the payment of staff benefits in line with the approved policies.	Monitoring the integrity of the financial statements, including the review of significant financial reporting judgements. Providing advice to the Board on whether the Annual Report is fair, balanced and understandable and the appropriateness of the long-term viability statement. Reviewing and monitoring the external auditor's independence and objectivity, remuneration and the effectiveness of the external audit. Reviewing the system of internal financial control and compliance. Monitoring the activities and reviewing the effectiveness of the Internal Audit function. Monitoring the Group's risk management system, reviewing of the principal risks and the management of those risks. Monitoring the adequacy and effectiveness of financial reporting.	Oversee the Board's responsibilities relating to the financial affairs of the Group and to make recommendations to the Board in connection with the Group's investment guidelines, investment asset allocations and financing activities. Review investment performance and compliance with investment guidelines. Review and recommend to the board dividend policy and declarations. Approve target asset allocations and review and make recommendations to the board on all capital related issues. Review and recommend to the board all corporate acquisitions as well disposals of business segment or subsidiaries and joint ventures.

CORPORATE GOVERNANCE REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

BOARD COMMITTEES (Continued)

	Governance & Nomination	HR	Audit & Risk	Finance & Investment
Membership	The Governance and Nomination Committee comprised of five (5) members. The members during the reporting period were: Dr. Nelson Kuria (Chair) Mr. Gordon Owour Mr. Michael Wambia Mr. James Njue Mr. Patrick Nyaga	The Human Resource Committee comprised of six (6) members. The members during the reporting period were: Mr. Michael Wambia (Chair) Mr. Gordon Owour Dr. Nelson Kuria Mr. James Njue Mrs. Sharon Kasire Mr. Patrick Nyaga	The Committee is comprised of four (4) members, two (2) of whom are independent non-executive directors. The members during the reporting period were: Mr. Julius Mwatu (Chair) Dr. Rogers Kinoti Mr. Johnson Kegohi Mr. Peter Nyigei	The Committee comprised of six (6) members. The Members during the reporting period were: Mrs. Ludia Rono (Chair) Dr. Rogers Kinoti Mr. Cornelius Ashira Mr. Edwin Otieno Mr. Abel Amuyunzu Mr. Patrick Nyaga
Meetings	During the period under consideration, the committee met two (2) times.	During the period under consideration, the committee met two (2) times	During the period under consideration, the committee met five (5) times.	During the period under consideration, the committee met four (4) times.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

KEY ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

During the year under review, the Audit and Risk Committee undertook the following activities:

- Reviewed the half-year unaudited results and audited accounts for the year ended 31 December 2023 and related reports
- Reviewed the dividend recommendation
- Reviewed the external auditors' management letter
- Reviewed the Internal Audit plan for the year ending 31 December 2023
- Reviewed the Internal Audit Reports every quarter

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

The table below shows attendances at Board and Committee meetings by directors in the year ended 31 December 2023. In addition to the usual meetings of the Board and its standing committees, additional meetings of the Board and the Committees are convened as necessary to consider such urgent matters. Senior employees only attend Committee or Board meetings by invitation.

Directors	Board Meeting		Audit& Risk Committee Meeting		Finance & Investment Committee Meeting		Governance & Nomination Committee Meetings		HR Committee Meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Dr. Nelson Kuria	5	5	*	*	*	*	2	2	2	2
James Njue	5	5	*	*	*	*	2	2	2	2
Peter Nyigei	5	5	5	5	*	*	*	*	*	*
Gordon Owuor	5	5	*	*	*	*	2	2	2	2
Michael Wambia	5	5	*	*	*	*	2	2	2	2
Ludia Rono**	5	2	*	*	4	2	*	*	*	*
Julius Mwatu	5	4	5	5	*	*	*	*	*	*
Patrick Nyaga	5	5	*	*	4	4	2	2	2	2
Rogers Kinoti	5	5	5	3	4	4	*	*	*	*
Sharon Kisire	5	5	*	*	*	*	*	*	2	2
Johnson Kegohi	*	*	5	5	*	*	*	*	*	*
Cornelius Ashira	*	*	*	*	4	4	*	*	*	*
Abel Amuyunzu	*	*	*	*	4	4	*	*	*	*
Edwin Otieno	*	*	*	*	4	4	*	*	*	*

Notes:

1. (a) Number of meetings convened during year when the director was a member.
2. (b) Number of meetings attended by the Director during the year.
3. * Not a member
4. **Appointed during the year under review

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

SECRETARY TO THE BOARD

The Company Secretary of the Board is also the Legal Advisor of the Company. She is a Certified Public Secretary and licensed legal practitioner by the Law Society of Kenya. She has been the Secretary of the Board since 2012. The Company secretary is a member in good standing with the Institute of Certified Secretaries (ICS).

The Company Secretary provides a central source of guidance and advice to the Board on matters of ethics, statutory compliance, compliance with the regulators and good governance. The Secretary of the Board maintains all minutes of Board meetings and the reports submitted and presented to the Board. The Secretary ensures the delivery and distribution of information relating to the Group as requested by members of the Board. The Secretary arranges to provide clarifications to all queries raised by the members and provides advice to them as required. She is a point of contact between the Board and other stakeholders, including the shareholders, management, and staff.

SHAREHOLDER RELATIONS

We believe that good corporate governance is critical, not only at the corporate level but also at the national level. We require our partners to adhere to the highest level of integrity and business ethics in their dealings with us or with others. In the financial year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

a. Strong internationally recognized accounting principles
b. Focus on clearly defined Board and management duties and responsibilities
c. Focusing on compliance with relevant laws and upholding the highest levels of integrity in the Group's culture and practice
d. Continuing to implement our strategy for the long-term prosperity of the business
e. Timely and relevant disclosures and financial reporting to our shareholders and other stakeholders for a clear understanding of our business operations and performance
f. Ensuring execution of strong audit procedures and audit independence

The Group is committed to open, clear, and timely communications with its shareholders. The Group has a Shareholder Communications Policy and investor relations program in place that encompasses the Group's commitment to providing transparent two-way communications with all shareholders through several channels.

These include:

a. the Group's website at www.cicinsurancegroup.com;
b. the Group's AGM;
c. the Group's Annual Report, which is available in hard copy and on the Group's website;
d. Continuous disclosure reporting to the Capital Markets Authority in line with the Capital Markets Disclosure requirements;
e. The Group holds press briefings to provide both institutional and corporate investors with an accurate account of the Group financial state of affairs upon which they can make an informed buy or sell decision;
f. The Group has established a fully-fledged Customer Service Department to respond to inquiries from shareholders and other stakeholders in relation to the Group, provided the information requested is already publicly available or not price sensitive Further the Group has, as a matter of policy, entrenched in its employees a culture of treating customers and other stakeholders fairly.

The Group values effective two-way communication with shareholders and recognizes that it is important not only to provide relevant information as quickly and efficiently as possible but also to listen, understand and respond to the perspectives of those shareholders. To promote this two-way dialogue, shareholders are encouraged to attend and ask questions at the AGM. For those shareholders who are unable to attend in person, they may nominate proxies to attend on their behalf.

The Group is committed to giving our shareholders appropriate information and facilities to enable them to exercise their rights effectively. We are also committed to making sure shareholders and the investment community have appropriate information to make investment decisions.

The Group seeks to provide shareholders with information that is timely, of high quality and relevant to their investment, and to listen and respond to shareholder feedback.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

ACCOUNTABILITY, RISK MANAGEMENT, AND INTERNAL CONTROL

The Group recognizes that risk management is an important process as it empowers the Group with the necessary tools to adequately identify and deal with potential risks.

The Group has a Corporate Risk Management Policy and an Enterprise Risk Management framework which incorporate applicable principles and guidelines of the International Standard Risk Management. The Policy sets out the framework for risk management and compliance and at the Group.

The threshold of the Group's ultimate risk appetite is set by the Board through its Audit and Risk Committee and the Board, every quarter or on such routine manner it may deem necessary, monitors management's adherence to the set risk management policy including implementation and establishment of internal controls to identify, assess and manage risks.

The Group has processes to systematically identify, assess and report on both financial and non-financial material business risks. Management routinely appraises the Board on the effectiveness of the Group's management of its material business risk and internal controls. With the support of the Audit, Risk and Compliance Committee, the Board carries out a regular review of the effectiveness of its risk management framework and internal control systems, covering all material controls including financial, operational and compliance controls.

INTEGRITY OF REPORTING

The Board and management have established controls that are designed to safeguard the Group's interests and the integrity of its reporting. These include accounting, financial reporting, sustainability and other internal control policies and procedures which are directed at monitoring whether the Group complies with regulatory requirements and standards.

In accordance with sound accounting practices, the Board ensures that Group's financial statement for a relevant period, are a true and fair reflection of the Group's financial position by making inquiries and seeking the assurance from the Group CEO and the Group CFO that:

a. the financial records of the Group have been properly maintained;
b. the financial statements of the Group comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group; and
c. that the opinion has been formed based on a sound system of risk management and internal control that is operating effectively.

The Board also gets reasonable assurance from the external auditor whether the Groups financial statements are free from material misstatements every financial year.

The Group currently engages PricewaterhouseCoopers LLP (PwC) as its independent external auditor. PwC attends the Group's AGM and is available to answer questions from shareholders relevant to their audit of the Group. The Audit and Risk Committee is responsible for overseeing the audit process on behalf of the Board.

RISK IDENTIFICATION AND MANAGEMENT

The Board has established policies for the oversight and management of material business risks and internal controls. The Audit and Risk Committee oversees the policies, internal controls, and procedures that the Group uses to identify business risks, manage those risks and enable compliance with relevant regulatory requirements. The design and implementation of the risk management and internal control systems to manage the Group's material business risks is the responsibility of management.

The risk management framework includes mechanisms for identifying and estimating risks, defining the corporate structure and areas of responsibility for managing risk as well as putting in place adequate control and reporting mechanisms. The Group continually upgrades its risk management infrastructure and analyzes the risk outlook, to enable informed decision-making.

The Board has adopted the following key elements for the oversight and management of material business risks: -

i. The Audit and Risk Committee reviews the Group's risk management policy and framework on an annual basis to seek to ensure that it remains sound. Such a review took place in the 2023 financial year.
ii. The Group's risk register, containing material financial and non-financial risks, is systematically and formally reviewed by the Board and/or the Audit and Risk Committee, the Group's Management, and risk champions of each the key business and functional units within the Group on (at least) an annual basis.
iii. Each of the key identified risks are then systematically reviewed by the management during the year to seek to ensure controls remain sound and improvement actions are progressed. The results of these risk reviews are then reported to the Board or to the Audit & Risk Committee.
iv. Formal risk reporting is then provided to the Board on an ongoing basis.
v. Risk assessments are also performed for individual material projects, capital expenditure, products and country risks as required.

An in-depth analysis of the Group's Risk Management Framework is provided for in the risk management report in the integrated financial report.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

INTERNAL AUDIT

The Group's Internal Audit function comprises a Group Chief Internal Auditor who functionally reports to the Group Board of Directors. The role that the Internal Audit function performs is to bring a systematic and disciplined approach to managing risk. This includes reviewing and recommending improvements to controls, processes and procedures used by the Group across its corporate and business activities.

The objective of the Internal Audit is to provide assurance and to support management in development of operational efficiency and effectiveness in risk management, control, and governance processes. While majority of Internal Audit work is conducted in- house, outsourcing is used for certain engagements needing specialized knowledge or resources.

Internal Audit is functionally independent from the operational management. The Internal Audit Charter is approved by the Board of Directors. The Audit & Risk Committee approves the annual Internal Audit Plan and any material changes to it. Results of audits are reported to the Audit & Risk Committee at least quarterly.

EXTERNAL AUDITOR

Messrs. PricewaterhouseCoopers LLP (PwC) are the Group's external auditor having been appointed by the shareholders in 2020. The Audit, Risk and Compliance Committee considers that its relationship with the auditor worked well during the period and was satisfied with their effectiveness.

LEGAL AND COMPLIANCE AUDIT

Legal and compliance audit is undertaken in compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The internal legal and compliance audit was carried out for the year under review with the objective of ascertaining the level of adherence to applicable laws, regulations, and standards. The findings from the audit confirmed that the Group was generally in compliance with the applicable laws and regulations. Implementation of the recommendations from the external legal and compliance audit conducted in 2023 are ongoing.

CODE OF CONDUCT

The Group's Code of Ethics and Conduct continues to be in place and is geared towards inculcating a culture of professionalism and integrity, in line with our Vision and Mission Statements.

The Board has implemented a Code of Ethics and Conduct which binds Directors and Employees and is subscribed to by all members of the Group. Initiatives to ensure its application include training, monitoring, mechanisms for whistle blowing, taking disciplinary action, etc.

The Code has been integrated into the Group's operations through the development of various policies and reporting mechanisms. Group directors and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. When joining the Group, every employee is provided with a copy of the Code and must commit to abide by its requirements as part of the employment contract with the Group.

CONFLICT OF INTEREST

All Directors of the Group must avoid any situation which might give rise to a conflict between their personal interest and that of the Group. The Directors are each responsible to notify the Chairman and the Company Secretary of any actual or potential conflict of interest situations as soon as they arise.

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015. Directors are required to declare a conflict of interest or a material personal interest in any matter concerning the Group immediately for the Board to review. Declaration of conflicts of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Any Director with a material personal interest in any matter being considered during the Board or committee meeting will not vote on the matter or be present when the matter is being discussed and considered.

REGULATORY COMPLIANCE

The CIC Insurance Group Plc continues to keep abreast with the constantly changing regulatory environment. Local and regional regulations and guidelines with significant impact are monitored, and guidance issued to business on interpretation and of the congruence of the organization's strategic objectives in line with its environmental adaptation of the business plans that it develops to achieve these objectives, resource allocation, and quality of implementation within the framework of applicable laws and regulations.

INSIDER TRADING RESTRICTION

In line with the approved The CIC Insurance Group Plc's Insider Trading Policy, the Group has closed periods each quarter prior to the release of the Group's financials during which all related persons, Directors, employees and contractors (and their associates) must not trade in The CIC Insurance Group Plc. Securities. Directors, employees and contractors (and their associates) are also prohibited from passing on inside information to others who may use the inside information to trade in the Group's securities.

CORPORATE SUSTAINABILITY

The Board and management are committed to ensuring that the Group's operations reflect sustainable business practices. The Group has put in place a culture of 'living the Group values' to its staff and in all aspects of its business operations. It conducts business according to the highest ethical and legal standards and employees are expected to basic ethical principles.

CORPORATE GOVERNANCE REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2023

The Group, in its quest to maintain to uphold its status as the ultimate provider of insurance and other financial solution, constantly re-engineers its business process to align with the dynamic macro and micro economic environment. Further, the Group is leveraging on technology to bolster its operations and products distribution to keep pace with its competitors in this day and age of the digital economy.

This presents enormous opportunities for increased retail business, improved customer experience and prudent cost management.

BOARD REMUNERATION

The Governance and Nomination Committee of the Board is responsible for setting and administering the non-executive Directors remuneration policy. The remuneration policy of the Group is an integral part of the governance and incentive structure overseen by the Board. The aim is to enhance performance, encourage acceptable risk-taking behaviour and reinforce the Group's risk culture. It is the Group's policy to fairly remunerate Directors for the role and responsibilities that they undertake for the Group. The remuneration is determined by the holding Group based on parameters such as performance targets, Group's profitability, and return on equity as well as reference to market average rate.

The Board Remuneration is subject to approval by the shareholders at the Annual General Meeting. The Director's Remuneration Report sets out the policy that the Group has applied to remunerate Directors.

CONTINUOUS DISCLOSURE

The Board in its mandate to promote timely and balanced disclosure of all material information concerning the Group has established a Continuous Disclosure Policy. The Group's Management has the discretion to determine what matter are potentially material and price sensitive and to determine whether those matters are required to be disclosed to the market.

The key overriding objectives of this policy are:

- All Group personnel are aware of the Group's obligations
- Accountability for timely disclosure of material information
- Shareholders and the market are kept informed of price sensitive information affecting the Group.

BOARD EVALUATION

The Board understands the importance of board performance and effectiveness in achieving the overall objectives and goals of the Group. The Board therefore reviews its performance and that of the Board committees and individual directors, the chairman, the Group Chief Executive Officer and the Company Secretary every year.

A detailed Board evaluation questionnaire examines the balance of the skills of the directors, the operation of the Board in practice, including governance issues, and the content of the Board meetings. Feedback from the process is used to identify opportunities to improve the performance of the Board and the Directors. The questionnaire also includes a series of questions for each Director to assess their own performance and the performance of each other individual Director to identify development opportunities.

The feedback is also used explain why a re-appointment may or may not be appropriate while providing a forum through which directors can consider the ways in which the board contributes to the overall goals and strategy of the organization.

For 2023 financial year, an extensive board evaluation was undertaken by an independent consultant – Wyne & Associates. The consultants facilitated the Board Evaluation, Committees Evaluation, Group Chief Executive Officer Evaluation, peer to peer evaluation and evaluation of the Company Secretary. The recommendations therein will be implemented during the year 2024. The outcome of this evaluation will be presented to the board in the first quarter of 2024.

The assessments demonstrated that the Board and its committees, and executive management are effective in achieving business objectives.

GOVERNANCE POLICIES IN PLACE AT THE GROUP

The Group has, as a matter of good practice, formulated and put in place a Board Charter and relevant policies to ensure that the Group is run on a sustainable business model that will ultimately yield valuable return to the shareholders and other stakeholders. Such policies formulated by the Board include:

- Code of Professional Conduct and Ethics for Members of the Board
- Trading Policy
- Continuous Disclosure Policy
- Communications Policy
- Risk Management Policy
- Diversity Policy
- Stakeholders Management and Tracking Policy
- Procurement Policy
- Dispute Resolution Policy

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

COMMUNICATION WITH STAKEHOLDERS

The Board aims to ensure that all stakeholders are informed of all material information relating to the Group. It has delegated to management to deal proactively with key stakeholder groupings by communicating to stakeholders through:

- Continuous disclosure reporting to the Capital Markets Authority in line with the Capital Markets Disclosure requirements;
- Its annual reports;
- Media releases and other investor relations publications on the Group's website; and
- Annual General Meetings.

The Board is keen on not only the importance of providing information but also of enabling two- way communication between the Group and its shareholders through the holding of the Annual General Meetings. Shareholders are given an opportunity to participate at the meeting and those who cannot make it to the meeting are allowed to attend through proxies.

Further, the Group's external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

Annual General Meetings

The CIC Insurance Group plc recognizes the importance of shareholder participation in meetings. Shareholders are strongly encouraged to attend and participate in the AGM. The AGM provides an opportunity for shareholders to engage with the Group at a personal level. The board has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. Notice of meetings and all statutory notices and information are communicated to shareholders on time. Shareholders who are unable to attend the AGM in person are encouraged to vote on the proposed resolutions by appointing a proxy prior to the AGM.

Investor Briefings

The Group holds press briefings to provide both institutional and corporate investors with an accurate account of the Group financial state of affairs upon which they can make an informed buy or sell decision.

Customer service

The Group has established a fully-fledged Customer Service Department to respond to inquiries from shareholders and other stakeholders provided the information requested is already publicly available or not price sensitive Further the Group has, as a matter of policy, entrenched in its employees a culture of treating customers and other stakeholders fairly.

Information Technology

CIC Group's ICT infrastructure and information systems are a crucial aspect of its business operations providing technology platforms that ensure exceptional service delivery and customer experience. The board is responsible for IT governance and has ensured that the IT strategy is integrated with the company's strategic and business processes. The Group's technologies, communication infrastructure and corporate data are governed by an ICT Policy comprising standards that adhere to global best practices as well as local regulatory requirements.

These standards ensure all technology acquisitions are cost-effective; the implemented systems are reliable, robust and scalable and the infrastructure investments are secured from system failure, cyber threats and other technology risks. In the event of a major disaster, business continuity is assured through the availability of a Tier 1 disaster recovery site that provides standby mission-critical systems and backup data at a dedicated, remote and secure location outside the central business district.

CIC Group is committed to meeting present and future customer needs with the use of digital technologies such as mobile applications, interactive web portals, social media, cloud and other ICT advancements. Our continued Investment in these areas provides all our customers, partners and stakeholders with secure access to our insurance and asset management products and services.

Procurement policies

Group has established a procurement policy whose primary objective is to ensure that the best total value is achieved when procuring goods, services and works while simultaneously ensuring it supports the Group procurement plan.

The policy promotes a fair and transparent procurement process, with emphasis on value for many and building mutually beneficial relationships with our suppliers. A Management Tender Committee oversees the award of tenders and there is appropriate risk assurance for procurement activities. The procurement policy is reviewed annually to ensure it is synchronized and benchmarked with emerging best practices in procurement and to address any emerging issues that may arise during implementation.

Whistle Blower Policy

CIC has a well-established policy that provides a platform for stakeholders to raise concerns regarding any suspected wrongdoing. The whistle-blowing platform is managed by on independent ombudsman to ensure anonymity. Through the hotline, anonymous reports on unethical/fraudulent behavior can be made without fear of retaliation from the suspected individuals.

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED TOP TEN SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC AS AT 31 DECEMBER 2023

	Shareholder name	Year 2023 Shareholding	% Ownership	Year 2022 Shareholding	% Ownership	Category
1	Co-operative Insurance Society Limited - Immediate Parent	1,943,441,304	74.3%	1,943,441,304	74.3%	LC*
2	Gideon Maina Muriuki	158,046,904	6.0%	137,865,204	5.3%	LI**
3	Weda Welton	26,809,000	1.0%	24,553,000	0.9%	LI**
4	Standard Chartered Nominees Non-Resident Ac 9011	24,422,040	0.9%	24,422,040	0.9%	FC***
5	Nelson Chege Kuria	16,222,100	0.6%	15,730,200	0.6%	LI**
6	Nic Custodial Services A/C 077	15,481,560	0.6%	15,481,560	0.6%	LC
7	Patrick Nyaga	12,897,400	0.5%	12,897,400	0.5%	LI**
8	Patel, Baloobhai; Patel, Amarjeet Baloobhai	11,700,000	0.5%	11,700,000	0.5%	LI**
9	Kenya Reinsurance Corporation Limited	10,800,000	0.4%	10,800,000	0.4%	LC*
10	Patrick Njogu Kariuki Family Trust Registered Trustees	9,947,889	0.4%	-	-	LC*

*LC – Local Company
**LI – Local Individual
***FC – Foreign Company

TOP TEN INDIVIDUAL SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC AS AT 31 DECEMBER 2023

	Shareholder Name	2023 Shareholding	2023 % Ownership	2022 Shareholding	2022 % Ownership	Category
1	Gideon Maina Muriuki	158,046,904	6.0%	137,865,204	5.3%	LI
2	Welton Weda	26,809,000	1.0%	24,553,000	0.9%	LI
3	Nelson Chege Kuria	16,222,100	0.6%	15,730,200	0.6%	LI
4	Patrick Nyaga	12,897,400	0.5%	12,897,400	0.5%	LI
5	Patel, Baloobhai; Patel, Amarjeet Baloobhai	11,700,000	0.5%	11,700,000	0.5%	LI
6	John Njuguna Ngugi	9,332,100	0.4%	11,332,100	0.4%	LI
7	Charles Ndonga Muchiri	6,953,648	0.3%	6,953,648	0.3%	LI
8	Nancy Wangari Ndungu	5,815,000	0.2%	5,815,000	0.2%	LI
9	Julius Micheuh Riungu	5,241,600	0.2%	5,241,600	0.2%	LI
10	Joyce Wanjiku Muriuki	5,108,640	0.2%	5,108,640	0.2%	LI
	Total	258,126,392	9.9%	237,196,792	9.1%	

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

THE CIC INSURANCE GROUP PLC DIRECTORS' SHAREHOLDING AS AT 31 DECEMBER 2023

		2023	2022
	NAME	NO. OF SHARES	NO. OF SHARES
1	Nelson Kuria	16,222,100	15,730,200
2	Nyaga Patrick	12,897,400	12,897,400
3	Ludia Rono	300,000	-
4	Gordon Owuor	264,000	264,000
5	Rogers Kinoti	52,320	52,320
6	James Njiru	48,000	48,000
7	Michael O. Wambia	36,000	36,000
8	Peter K. Nyigei	-	12,000
9	Julius Mwatu	-	-
10	Sharon Kisire	-	-
	TOTAL	29,819,820	29,039,920

THE CIC INSURANCE GROUP SHAREHOLDER DISTRIBUTION AS AT 31 DECEMBER 2023

SHAREHOLDING	NO OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
1-500	6,214	1,290,232	0.05
501-5,000	6,644	13,142,775	0.50
5,001-10,000	1,468	11,113,370	0.42
10,001-100,000	4,128	114,121,494	4.36
100,001-1,000,000	519	130,943,558	5.01
Above 1,000,000	53	2,344,927,099	89.66
TOTALS	19,026	2,615,538,528	100.00

THE CIC INSURANCE GROUP SHAREHOLDER DISTRIBUTION AS AT 31 DECEMBER 2022

SHAREHOLDING	NO OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
1-500	5,867	1,220,996	0.05
501-5,000	6,629	13,163,175	0.50
5001-10000	1,501	11,403,194	0.44
10,001-100,000	4,225	117,791,771	4.50
100,001-1,000,000	540	135,139,390	5.17
Above 1,000,000	58	2,336,820,002	89.34
TOTALS	18,820	2,615,538,528	100.00

CORPORATE GOVERNANCE REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

CATEGORY SUMMARY OF SHAREHOLDERS AS AT 31 DECEMBER 2023

SHAREHOLDING	NO OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
FOREIGN COMPANIES	2	24,482,040	0.9
FOREIGN INDIVIDUALS	74	2,836,584	0.1
LOCAL COMPANIES	616	2,008,663,387	76.8
LOCAL INDIVIDUAL	18,334	579,556,517	22.2
TOTALS	19,026	2,615,538,528	100.00

CATEGORY SUMMARY OF SHAREHOLDERS AS AT 31 DECEMBER 2022

SHAREHOLDING	NO OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
FOREIGN COMPANIES	2	24,482,040	0.9
FOREIGN INDIVIDUALS	72	2,958,144	0.1
LOCAL COMPANIES	618	2,001,825,394	76.8
LOCAL INDIVIDUAL	18,128	586,272,950	22.2
TOTALS	18,820	2,615,538,528	100.00

The Group communicates open and closed periods for trading in its shares to its employees and directors on an annual basis.

Approved by the board of directors on 13 May 2024 and signed on its behalf by:

Nelson Kuria
Chairman

Patrick Nyaga
Group Chief Executive Office

Julius Mwatu
Director

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Information not subject to audit

The CIC Insurance Group vision is to be a world class provider of insurance and other financial services. Consequently, the Group endeavours to attract and retain as directors, high calibre individuals who are well equipped with the relevant expertise and experience to enable the Group to achieve its vision. To retain and motivate such individuals requires compensation that is not only commensurate to their skill and time devoted to the Group, but also one that is competitive.

The Group has developed and put in place a remuneration policy for both the executive and non-executive directors that is transparent and considers both needs and the overall performance of the business. The policy has adopted a compensation and remuneration model that is competitive to attract and retain talent. The remuneration policy is described below:

Executive Directors

1. The remuneration for the executive director is as per a negotiated contract of employment. It incorporates a bonus scheme that is only triggered upon achieving various targets agreed with the board.
2. The GCEO* earns a service gratuity of 20% of the annual basic pay payable at the end of the contract for each year worked.
3. The GCEO* has a 5-year contract which commenced in June 2023.

Non-Executive Directors

1. Directors are entitled to a sitting allowance for their attendance of a board or board committee meeting, lunch allowance (in lieu of lunch being provided), and mileage reimbursements (in lieu of transport being provided) at the Automobile Association of Kenya rates.
2. The directors receive annual honoraria based on the end year performance.
3. Directors are paid a monthly retainer. The fees have been set by the board pursuant to the authorization granted by the shareholders at the Annual General Meeting.
4. There are no directors' loans.
5. There is no directors' shares scheme.
6. An allowance is paid to non-executive directors for any day of travel away from their regular station in order to attend to duties of the Company or its subsidiaries.
7. Independent directors are on a three-year contract which is renewable once.
8. Medical insurance cover is provided to all directors for their individual medical requirements covering both out-patient and inpatient services.

During the financial year ended 31 December 2023, the Board was composed of the following Directors:

Executive	Non-Executive	Independent
	James Njue (Vice Chairman)	Nelson Kuria (Chairman)
Patrick Nyaga*	Michael Wambia	Rogers Kinoti
	Gordon Owuor	Julius Mwatu
	Peter Nyigei	Sharon Kisire
		Ludia Rono

* GCEO Group Chief Executive Officer

DIRECTORS' REMUNERATION REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

Information subject to audit

The following table shows remuneration for the Executive and Non-Executive Directors in respect of qualifying services for the year ended 31 December 2023.

Group Directors 2023 emoluments (KShs)

Name	Designation	Salary	Allowances	Gratuity	Retainer	Sitting Allowance	Honoraria	Board expenses	Total
Patrick Nyaga	GCEO*	44,021,376	25,891,086	8,804,275	-	-	-	-	78,716,737
Nelson Kuria	Chairman	-	-	-	3,568,450	2,225,252	793,500	1,017,934	7,605,136
James Njue	V/Chairman	-	-	-	3,568,450	1,541,779	774,607	188,901	6,073,737
Peter Nyigei	Director	-	-	-	1,564,192	1,555,838	765,161	307,854	4,193,045
Michael Wambia	Director	-	-	-	1,381,274	1,718,426	765,161	292,923	4,157,784
Gordon Owuor	Director	-	-	-	1,405,795	1,829,447	765,161	248,246	4,248,649
Julius Mwatu	Director	-	-	-	1,381,274	1,229,622	765,161	198,462	3,574,519
Rogers Kinoti	Director	-	-	-	1,332,231	1,388,921	765,161	211,319	3,697,632
Sharon Kisire	Director	-	-	-	1,332,231	938,469	251,905	215,067	2,737,672
Ludia Rono	Director	-	-	-	740,588	689,168	-	203,077	1,632,833
Grand Total		44,021,376	25,891,086	8,804,275	16,274,485	13,116,922	5,645,817	2,883,783	116,637,744

DIRECTORS' REMUNERATION REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

Group Directors 2022 emoluments (KShs)

Name	Designation	Salary	Allowances	Gratuity	Retainer	Sitting allowance	Honoraria	Board expenses	Total
Patrick Nyaga	GCEO*	43,800,000	11,114,613	8,760,000	-	-	-	-	63,674,613
Nelson Kuria	Chairman	-	-	-	3,457,629	2,283,771	690,000	340,871	6,772,271
James Njue	V/Chairman	-	-	-	3,457,629	1,590,614	673,571	350,757	6,072,571
Peter Nyigei	Director	-	-	-	1,409,657	1,295,250	673,571	324,863	3,703,341
Michael Wambia	Director	-	-	-	1,338,377	1,346,400	665,357	329,617	3,679,751
Gordon Owuor	Director	-	-	-	1,362,137	1,569,150	665,357	327,743	3,924,387
Julius Mwatu	Director	-	-	-	1,338,377	948,750	388,125	276,303	2,951,555
Rosemary Githaiga	Director	-	-	-	1,338,377	1,143,450	665,357	295,643	3,442,827
Rogers Kinoti	Director	-	-	-	1,290,857	1,092,300	277,232	254,714	2,915,103
Sharon Kisire	Director	-	-	-	430,286	346,500	-	420,517	1,197,303
Grand Total		43,800,000	11,114,613	8,760,000	15,423,326	11,616,185	4,698,570	2,921,028	98,333,722

***GCEO - Group Chief Executive Officer**

The Group will not propose to make any changes in the remuneration level in 2024.

By Order of the Board

13 May 2024
Gail Odongo
Group Company Secretary

OUR SUSTAINABILITY INTEGRATION APPROACH

L-R: Executive Director UN Global Network Kenya Ms.Judy Njino and GCEO Mr. Patrick Nyaga during the announcement of CIC joining the UN Global Compact Network.

OUR SUSTAINABILITY INTEGRATION APPROACH

At CIC Insurance Group, sustainable and responsible business practices are an ongoing commitment.

We have established and operationalized the ESG Committee with established governance tools and frameworks to steer our organization toward integrating ESG principles throughout our operations. Building on this foundation, we formulated an ESG Integration Roadmap as our guiding document. Implementation of the roadmap has been a key focus.

We have conducted ESG training sessions for our employees including the board and all staff. This effort aimed to instill the principles of ESG across all levels of our organization, fostering a collective responsibility for sustainable practices.

General Manager, CIC Cooperatives division plants a tree during the annual ushirika tree planting day.

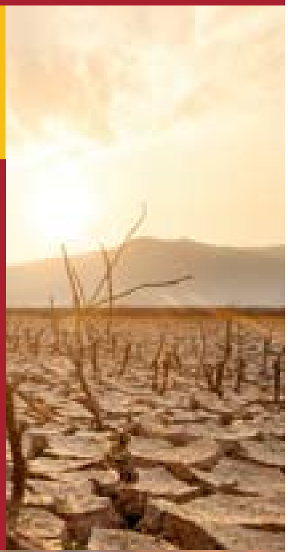
L-R. Ms. Gail Odongo CIC Group company secretary hands over a dummy cheque to Regional Managing Director Dr. James Njagu of Netfund. CIC partnered with Netfund to mark the seventh edition of Kaptagat forest annual tree planting initiative of Elgeyo Marakwet County.

To drive our ESG initiatives forward, we established an ESG Workstream comprising ESG Champions and the ESG Secretariat, this team is at the forefront of implementing and championing ESG practices throughout the organization.

Our commitment to global sustainability initiatives is evident in our signatures on the United Nations Global Compact (UNGC) Network Kenya in 2023.CIC Group supports the ten principles of the Global Compact on respecting and protecting human rights, labor, environment and anti-corruption. The group is also a signatory to the Nairobi Declaration on Sustainable Insurance (NDSI).

We have since identified and prioritized eight impact areas through a stakeholder engagement process as below:

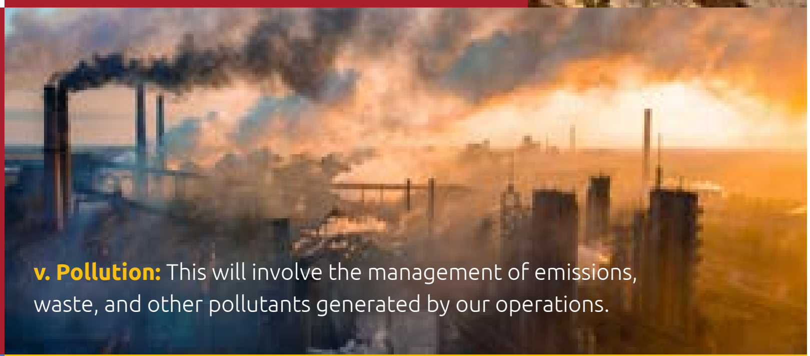
i. Water and effluents: We will prioritize the management of water resources and the efforts to mitigate water-related risks, such as water scarcity, pollution, and inefficient water use.



ii. Impact on communities: This refers to the effects of our operations, products, and services on the communities in which we operate. It involves assessing and addressing social issues such as community development, human rights, labor practices, and stakeholder engagement to ensure positive impacts and minimize negative ones.

iii. Climate risk: Climate risk refers to the potential adverse impacts that climate change and related environmental factors pose to an organization's operations, assets, and supply chains. For CIC, we have identified both physical climate risk and climate transition risks as our material topics. We will assess and manage these risks to minimize their negative effects to our financial performance, reputation, and long-term sustainability.

iv. Workforce health and safety: This concerns the protection of employees' health and safety within the workplace. It involves measures to prevent workplace accidents, occupational diseases, and other health and safety hazards, as well as promoting a culture of safety and well-being among employees.



v. Pollution: This will involve the management of emissions, waste, and other pollutants generated by our operations.

vi. Working conditions: This refers to the conditions under which employees work, including factors such as wages, benefits, working hours, job security, and opportunities for advancement. It encompasses efforts to ensure fair and safe working conditions, promote diversity and inclusion, and respect workers' rights and well-being.

vii. Sustainable products and services: This involve the designing and development of sustainable solutions to our stakeholders. This process culminated in the development a robust ESG Policy and Strategy that the Company will continue implementing.

CIC Group Chairman, Dr. Nelson Kuria addressing cooperative members.

TRAINING

To empower stakeholders with knowledge and skills, CIC has consistently offered valuable training opportunities. In 2023, the company provided cooperative members with insights into critical subjects related to their business, including credit and debt management, risk management, corporate governance, and financial investment. These countrywide training sessions have empowered members, including cooperative leaders, to enhance their institutions, making them a formidable force in society. CIC's commitment to partnering with cooperatives aims to ensure their enduring stability for generations to come.

CIC Group Chairman, Dr. Nelson Kuria at the 8th Eastern and Southern Africa regional conference.

CIC Group Vice Chairman Mr. James Njue addressing Sacco members during a Sacco training in Embu County.

CIC Group CEO Mr. Patrick Nyaga addressing Sacco CEO's at the annual CIC CEO's forum in Naivasha.

Head of Strategy and Investor Relations Damaris Maina (right) participating at a tree planting exercise at Kereita forest.

OUR ENVIRONMENTAL STEWARDSHIP

In our commitment to sustainable practices, we collaborate closely with partners and businesses alike to mitigate vulnerabilities against the ever-growing impacts of climate change. This proactive approach underscores our dedication to environmental stewardship. By addressing climate-related challenges together, we aim to fortify communities and industries against future risks, fostering a more sustainable and resilient future for all.

a) Kereita Forest Challenge

Maintaining the well-being of our planet is increasingly becoming a priority owing to the climate change effects seen across nations. Preserving our natural ecosystems is crucial for ensuring the health and safety of the present and future generations. It is also important in determining a peaceful co-existance between man and wildlife which means that the failure to protect our natural resources would potentialy give rise to a humanitarian crisis.

Supporting environmental conservation efforts is at the core of CIC Group, being a co-operative organization that embraces the value of concern for people. This involves recognizing environmental factors that affect the general well-being of the society, and taking measures to address these challenges. In the financial year under review, CIC sponsored the Kereita Forest Challenge, an initiative by the East African Wild Life Society and Kenya Forest Service. The annual event aims to mobilize resources for the restoration of key water catchment areas in Kenya, to improve the livelihoods and resilience to climate change among forest adjacent communities, as well as enhance the survival of wildlife. Owing to our support, 750 seedlings will be planted and nurtured by Kenya Forest Service.

CIC Staff during the Kereita Forest Challenge

b) Building a better world as Cooperatives: Ushirika tree planting exercise

We take pride in being a cooperative organization. Cooperatives remain a major contributor to the country's economy with a membership of over 14 million Kenyans. Playing our role of making the world better, CIC staff participated in a tree planting exercise at the ASK grounds in Nairobi during the Ushirika environmental day.

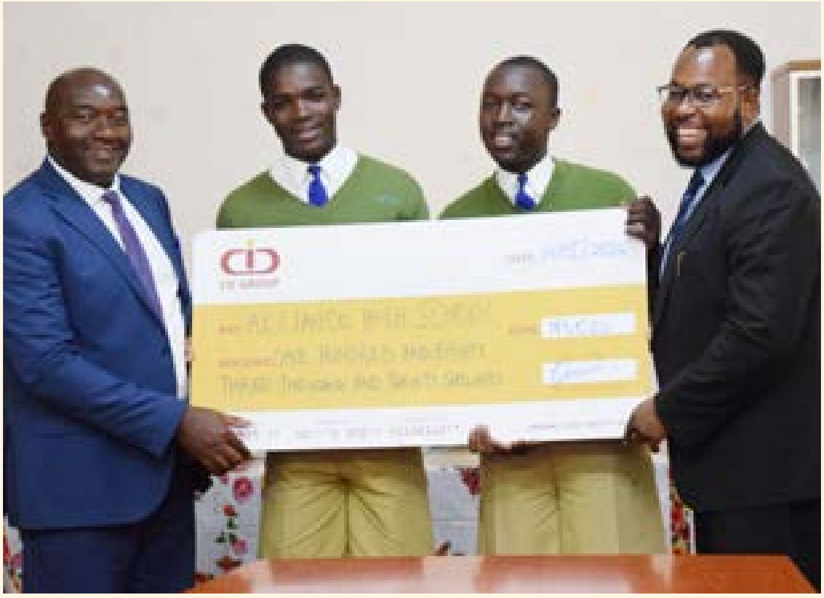
CIC Staff participating in a match during the annual Ushirika day celebrations.

CIC Group CEO Mr. Patrick Nyaga and CIC Group Vice Chairman Mr. James Njue presenting a trophy and certificate to Corporative Insurance Society delegates at the annual delegates AGM.

Managing Director General Insurance Mr. Fred Ruoro (far left) presenting a dummy cheque of CIC's sponsorship to Association of Insurance Brokers annual meeting.

OUR CONTRIBUTION TO THE SOCIAL PILLAR

CIC Insurance Group is committed to fostering social well-being and inclusivity. We aim to empower individuals,employees and uplift communities, thereby contributing to societal well-being and driving sustainable development.



L-R: Principal Alliance High School Kamau D. Chomba, students Wayne Rooney Otieno and Malcom Daniels Oywer with the MD CIC Life Meshack Miyogo during a cheque presentation at the school.

a) Supporting the needy in Education

Education is the pillar of society. It fuels imagination, innovation, and builds character, which makes it essential in spurring growth and development. Recognising the power of education, CIC Foundation has continued to support needy and bright students by offering high school scholarships to children from a cooperative background. The foundation sponsored 88 students through a program that supports the learners to pursue secondary education to completion for the next stage in life.

In addition, the foundation ensures the students are mentored to gain life and leadership skills as they prepare to pursue careers that add value to the society. So far, over 90% of the beneficiaries have transitioned to universities and tertiary institutions.

This initiative is driven by the foundation's objective to promote education opportunities for the less privileged. As an equalizer that bridges the gap between the rich and the poor, the foundation aims to give the underprivileged an opportunity to transform their community.

A section of CIC staff at the Run for the Bibless event

b) Run for the Bibless

Literacy levels remain low in remote parts of the country with the lack of proper infrastructure and basic needs worsening the situation, making education elusive for communities living in these areas. The quest to advance literacy skills in remote areas led CIC Group to support Run for the Bibless, an initiative by Bible Translation and Literacy (BTL) which seeks to raise funds for the production of bibles in local languages. CIC staff participated in the event through the 10km run and 5km walk. The event is held annually to support bible translation, sustainable literacy, and language development among small groups in Kenya and East Africa.

c) Charity Golf Activities

Helping the needy in society often requires partnerships and collaboration with institutions that share common values. As we operate in the market, societal needs become apparent as we work closely with our customers through their journey. During the year, we participated in various charity Golf activities including:

Women Corporate Directors Golf: CIC sponsored Women Corporate Directors golf tournament in Nairobi which brought together women serving in various boards in Kenya. The event presented an avenue for learning and exchange of ideas with participants benefitting from discussions around best practice in governance.

Catholic Men Association Charity Golf: We partnered with Catholic Men Association to raise funds through a golf tournament for the Don Bosco Church in Nairobi. Proceeds from the tournament were to be used to build a rehabilitation center to cater for various needs in the community.

Cancer Awareness Charity Golf: While cancer cases in Kenya continue to rise, the need to create awareness about the disease with emphasis on the preventive measures has been cited by many health practitioners as a positive step towards combating the disease. The fight to end cancer requires a joint approach including participation by business organizations and individuals to make a difference in the face of challenges arising from the illness. To support knowledge and information sharing about cancer, CIC sponsored the

Kiruthu family and Royal Nairobi charity golf tournament, educating the public about the disease and the preventive measures that promote good health.

d) Aging Dignified Kenya sponsorship

Providing financial protection to a wide range of customers gives us exposure to the challenges faced by members of society. This includes the elderly who are often neglected and taken advantage of at a stage in life when they are most vulnerable, in old age. To focus the attention on older persons, CIC partnered with Aging Dignified Kenya highlighting the contributions, challenges and needs of senior citizens. This was in commemoration of the International Day of Older Persons which celebrates the role of senior citizens in shaping and building communities for a better world. Aging Dignified Kenya is a non-governmental and non-profit organization dedicated to advocating for the rights and well-being of older persons in Kenya.

e) Building a Better World as Cooperatives: Ushirika blood donation exercise

To give back to society, Cooperatives through the annual Ushirika Celebrations held a blood donation exercise in Nairobi. The initiative brought together cooperative members from different sectors to support raising the amount of blood available for transfusion in Kenyan hospitals, which until now remains a major challenge. CIC staff had the opportunity to join their fellow cooperators as donors.

CIC Staff at the blood donation center in Nairobi

EMPLOYEE WELLBEING

a) Corporate Club Subscription

The Company has a club subscription to allow staff to access wellness facilities for sports to maintain a healthy lifestyle as well as practice for corporate-themed games.

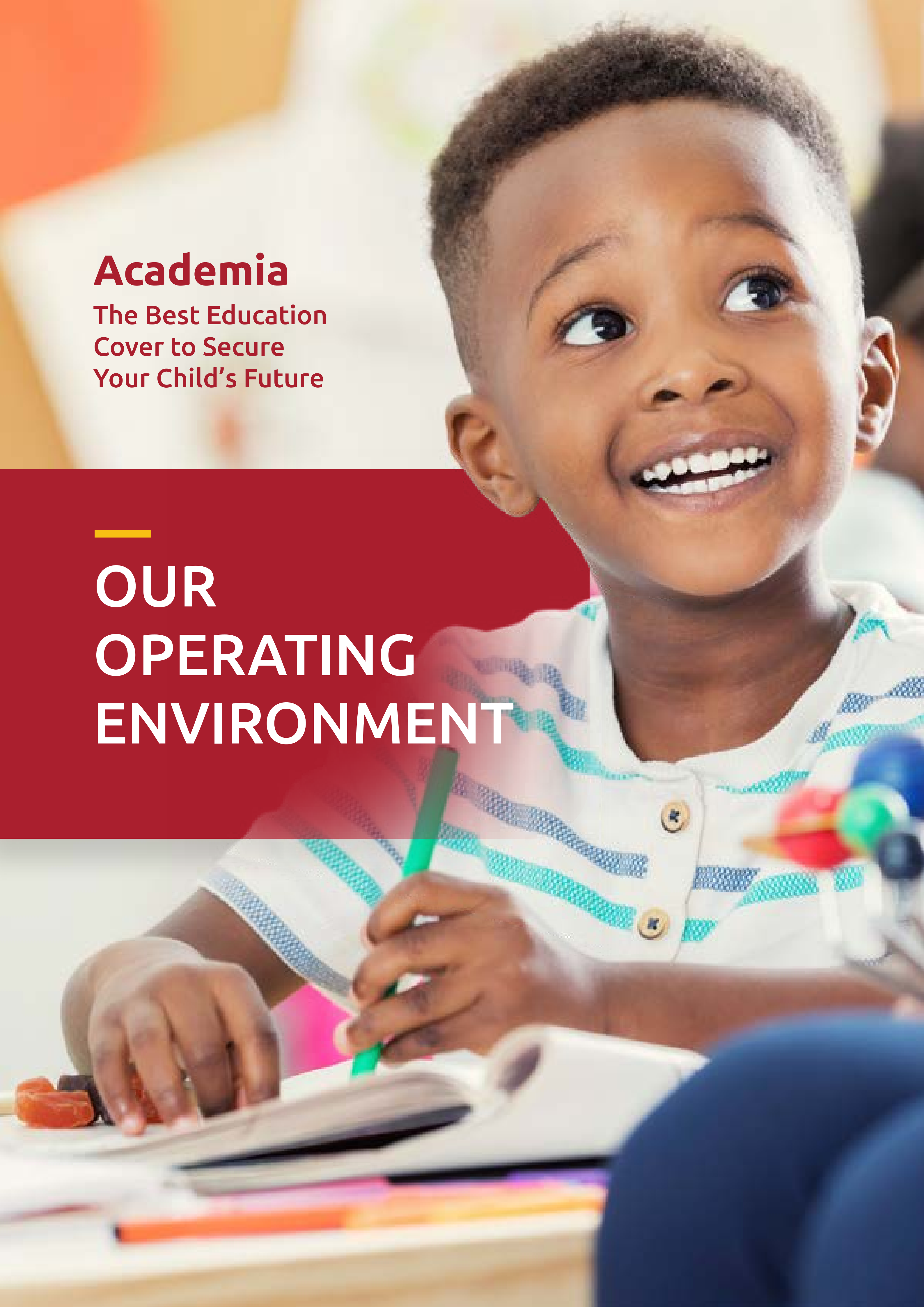
b) Wellness training and free health check-ups.

During Customer Service Week, the Company organized a free health checkup event. This initiative demonstrates that physical well-being is integral to overall satisfaction and productivity. Additionally, the Company held various wellness and mental health trainings including personality and self-awareness, emotional intelligence and ergonomics

c) Participation in the Association of Kenya Insurers (AKI) Sports Event

As part of our commitment to fostering a supportive and vibrant workplace culture, we enthusiastically participated in the annual AKI Sports events. This participation shows our dedication to nurturing an engaged workforce and promoting physical fitness among our employees.

CIC employees with the football winners' trophy during the 2023 AKI Sports Event



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OUR OPERATING ENVIRONMENT

ECONOMIC OUTLOOK
KENYA

GDP: The Kenyan economy recorded an average growth of 5.5% in the period between January to September 2023, with Q3'2023 GDP coming in at 5.9%, adding to the 5.4% growth recorded in Q2'2023, up from the 4.3% in Q3'2022. The average GDP growth of 5.5% marked a slight decline from the 5.6% average growth recorded in a similar period in 2022. The performance in Q3'2023 was mainly driven by the 6.7% growth in the agricultural sector due to the favorable weather conditions, which led to more agricultural output. Most sectors recorded improved growth compared to Q3'2022 with Accommodation and Food Services (+9.1%), Agriculture, Forestry and Fishing (+8.0%), and Mining and Quarrying (+5.6%) Sectors recording the highest growth improvements. In 2023, the economy is projected to grow at an average of 5.2%, higher than the 4.8% growth observed in 2022. The faster growth is mainly attributable to a rebound in the agricultural sector following the sufficient long rains that have been experienced in the country, coupled with recent fiscal policies such as subsidizing the costs of crucial farm inputs such as fertilizers that have enhanced agricultural output. The IMF projects our GDP to average 5.3% in 2024.

Inflation rate: The inflation rate for the year 2023 averaged at 7.7%, 0.1% points higher than average inflation rate of 7.6% recorded over a similar period in 2022. Notably, the year-on-year inflation in December 2023 decreased by 0.2% points to 6.6%, from the 6.8% recorded in November 2023. The headline inflation in December 2023 was majorly driven by increase in prices of commodities in the following categories, transport; housing, water, electricity, gas, and other fuels, and food and non-alcoholic beverages by 11.7%, 8.3%, and 7.7%, respectively. During the year the Monetary Policy Committee (MPC) met 7 times to review the Central Bank Rate (CBR). In total, MPC raised rates in 2023 by 3.75%, from 8.75% in January to 12.5% in December. Going forward, we expect inflationary pressures to ease in the short term, while remaining within the CBK's target range of 2.5% to 7.5% aided by the easing in fuel prices and easing of domestic food prices on the account of improved supply attributed to the ongoing harvests and Government measures to zero-rate key food imports.

Local currency: The Kenya Shilling depreciated by 26.8% in 2023 to close at Kshs 156.46 against the US Dollar, compared to Kshs 123.37 recorded at the end of 2022, adding to adding to the 9.0% depreciation recorded in 2022. This is driven by increased dollar demand from importers, especially oil and energy sectors, the ever-present current account deficit and the need for government debt servicing which has continued to put pressure on the country's forex reserves. Kenya's forex reserves dwindled to close the year at USD 6.7 Billion (3.6 months of import cover) compared to USD 7.4 Billion (4.7 months) at the end of 2022, a 9.8% decline. A weaker shilling is detrimental to Kenya as it increases the cost of financing foreign debt which is currently at levels deemed as unsustainable.

Equity Market: In 2023, the Kenyan equities market was on a downward trajectory, with NASI, NSE 20, and NSE 25 declining by 27.7%, 10.4%, and 24.2%, respectively. During the year, equities turnover declined by 18.3% to close the year at USD 0.6 Billion, from USD 0.8 Billion recorded in 2022. Foreign investors remained net sellers, with a net outflow of USD 296.3 million, compared to net outflows of USD 204.3 million recorded in 2022. The foreign-investor outflows during the year can be largely attributed to investors fleeing emerging markets such as Kenya, to advanced economies such as United States and United Kingdom following interest rate hikes as well as increased concerns about macroeconomic deterioration in emerging markets.

Property Market: In 2023, the general Real Estate sector witnessed considerable growth in activity in terms of property transactions and development activities. Consequently, the sector's activity contribution to Gross Domestic Product (GDP) grew by 5.4% to Kshs 785.9 Billion in Q3'2023, from Kshs 743.4 Billion recorded during the same period in 2022. In addition, the sector contributed 10.5% to the country's GDP, a 0.5% increase from 10.0% recorded in Q2'2023. Cumulatively, the Real Estate and construction sectors contributed 16.6% to GDP, a 1.1% improvement from 15.5% in Q2'2023, evidencing their growing contribution to Kenya's economy. Additionally, the escalation of selling and rental prices persisted, propelled by ongoing inflationary pressures and a depreciated shilling against the United States dollar, leading to an increase in the costs of construction materials. Some of the key factors that continued to positively shape the performance of the Real Estate sector include; continued focus by both the government and the private sector to provide decent housing to Kenyans through the Affordable Housing Program (AHP), continued efforts to provide affordable mortgages through the Kenya Mortgage Refinance Company (KMRC), implementation of various infrastructure projects, such as the Kenol-Marua Highway, Dongo Kundu Bypass project, Makupa Bridge project, the retail sector has continued to grow and the hospitality sector has seen resumed investor confidence.

SOUTH SUDAN

GDP: South Sudan is expected to record positive growth in FY 2023/24 after the negative figures it recorded in the previous three fiscal years. The negative development in the previous three fiscal years was due to overlapping economic shocks, including COVID-19, floods, and the war between Russia and Ukraine. As per the World Economic Outlook report by IMF in October 2023, the economy is expected to average a GDP growth of 3.5%, up from the 0.5% recorded in 2022. This is then expected to grow to 4.2% in 2024. This will be driven by recovery in exports as government and private consumption remains constrained and the significant fiscal and monetary policies that were introduced in March 2021 by the Bank of South Sudan with the assistance of the World Bank. These reforms included but not limited to the unification of the official and parallel exchange rates & public financial management.

Consumer Price Index (CPI): The CPI increased from 13,622.24 points in December 2022 to 14,406.12 points as at 31st December 2023 (Data from Trading Economics). The Bank of South Sudan with the support of the World Bank embarked on stringent Monetary and fiscal policies in 2021. These efforts have led to a fall in money growth thereby easing of the commodity and transport prices in comparison to the prior years. The World Economic Outlook report issued in October 2023 shows that three-year cumulative inflation is expected to decrease significantly, to 30% in 2023 and 34% in 2024. As a result, effective December 2023, the economy of South Sudan is no longer hyper-inflationary.

Currency: The South Sudan pound depreciated by 60% and 52% against the US Dollar and Kshs. The SSP closed at SSP/USD 1,070.985 and SSP 6.85 /Kshs compared to SSP/USD 668.67 and SSP/KSHS 4.5 as at 31st December 2022. (Data from Bank of South Sudan).

UGANDA

GDP: The economy has remained resilient despite a myriad of shocks. Estimates by the Uganda Bureau of Statistics (UBoS) show that economic growth for FY 2022/23 rose to 5.2% from 4.7% in FY 2021/22. Also, the Composite Index of Economic Activity (CIEA), a high-frequency indicator of economic activity, grew strongly at an annualized rate of 6% in the three months leading up to October 2023. The near-term economic growth prospects remain broadly favourable. Although the domestic monetary conditions remain tight as the restrictive monetary policy continues to propagate to the economy, the current investment activities in the oil and gas sector, higher regional demand for exports at the back of expected higher growth in most of the Sub-Saharan African countries, resilient remittances, and a rebound in tourism inflows are expected to support economic growth. Bank of Uganda's (BOU) estimates project that economic growth will be 6% in FY 2023/24 and increase to between 6% and 7% in the medium term.

Currency: The Uganda shilling remains relatively stable against the US dollar despite the recent bouts of depreciation pressures in the quarter to December 2023. The unit depreciated by 2% during the review quarter to a mid-rate of 3,780.66 in December 2023. The losses sustained by the shilling during the quarter were largely due to higher corporate demand, mainly from the oil, telecommunication, and manufacturing firms amid continued outflow of portfolio capital and bearish sentiments over the expected outflows from proceeds of the Airtel Initial Public Offer (IPO).

Inflation: Inflation continues to moderate reflecting the tight monetary policies, good crop harvests due to the improved weather conditions, relative exchange rate stability and the declining global inflation as global cost pressures ease. However, headline inflation increased slightly in December 2023 to 2.6% from 2.4% in October 2023, while core inflation closed at 2.3%. BOU forecasts show that inflation will remain below 5% in the near term but return to the target in the medium term. Core inflation is projected to average 2.5 to 3.5 % in FY 2023/24, up from 2% to 3% in the October 2023 forecast round. The slight upward revision for FY 2023/24 reflects a higher path for energy prices.

Interest rates: With the inflation outlook being favorable, BOU lowered the CBR by 0.5 percentage points to 9.5% in August 2023. However, in the October and December 2023 Monetary Policy Committee meetings, BOU assessed that although the inflation and economic growth outlook were more favorable, inflation had bottomed out. With significant uncertainties on the horizon, it was necessary to keep the CBR unchanged at 9.5%.

MALAWI

GDP: Real GDP growth projection for 2023 was revised downwards to 1.5 percent, from the earlier estimate of 1.9 percent. The revision is attributed to lower than anticipated growth in the agriculture, wholesale and retail, and manufacturing sectors, stemming from persistent shortages of foreign exchange, high inflation, and increased episodes of fuel shortages. Meanwhile, stronger growth is expected from the electricity, construction, mining and quarrying and accommodation and food services sectors. Domestic economic growth is projected to pick up to 3.2 percent in 2024, from 1.5 percent in 2023, supported by an increase in public investment and recovery in mining and quarrying, manufacturing, information and communication, financial and insurance activities, and education sectors. The positive outlook is however clouded by El Niño-induced weather conditions; and a highly uncertain global economic and geopolitical environment.

Foreign Currency Market: A year-on-year analysis indicated that the Malawi kwacha weakened against the US dollar by 64.0 percent in December 2023, to close at K1,683.37. Meanwhile, a quarterly comparison of the Malawi exchange rate revealed that the local currency lost 47.9 percent against the US dollar during 2023Q4 due to the continued pass through effects of 44.0 percent re-alignment of the exchange rate. In addition, the kwacha depreciated by 73.7 percent and 70.4 percent against the British pound and Euro, respectively, and traded at K2,212.42 per pound and K1,918.18 per Euro in the review year.

Inflation: The domestic headline inflation rate escalated to 34.5 percent in December 2023, from 33.1 percent in November 2023 (December 2022: 25.4). The increase was on account of elevated food inflationary pressures and continued pass through effects of 44.0 percent re-alignment of the exchange rate. Food inflation rose to 43.5 percent in December 2023 from 31.3 percent in December 2022, while non-food inflation edged up to 22.8 percent from 18.6 percent during the same period. Consequently, average inflation for Malawi in 2023 Q4 edged up to 31.5 percent from 28.2 percent in the preceding quarter.

Interest Rates: The Policy rate moved to 24.00 percent in December 2023 from 18.00 percent in December 2022. However, the Reference rate (base lending rate) increased to 23.60 percent from 17.30 percent recorded in December 2022.

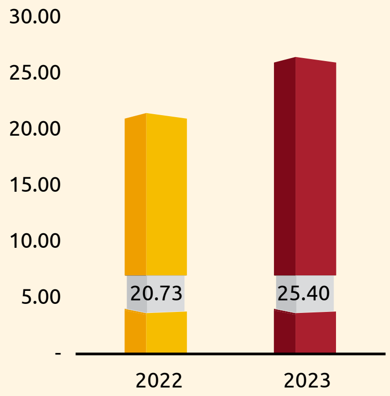
Stock Market: There was no activity on the primary market during the quarter under review. As such, the number of companies listed on the Malawi Stock Exchange remained at sixteen. The secondary market registered a decrease in both volume and value of shares traded compared to the preceding quarter. The decrease is a seasonal trend of relatively low trading, as there is generally little activity-driving information in the third quarter. Activity in the second quarter is largely driven by the publication of audited financial results by listed companies. The Malawi All Share Index (MASI) gained 9,769.22 points and closed at 118,426.19 points from 108,656.97 points recorded in the previous quarter. The increase in MASI was on account of a 26 upward movement in both the Domestic Share Index (DSI) and the Foreign Share Index (FSI).

OUR PERFOMANCE

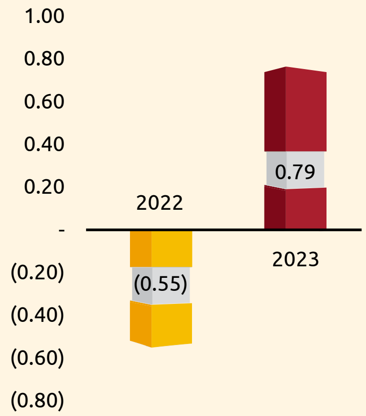
Fire Award Winner - Insurance Category

BUSINESS PERFOMANCE REVIEW

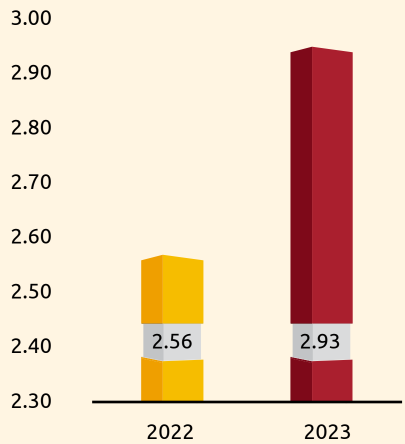
Insurance Revenue
Kshs Billions



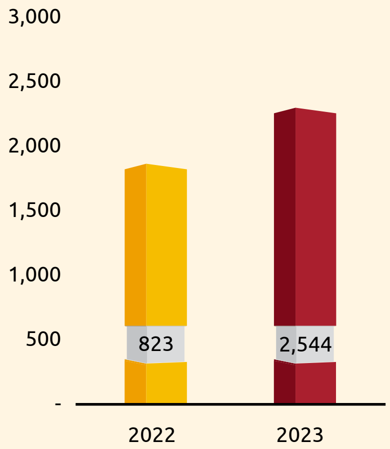
Insurance Service Result
Kshs Billions



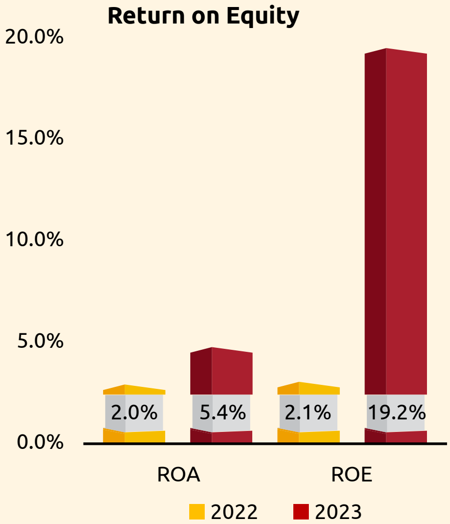
Investment return
Kshs Billions



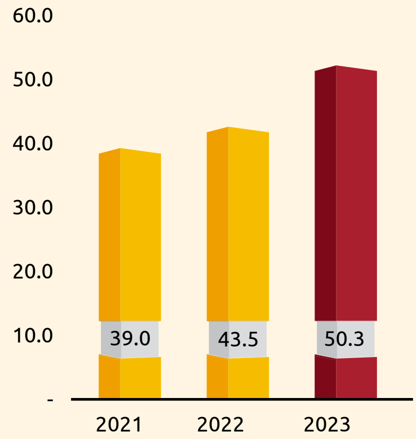
PBT
Kshs Millions



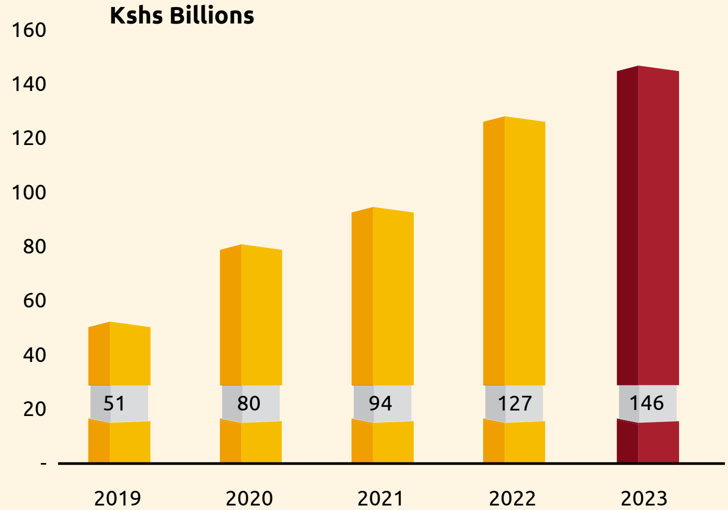
Return on Assets and
Return on Equity



Total Assets
Kshs Billions



Assets Under Management
Kshs Billions



REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report together with the audited financial statements of The CIC Insurance Group Plc (the Company) and its subsidiaries (together "the Group'' or "CIC Group") for the year ended 31 December 2023, which disclose the state of affairs of the Group.

1. INCORPORATION
The Group is domiciled in Kenya where it is incorporated as a public company limited by shares under the Companies Act, 2015. The address of the registered office is set out on page 4.

2. DIRECTORATE
The directors who held office during the year and to the date of this report are set out on page 4.

3. PRINCIPAL ACTIVITIES
The principal activities of the Group are the transaction of general and life insurance businesses including pension scheme administration and fund management.

4. RECOMMENDED DIVIDEND
The directors recommend payment of dividends for the year 2023 of KShs 345 million (2022: KShs 345 million)

5. GROUP AND COMPANY RESULTS

The table below highlights some of the key performance indicators:

	Group		Company	
	2023	2022 *Restated	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Profit/(loss) before income tax	2,543,993	823,337	(195,248)	(11,158)
Income tax (expense)/credit	(1,102,178)	(666,200)	(38,492)	(24,159)
Profit/(loss) for the year	1,441,815	157,137	(233,740)	(35,317)
Total comprehensive income/(loss) for the year	585,693	(294,703)	(233,740)	(35,317)
Total assets	50,299,041	43,479,081	9,779,011	9,666,180
Equity attributable to owners of the parent	7,692,817	7,403,570	3,604,898	4,183,638

6. BUSINESS REVIEW

KENYA
The Kenyan economy recorded an average growth of 5.5% in the period between January to September 2023, with Q3'2023 GDP coming in at 5.9%, adding to the 5.4% growth recorded in Q2'2023, up from the 4.3% in Q3'2022. The performance in Q3'2023 was mainly driven by the 6.7% growth in the agricultural sector due to the favorable weather conditions, which led to more agricultural output. Most sectors recorded improved growth compared to Q3'2022 with Accommodation and Food Services (+9.1%), Agriculture, Forestry and Fishing (+8.0%), and Mining and Quarrying (+5.6%) Sectors recording the highest growth improvements. In 2023, the economy is projected to grow at an average of 5.2%, higher than the 4.8% growth observed in 2022, mainly attributable to a rebound in the agricultural sector following the long rains that have been experienced in the country, coupled with recent fiscal policies such as subsidizing the costs of crucial farm inputs such as fertilizers that have enhanced agricultural output. The IMF projects the GDP to average 5.3% in 2024.

The inflation rate for the year 2023 averaged at 7.7%, 0.1% points higher than average inflation rate of 7.6% recorded over a similar period in 2022. Notably, the year-on-year inflation in December 2023 decreased by 0.2% points to 6.6%, from the 6.8% recorded in November 2023. The headline inflation in December 2023 was majorly driven by increase in prices of commodities in the following categories, transport; housing, water, electricity, gas, and other fuels, and food and non-alcoholic beverages by 11.7%, 8.3%, and 7.7%, respectively. During the year the Monetary Policy Committee (MPC) met 7 times to review the Central Bank Rate (CBR). In total, MPC raised rates in 2023 by 3.75%, from 8.75% in January to 12.5% in December. Going forward, we expect inflationary pressures to ease in the short term, while remaining within the CBK's target range of 2.5% to 7.5% aided by the easing in fuel prices and easing of domestic food prices on the account of improved supply attributed to the ongoing harvests and Government measures to zero-rate key food imports.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. BUSINESS REVIEW *(Continued)*

KENYA *(Continued)*

The Kenya Shilling depreciated by 26.8% in 2023 to close at Kshs 156.46 against the US Dollar, compared to Kshs 123.37 recorded at the end of 2022, adding to the 9.0% depreciation recorded in 2022. This is driven by increased dollar demand from importers, especially oil and energy sectors, the current account deficit and the need for government debt servicing which has continued to put pressure on the country's forex reserves. Kenya's forex reserves dwindled to close the year at USD 6.7 Billion (3.6 months of import cover) compared to USD 7.4 Billion (4.7 months) at the end of 2022, a 9.8% decline. A weaker shilling increases the cost of financing foreign debt.

In 2023, the Kenyan equities market was on a downward trajectory, with NASI, NSE 20, and NSE 25 declining by 27.7%, 10.4%, and 24.2%, respectively. During the year, equities turnover declined by 18.3% to close the year at USD 0.6 Billion, from USD 0.8 Billion recorded in 2022.

UGANDA

The Ugandan economy has remained resilient despite a myriad of shocks. Estimates by the Uganda Bureau of Statistics (UBoS) show that economic growth for FY 2022/23 rose to 5.2% from 4.7% in FY 2021/22. Bank of Uganda's (BOU) estimates project that economic growth will be 6% in FY 2023/24 and increase to between 6% and 7% in the medium term.

MALAWI

Stronger growth is expected from the electricity, construction, mining and quarrying and accommodation and food services sectors. Domestic economic growth is projected to pick up to 3.2 percent in 2024, from 1.5 percent in 2023, supported by an increase in public investment and recovery in mining and quarrying, manufacturing, information and communication, financial and insurance activities, and education sectors.

SOUTH SUDAN

South Sudan is expected to record positive growth in FY 2023/24 after the negative figures it recorded in the previous three fiscal years. The negative development in the previous three fiscal years was due to overlapping economic shocks. The economy is expected to average a GDP growth of 3.5%, up from the 0.5% recorded in 2022. This is then expected to grow to 4.2% in 2024.

FINANCIAL PERFORMANCE

Group

Insurance revenue grew by 23% from KShs.20.7 Billion in 2022 to KShs.25.4 Billion in 2023 driven by growth in most of the group's business lines. The increase in insurance revenue was mainly driven by new business acquisitions as well as upward repricing of risks. Revenue from the asset management business increased by 3% in line with increase in assets under management. The insurance service expense grew by 21% in line with growth in underwritten risks. During the year, there were restructuring costs incurred by the Group amounting to and KShs 199 million, relating to severance pay for employees who opted to retire/exit under the voluntary early retirement/exit programme. Other operating expenses increased from Kshs 1.3 Billion to Kshs 1.5 Billion, a 10% increase in line with the overall business growth.

The group recorded a profit before tax of Kshs 2.5 Billion, up from a profit before tax of Kshs 0.8 Billion in 2022. This was largely attributed to the growth in insurance revenue and improved investment income during the year driven by high income reported under the fixed income securities. The group's total assets grew by 16% from Kshs 43.5 Billion in 2022 to Kshs 50.3 Billion in line with the growth in businesses, particularly increase in investment assets from Kshs 28.0 Billion to Kshs 34.2 Billion.

Company

The Company received dividend income from subsidiaries amounting to Kshs 465 million (2022: Kshs 340 million). There was no fair value gains on investment property in 2023 (2022: fair value gain of Kshs 246 million). Finance cost increased from Kshs 439 million in 2022 to Kshs 517 million in 2023 due to increased interest rate on the borrowing in the year.

The Company has started disposing its parcels of land it owns (investment property (Note 15(b)). Proceeds from sale of this property will be used to repay the loan from Co-operative Bank which will reduce the finance costs incurred on the borrowing. Further disclosures are included in Notes 15(b) of the financial statements.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. STATEMENT AS TO DISCLOSURE TO THE GROUP'S AND COMPANY'S AUDITOR

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

a)there was, as far as each director is aware, no relevant audit information of which the Group's and the Company's auditor is unaware; and

b)each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Group's and the Company's auditor is aware of that information.

8. TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the company's Articles of Association and Section 721 of the 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.

BY ORDER OF THE BOARD

Secretary

13 May 2024
Nairobi, Kenya

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group at the end of the financial year and of its financial performance for the year then ended. The directors are responsible for ensuring that the Group and its subsidiaries keep proper accounting records that are sufficient to show and explain the transactions of the Group; disclose with reasonable accuracy at any time the financial position of the Group; and that enables them to prepare financial statements of the Group that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Group's and Company's abilities to continue as going concerns, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's abilities to continue as going concerns.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 13 May 2024 and signed on its behalf by:

Nelson Kuria **Chairman**	**Patrick Nyaga** **Group Chief Executive Office**	**Julius Mwatu** **Director**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC

Report on the financial statements

Our opinion

We have audited the accompanying financial statements of The CIC Insurance Group Plc (the Company) and its subsidiaries (together, the Group) set out on pages 99 to 283, which comprise the consolidated statement of financial position at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2023, and the Company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the 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 financial statements*** section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC

Key audit matter	How our audit addressed the matter
Adoption of IFRS 17 and restatement of comparatives As explained in note 1 of the financial statements, IFRS 17 became effective for annual periods beginning on or after 1 January 203, replacing International Financial Reporting Standard 4, 'Insurance Contracts'. As a result, the group has adopted IFRS 17 in these financial statements. The transition to IFRS 17 has introduced new financial statement line items and disclosures, requiring significant changes to measurement of transactions and balances in the financial statements, including new areas of judgment and estimation. New systems, data flows, processes and models have been developed and introduced, giving rise to increased risks of material misstatement. International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ('IAS 8') requires that when the impact of adopting a new standard would be material to the financial statement comparatives, these comparatives should be restated. As a result, the 2022 opening balance sheet and the 2022 comparatives have been restated. In particular, we consider the key risks in relation to the adoption of IFRS 17 and restatement of comparatives to be as follows: • The determination of the transition approach for each group of insurance contracts; • The judgements involved in the determination of the measurement model to apply under the standard, in particular, management's use of the Premium Allocation Approach ('PAA') measurement model for groups of contracts that are not automatically eligible; • The methodology that has been used to determine the fair value of Contractual Service Margin ('CSM')on transition for annuity, individual life and group credit - single premium businesses; • The methodology and assumptions in respect of determining the risk adjustment; • The methodology used by management to determine discount rates; • New data flow and updated models used to produce IFRS 17 results; • New disclosure requirements giving rise to increased risk of material misstatement; and • The appropriateness of methodologies, assumptions and significant judgements applied in the calculation of relevant balances.	We performed the following procedures over the transition to IFRS 17, and restatement of comparative financial statements: • Assessed the appropriateness of the transition approach adopted for each group of insurance contracts; • Assessed whether the judgments, methodology and assumptions applied by management in determining the accounting policies are in accordance with IFRS 17; • Assessed the appropriateness of the judgments and supporting estimates used to determine the use of the PAA measurement model; • Applied the industry knowledge and compared the methodology, models and assumptions used in determining risk adjustment, CSM (including its amortisation profile) and discounted IFRS 17 best estimate liabilities (including assessment of yield curves) against expected market practice. This included consideration of the reasonableness of methodologies and assumptions and the appropriateness of any judgments applied, including whether or not there was any indication of management bias; • Tested the mathematical accuracy and completeness of the supporting calculations and adjustments used to determine the 2022 comparatives; • Performed testing over key data flows within IFRS 17 business processes; and • Tested the disclosures in the financial statements against the requirements of IFRS 17 and IAS 8.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC

Key audit matter	*How our audit addressed the matter*
Valuation of insurance contract liabilities As disclosed in notes 1, 42, 43 and 44 of the financial statements, the valuation of insurance contract liabilities involves complex and subjective judgments about future events, both internal and external to the business. Small changes to these assumptions can result in material impacts to the valuation of the fulfillment cash flows, CSM and risk adjustment. (a) For the life insurance contract liabilities There are significant assumptions that involve high levels of judgment in determining the best estimate liabilities, in particular the following: • The mortality assumptions used in the valuation of life risk including rate of mortality improvements; • Longevity assumptions used in the valuation of the annuity business involves significant judgment, • Expense and inflation assumptions - Future maintenance and expense inflation assumptions are used in the measurement of the life risk best estimate liabilities. The assumptions reflect the expected future expenses that will be required to maintain the in-force policies at the balance sheet date. The assumptions used require significant judgment which includes how expenses are allocated between maintenance and acquisition expenses as well as how the expenses are split between attributable and non-attributable costs under IFRS 17. In the prior period and over the course of the year ended 31 December 2023, inflation has been significantly higher than historical rates. As a result, there remains significant uncertainty around future inflation and how inflation will vary across the economies where the group operates. This increases the materiality and risk associated with judgments applied in the calculator of expense inflation. • Estimating the fulfillment cash flows representing all relevant cash flows that fall within the insurance contract boundaries involve significant judgement. • The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts and it represents the unearned profit that the group will recognise as it provides insurance contracts services in the future. Determination of the CSM involves complex calculations and sensitive assumptions which increase the risk of error. In addition, the amortization of CSM requires significant judgment particularly in selecting the coverage units and their pattern of release; • Best estimate liabilities are valued by discounting expected future cash flows at an interest rate based on the most appropriate yield curve. The selection of appropriate discount rate involves judgment; • The risk adjustment represents the compensation that the group requires for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The methodology by which management determines that valuation of the risk adjustment requires them to carry out a number of calculations that involve significant degree of judgment	Our work to address the valuation of insurance contract liabilities included the following procedures: • Using our actuarial specialists, applied industry knowledge and experience and compared the methodology, models and assumptions used against recognised actuarial practice. This included consideration of the reasonableness of assumptions against actual historical experience, and the appropriateness of any judgment applied, including if there was any indication of management bias; • Assessed the reasonableness of assumptions in the valuation of insurance contract liabilities such as mortality, longevity, fulfillment cash flows, risk adjustment and selection of discount rates. • For contracts measured under General Measurement Model ('GMM'), tested the reasonableness of coverage units and amortisation to statement of profit or loss; • Assessed the competence, capabilities and objectivity of the Company's Statutory Actuary; • On a sample basis, traced the insurance valuation input data to information contained in the administration and accounting systems and to policyholder information; • Reviewed management's process of extraction and reconciliation of the data used in the determination of the insurance contract liabilities; • Tested the correct application of the logic applied in the determination of insurance contract liabilities;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC

Key audit matter (continued)	*How our audit addressed the matter*
Valuation of insurance contract liabilities (continued) (b) for the general insurance contract liabilities General insurance contract liabilities are highly uncertain and require considerable judgment and interpretation to determine their valuation. Our assessment of the related audit risk is focused on the following areas: • The risk of inappropriate methodologies and assumptions being used to estimate the undiscounted best estimate liabilities for future claims cash flows, which now forms part of the liability for incurred claims ('LIC'), and the associated reinsurers' share, which form part of the assets for incurred claims ('AIC') • The determination of bottom-up discount rates (including consideration of illiquidity premium); • The determination of payment patterns used to derive the cash flows for incurred claims; • The appropriateness of significant judgments applied to the selection of the premium Allocation Approach ('PAA') measurement model for groups of contracts that are not automatically eligible; and • The appropriateness of methodologies and assumptions adopted to calculate the amount of the risk adjustment to reflect the entity's view of the compensation that it requires for bearing risk.	• Reconciled a sample of the relevant data sources to the previous years' audited information for consistency of information used; and • Reviewed disclosures in the financial statements for compliance with IFRS 17.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC
(CONTINUED)

Other information

The other information comprises corporate information, report of the directors, directors' remuneration report, corporate governance report, statement of directors' responsibilities and supplementary information which we obtained prior to the date of this auditor's report and the rest of the other information in the Integrated Report which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report 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.

When we read the rest of the other information in the Integrated Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE CIC INSURANCE GROUP PLC

(CONTINUED)

Auditor's responsibilities for the audit of the financial statements *(continued)*

- 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Group's 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors on pages 88 to 90 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 71 to 73 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

13 May 2024

FINANCIAL STATEMENTS

Dawa Mlangoni

Prescription Drug Delivery
to Your Doorstep

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Group	
		2023	2022
			*Restated
	Notes	KShs'000	KShs'000
Insurance revenue	4 (a)	25,400,902	20,734,133
Insurance service expenses	4 (b)	(22,549,800)	(18,605,534)
Net expenses from reinsurance contracts held	4 (c)	(2,062,875)	(2,682,477)
Insurance service result		788,227	(553,878)
Interest revenue calculated using the effective interest method	6	2,630,218	1,887,250
Other investment income	6	209,561	207,531
Net losses on FVTPL investments	7 (a)	(118,580)	(8,370)
Net gains from fair value adjustments to investment properties	7 (a)	132,383	281,833
Foreign exchange gain	7 (a)	82,655	191,755
Allowance for expected credit losses	9 (d)	(5,399)	1,064
Investment result		2,930,838	2,561,063
Net finance expenses from insurance contracts	8	(888,294)	(925,991)
Net finance income from reinsurance contract held	8	152,482	129,722
Net investment result		2,195,026	1,764,794
Revenue from asset management services	5	1,163,775	1,129,791
Other gains	7 (b)	368,997	223,534
Other operating expenses	9 (a)	(1,451,175)	(1,318,164)
Gain on monetary position	55	-	12,895
Operating profit		3,064,850	1,258,972
Other finance costs	10	(517,822)	(440,305)
Share of profit of associate company	18	(3,035)	4,670
Profit before income tax		2,543,993	823,337
Income tax expense	11	(1,102,178)	(666,200)
Profit for the year		1,441,815	157,137
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on equity instruments at fair value through other comprehensive income	24	(416)	(426)
Gain on revaluation of building	13 (a)	88,255	84,665
Total items that will not be subsequently reclassified to profit or loss		87,839	84,239
Items that may be reclassified subsequently to profit or loss			
Foreign exchange currency translation differences		(70,051)	(153,638)
Fair value loss on debt instruments at fair value through OCI	23 (a)	(993,960)	(448,988)
Income tax thereon	17 (a)	120,050	66,547
Total items that may be subsequently reclassified to profit or loss		(943,961)	(536,079)
Total other comprehensive loss for the year (net of tax)		(856,122)	(451,840)
Total comprehensive income for the year		585,693	(294,703)
Basic and diluted earnings per share (Kshs)	12	0.57	0.06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
		*Restated
	KShs'000	KShs'000
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
ORDINARY EQUITY HOLDERS OF THE PARENT	1,497,950	156,466
NON - CONTROLLING INTERESTS	(56,135)	671
	1,441,815	157,137
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
ORDINARY EQUITY HOLDERS OF THE PARENT	634,247	(281,262)
NON-CONTROLLING INTERESTS	(48,554)	(13,441)
	585,693	(294,703)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

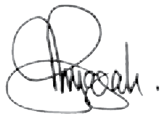
	Notes	2023 KShs'000	2022 *Restated KShs'000	1 Jan 2022 *Restated KShs'000
ASSETS				
Property and equipment	13 (a)	1,142,870	987,924	923,753
Right of use-asset	14 (a)	241,930	209,218	145,754
Investment properties	15 (a)	7,834,198	7,761,640	7,477,939
Intangible assets	16 (a)	301,398	284,977	313,725
Deferred income tax	17 (a)	1,380,869	1,164,457	1,217,349
Investment in associate	18	105,659	108,694	104,024
Financial assets at amortised cost- Corporate bonds	20	95,646	97,031	65,692
Financial assets at amortised cost -Government securities	21	10,753,219	8,278,855	5,677,890
Financial assets at amortised cost -Loans receivable	22	113,391	78,859	80,796
Financial assets at fair value through other comprehensive income - Government securities	23 (a)	13,579,374	11,389,365	7,754,295
Financial assets at fair value through other comprehensive income – Unquoted equity instruments	24	22,796	21,647	15,763
Financial assets at fair value through profit or loss – Quoted equity instruments	25	647,506	1,060,004	1,218,065
Investments in collective investment schemes at fair value through profit or loss	26 (a)	1,368,501	1,210,502	1,738,872
Reinsurance contract assets	42	3,733,993	3,727,821	4,964,076
Current income tax	11(b)	87,155	2,000	46,655
Other receivables	27 (a)	852,434	626,255	468,288
Due from related parties	28	183,047	145,158	102,243
Deposits with financial institutions	29 (a)	7,573,290	5,908,104	6,506,081
Cash and cash equivalents	48	281,765	416,570	221,989
Total assets		50,299,041	43,479,081	39,043,249
EQUITY AND LIABILITIES				
Share capital	30	2,615,578	2,615,578	2,615,578
Share premium	31	162,179	162,179	162,179
Statutory reserve	32	1,487,294	621,290	1,015,032
Contingency reserve	33	138,692	110,828	83,604
Revaluation surplus	34	367,956	279,701	195,036
Foreign currency translation reserve	35	(573,927)	(496,295)	(356,769)
Fair value reserve	36	(1,522,605)	(648,279)	(265,412)
Retained earnings	37	5,017,650	4,758,568	4,235,584
Equity attributable the owners of the parent		7,692,817	7,403,570	7,684,832
Non-controlling interest	38	(80,639)	(32,085)	(18,644)
Total equity		7,612,178	7,371,485	7,666,188

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 *(Continued)*

LIABILITIES				
Deferred income tax	17	663,540	288,392	436,276
Insurance contract liabilities	42	34,227,277	29,036,112	24,645,041
Investment contract liabilities	49	141,273	137,021	132,724
Lease liability	14 (a)	309,577	263,183	167,025
Borrowings	39	5,081,164	4,571,600	4,363,600
Other payables	40 (a)	2,034,225	1,695,346	1,426,633
Current income tax	11 (b)	229,807	115,942	205,762
Total liabilities		42,686,863	36,107,596	31,377,061
Total equity and liabilities		50,299,041	43,479,081	39,043,249

The financial statements were approved by the Board of Directors on 13 May 2024 and signed on its behalf by:

Nelson Kuria
Chairman



Patrick Nyaga
Group Chief Executive Office

Julius Mwatu
Director

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Company	
		2023	2022
		KShs'000	KShs'000
Interest revenue calculated using the effective interest method	6 (b)(i)	7,646	10,964
Other investment income	6 (b) (ii)	465,000	340,000
Net gains on FVTPL investments	7 (c)	2,246	1,417
Net gains from fair value adjustments to investment properties	7 (c)	-	246,000
Other gains	7 (c)	14,948	26,383
Allowance for expected credit losses	9 (d)	(201)	(628)
Total income		489,639	624,136
Operating and other expenses	9 (c)	(164,616)	(200,799)
Operating profit		325,023	423,337
Finance cost	10(b)	(517,236)	(439,165)
Share of profit of associate company	18	(3,035)	4,670
Loss before income tax		(195,248)	(11,158)
Income tax expense	11	(38,492)	(24,159)
Loss for the year		(233,740)	(35,317)
Other comprehensive income		-	-
Total comprehensive loss for the year		(233,740)	(35,317)

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023 KShs'000	2022 KShs'000
ASSETS			
Property and equipment	13 (b)	92,411	54,272
Investment properties	15(b)	4,046,000	4,046,000
Intangible assets	16 (b)	73,986	96,552
Deferred income tax	17 (b)	579,815	618,307
Investment in associate	18	105,659	108,694
Investment in subsidiaries	19	4,228,410	4,178,410
Financial assets at amortised cost -Loans receivable	22	15,619	12,381
Investments in collective investment schemes through profit or loss	26(b)	14,501	37,255
Current income tax	11 (b)	2,000	2,000
Other receivables	27 (b)	61,535	64,867
Due from related parties	28	399,980	310,414
Deposits with financial institutions	29 (b)	117,568	94,576
Cash and cash equivalents	48	41,527	42,452
Total assets		9,779,011	9,666,180
EQUITY AND LIABILITIES			
Equity			
Share capital	30	2,615,578	2,615,578
Share premium	31	162,179	162,179
Retained earnings	37	827,141	1,405,881
Total equity		3,604,898	4,183,638
LIABILITIES			
Due to related parties	28	655,970	566,070
Related party loan	28	273,076	238,016
Borrowings	39	4,955,891	4,571,600
Other payables	40 (b)	289,176	106,856
Total liabilities		6,174,113	5,482,542
Total equity and liabilities		9,779,011	9,666,180

The financial statements were approved by the Board of Directors on 13 May 2024 and signed on its behalf by:

Nelson Kuria
Chairman

Patrick Nyaga
Group Chief Executive Office

Julius Mwatu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital KShs'000 (Note 30)	Share premium KShs'000 (Note 31)	Statutory fund KShs'000 (Note 32)	Revaluation surplus KShs'000 (Note 34)	Contingency reserve KShs'000 (Note 33)	Foreign Currency translation reserve Ksh'000 (Note 35)	Fair value reserve KShs'000 (Note 36)	Retained earnings KShs'000 (Note 37)	Due to equity holders of the parent KShs'000	Non-controlling interests KShs'000 (Note 38)	Total KShs'000
At 1 January 2023 - Restated	2,615,578	162,179	621,290	279,701	110,828	(496,295)	(648,279)	4,758,568	7,403,570	(32,085)	7,371,485
Contingency reserve	-	-	-	-	27,864	-	-	(27,864)	-	-	-
Profit for the year	-	-	866,004	-	-	-	-	631,946	1,497,950	(56,135)	1,441,815
Other comprehensive Income for the year	-	-	-	88,255	-	(77,632)	(874,326)	-	(863,703)	7,581	(856,122)
Total comprehensive income for the year	-	-	866,004	88,255	-	(77,632)	(874,326)	631,946	634,247	(48,554)	585,693
Dividends paid	-	-	-	-	-	-	-	(345,000)	(345,000)	-	(345,000)
At 31 December 2023	2,615,578	162,179	1,487,294	367,956	138,692	(573,927)	(1,522,605)	5,017,650	7,692,817	(80,639)	7,612,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital KShs'000 (Note 30)	Share premium KShs'000 (Note 31)	Statutory fund KShs'000 (Note 32)	Revaluation surplus KShs'000 (Note 34)	Contingency reserve KShs'000 (Note 33)	Foreign currency translation reserve Ksh'000 (Note 35)	Fair value reserve KShs'000 (Note 36)	Retained earnings KShs'000 (Note 37)	Due to equity holders of the parent KShs'000	Non-controlling interests KShs'000 (Note 38)	Total KShs'000
At 1 January 2022 – As previously reported	2,615,578	162,179	1,128,818	195,036	83,604	(356,769)	(265,412)	4,406,933	7,969,967	14,164	7,984,131
Impact of adoption of IFRS 17 (Note 1 (b(i))	-	-	(403,465)	-	-	-	-	(171,349)	(574,814)	(32,808)	(607,622)
Correction of prior year error (Note 49)	-	-	289,679	-	-	-	-	-	289,679	-	289,679
At 1 January 2022 - Restated	2,615,578	162,179	1,015,032	195,036	83,604	(356,769)	(265,412)	4,235,584	7,684,832	(18,644)	7,666,188
Transfer from statutory reserve	-	-	(115,000)	-	-	-	-	115,000	-	-	-
Contingency reserve	-	-	-	-	27,224	-	-	(27,224)	-	-	-
Profit for the year	-	-	(278,742)	-	-	-	-	435,208	156,466	671	157,137
Other comprehensive income for the year	-	-	-	84,665	-	(139,526)	(382,867)	-	(437,728)	(14,112)	(451,840)
Total comprehensive income for the year	-	-	(278,742)	84,665	-	(139,526)	(382,867)	435,208	(281,262)	(13,441)	(294,703)
At 31 December 2022 - Restated	2,615,578	162,179	621,290	279,701	110,828	(496,295)	(648,279)	4,758,568	7,403,570	(32,085)	7,371,485

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital KShs'000 (Note 30)	Share premium KShs'000 (Note 31)	Retained earnings KShs'000 (Note 37)	Total KShs'000
At 1 January 2023	2,615,578	162,179	1,405,881	4,183,638
Loss for the year	-	-	(233,740)	(233,740)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(233,740)	(233,740)
Dividend paid	-	-	(345,000)	(345,000)
At 31 December 2023	2,615,578	162,179	827,141	3,604,898
At 1 January 2022	2,615,578	162,179	1,441,198	4,218,955
Loss for the year	-	-	(35,317)	(35,317)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(35,317)	(35,317)
At 31 December 2022	2,615,578	162,179	1,405,881	4,183,638

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 KShs'000	2022 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	47 (a)	5,700,056	4,872,435
Purchase of corporate bonds	20	-	(23,968)
Proceeds from maturity of corporate bonds	20	2,189	-
Purchase of government securities at amortised cost	21	(3,418,783)	(3,198,850)
Maturities of government securities at amortised cost	21	1,126,479	669,659
Purchase of government securities at fair value through other comprehensive income	23	(4,251,839)	(4,192,876)
Maturity of government securities at fair value through other comprehensive income	23	1,065,000	110,580
Purchase of unquoted equity investment at fair value through other comprehensive income	24	-	(6,067)
Purchase of equity investment at fair value through profit or loss	25	(106,091)	(32,279)
Proceeds from sale of equity investments at fair value through profit or loss	25	384,225	106,188
Additions to collective investment schemes	26(a)	(635,195)	(1,736,002)
Proceeds from disposal of collective investment scheme	26(a)	493,070	2,340,154
Increase in deposits with financial institutions (excluding cash and cash equivalents)	29	(464,131)	567,039
Interest paid on leases	14(a)	(29,023)	(32,305)
Interest received	6(a)	2,630,218	1,887,250
Dividend received	6(a)	48,177	59,220
Income tax paid	11 (b)	(813,579)	(787,705)
Repayment of interest portion of borrowings	39	(7,993)	(200,000)
Net cash generated from operating activities		1,722,780	402,473
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	13(a)	(240,488)	(55,692)
Proceeds from disposal of property and equipment		36,332	14,934
Purchase of intangible assets	16(a)	(71,330)	(31,911)
Net cash used in investing activities		(275,486)	(72,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	39	112,078	-
Repayment of principal portion of borrowings	39	(94,973)	-
Dividends paid		(345,000)	-
Repayment of principal portion of lease liability	14(a)	(72,268)	(53,429)
Net cash used in financing activities		(400,163)	(53,429)
INCREASE IN CASH AND CASH EQUIVALENTS		1,047,131	276,375
Effect of foreign exchange translations		14,729	(115,271)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		3,803,964	3,642,860
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	48	4,865,824	3,803,964

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 KShs'000	2022 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	48 (b)	80,078	(9,910)
Additions to collective investment schemes	26 (b)	-	(32,000)
Maturity of collective investments	26 (b)	25,000	7,000
Mortgage loan repaid	22 (b)	600	545
Other staff loans advanced	22 (b)	(2,519)	(213)
Decrease in deposits with financial institutions (excluding cash and cash equivalents)	29	(22,980)	(14,247)
Interest received	6	7,646	10,964
Dividend received	6(b)(ii)	465,000	340,000
Repayment of interest portion of borrowings	39	(2,912)	(200,000)
Net cash generated from operating activities		549,913	102,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	13(b)	(57,385)	(45,058)
Purchase of intangible assets	16(b)	(3,480)	(21,512)
Payment for acquisition of a subsidiary	19	(50,000)	-
Net cash used in investing activities		(110,865)	(66,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from repayment of intercompany loan receivable	28	-	31,911
Repayment of principal portion of borrowings	39	(94,973)	-
Dividend paid to shareholders		(345,000)	-
Net cash used in financing activities		(439,973)	31,911
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(925)	67,480
CASH AND CASH EQUIVALENTS AT 1 JANUARY		42,452	(25,028)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	48	41,527	42,452

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES

Statement of compliance with IFRS Accounting Standards

The financial statements have been prepared in compliance with IFRS Accounting Standards, interpretations issued by the IFRS Interpretations Committee (IFRS IC) Interpretations applicable to companies reporting under IFRS and in compliance with the Companies Act, 2015. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

a. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for debt instruments at fair value through other comprehensive income, equity investments at fair value through profit or loss, equity instruments at fair value through other comprehensive income, investments in collective investment schemes at fair value through profit or loss, building and investment properties which have been measured at fair value and actuarially determined liabilities at their present value. The consolidated and company financial statements are presented in Kenya Shillings which is also the Company's functional currency. All values rounded to the nearest thousand (KShs '000), unless otherwise stated.

The financial statements comprise the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRS Accounting Standards. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in previous periods. Transactions with the owners of the Group and Company in their capacity as owners are recognised in the statement of changes in equity.

The Group presents its statement of financial position broadly in order of liquidity from the least liquid to the most liquid. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies adopted by the Group. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in notes 1 and 2 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards

The section below provides a summary of (i) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2023 (i.e. years ending 31 December 2023), and (ii) forthcoming requirements, being standards and amendments that became or will become effective on or after 1 January 2024.

i. New standards and amendments – applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

International Financial Reporting Standards and amendments effective for the first time for December 2023 year-ends		
Number	**Effective date**	**Executive summary**
IFRS 17 Insurance Contracts	Annual periods beginning on or after 1 January 2023 (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. The Group applied the new standard effective 1 January 2023. The impact has been discussed below.
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. New standards and amendments – applicable 1 January 2023 *(Continued)*

International Financial Reporting Standards and amendments effective for the first time for December 2023 year-ends		
Number	**Effective date**	**Executive summary**
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.
Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules	The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. (Published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Other than IFRS 17, the above standards and amendments did not have a significant impact on the Company's and Group's financial statements.

Implementation of IFRS 17 Insurance Contracts

The Group has applied IFRS 17 Insurance Contracts, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. The nature and effects of the key changes in the Group's accounting policies as a result of adopting IFRS 17 are summarised below.

Summary

IFRS 17 Insurance Contracts (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard affected the financial statements and key performance indicators of all entities in the Group that issue insurance contracts as well as investment contracts with discretionary participation features. All Group entities with life and general insurance licenses were impacted.

IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for nonfinancial risk (together these represent the fulfilment cash flows) and a contractual service margin (CSM).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*
Summary (continued)

The default model is the general measurement model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the variable fee approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with- profits contracts). IFRS 17 also makes provision for a simplified approach, the premium allocation approach (PAA), mainly for short-duration contracts. The majority of these are within the general insurance business and short-term life contracts.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognized immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows is based on the characteristics of the liability.

Impact of the adoption of IFRS 17
The impact of initial application of IFRS 17 on the consolidated financial statements was a decrease of Kes 608 million to the Group's total equity at 1 January 2022, net of adjustments relating to prior year adjustments amounting to Kes 290 million.

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes. As noted above, the Group has provided the restated comparative information for 2022 in these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

Included below is the reconciliation of the Group statement of financial position from IFRS 4 to IFRS 17 at transition:

	31 Dec 2021 As reported KShs'000	IFRS 17 measurement adjustments KShs'000	Correction of prior year error (Note 49) KShs'000	Reclassification adjustments KShs'000	1 Jan 2022 *Restated KShs'000
ASSETS					
Reinsurance contract assets	4,994,519	532,871	-	(563,314)	4,964,076
Insurance contract assets (previously deferred acquisition costs and insurance receivables)	1,851,191	-	-	(1,851,191)	-
Deferred income tax	1,206,098	11,251	-	-	1,217,349
All other assets	33,489,028	-	-	(627,204)	32,861,824
Total assets	41,540,836	544,122	-	(3,041,709)	39,043,249
LIABILITIES					
Insurance contract liabilities	25,780,511	1,324,659	-	(2,460,129)	24,645,041
Investment contract liabilities	546,552	-	(413,828)	-	132,724
Reinsurance contract liabilities (previously reinsurance payables)	563,314	-	-	(563,314)	-
Deferred income tax	485,042	(172,915)	124,149	-	436,276
All other liabilities	6,181,286	-	-	(18,266)	6,163,020
Total liabilities	33,556,705	1,151,744	(289,679)	(3,041,709)	31,377,061
EQUITY					
Share capital and premium	2,777,757	-		-	2,777,757
Statutory reserve	1,128,818	(403,465)	289,679	-	1,015,032
Fair value reserve	(265,412)	-	-	-	(265,412)
All other reserves	(78,129)	-	-	-	(78,129)
Retained earnings	4,406,933	(171,349)	-	-	4,235,584
Non-controlling interest	14,164	(32,808)	-	-	(18,644)
Total equity	7,984,131	(607,622)	289,679	-	7,666,188
Total liabilities and equity	41,540,836	544,122	-	(3,041,709)	39,043,249

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*

Transition to IFRS 17 *(Continued)*

Transition adjustments
The measurement adjustments (transitional adjustments) relate to the following:

	KShs'000
Equity as previously reported – 1 January 2022	7,984,131
Impact of:	
Discounting of liability for incurred claims	255,814
Contractual service margin	(308,163)
Risk adjustment for non-financial risk	(228,902)
Loss component	(197,768)
Change in measurement basis	(166,848)
Reinsurance acquisition cash flows	(155,252)
Deferred income tax	193,497
	(607,622)
Correction of prior period error (Note 49)	413,828
Deferred income tax	(124,149)
	289,679
Equity – restated	7,666,188

The adjustments relate to:
- Discounting, which include present value of liability for incurred claims, representing the time value of money for claims expected to be settled in periods longer than one year;
- Recognition of contractual service margin which represents deferred profit elements recognised at inception of contracts and amortised over the contract period;
- the recognition of a risk adjustment for non-financial risk, a new concept required by IFRS 17, compared to the prudent margins required by IFRS 4;
- compared to the level at which the liability adequacy test was performed under IFRS 4, the level of aggregation of the contracts under IFRS 17 is more granular and resulted in more contracts being identified as onerous and losses on onerous contracts being recognized in profit or loss sooner. A loss component has been recognised to account for these onerous contracts;
- Changes in measurement basis arises mostly from the direct participating contracts portfolio, where a cost of guarantee has been considered under IFRS 17, this was not a requirement by IFRS 4.
- Under IFRS 4, some companies within the Group did not defer its reinsurance component of acquisition cash flows (previously deferred commission income). The reinsurance acquisition cash flows have been deferred and recognized under IFRS 17.
- *Correction of prior year error is disclosed in note 49.

Impact on statement of comprehensive income
The statement of profit or loss and other comprehensive income has been re-presented for the year ended 31 December 2022 to reflect the changes in the opening balance sheet at 1 January 2022. The transitional requirements of IFRS 17 do not require a reconciliation between the previous format of profit or loss and the new format of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. (b) New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. (i) New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*

Reclassification adjustments

Insurance and reinsurance related receivables and payables are no longer presented separately from insurance liabilities and reinsurance assets, leading to a reduction of total assets and liabilities as follows:
- Receivables arising out of direct insurance arrangements amounting to KShs 1.29 Billion and deferred acquisition costs amounting to KShs 557 million have been reclassified from assets and netted off against insurance contract liabilities;
- Payables arising out of reinsurance arrangements (KShs 563 million) have been reclassified from liabilities and netted off against reinsurance contract assets.
- Policy loans (KShs 595 million) have been reclassified from assets and netted off against insurance contract liabilities.

Portfolios of contracts that have asset balances and those that have liability balances are presented separately on each side of the statement of financial position.

Transition to IFRS 17

Selection of transition approach

On transition to IFRS 17, the Group has applied the full retrospective approach (FRA) unless it has concluded it is impracticable. The Group has applied the FRA on transition for all insurance contracts issued on or after 1 January 2021 and prior to the 1 January 2023 effective date.

Fair value approach (FVA)
Where the Group has concluded that the FRA is impracticable, it has applied the FVA on transition for all groups of insurance and associated reinsurance contracts. FVA basis cohorts have been grouped across multiple underwriting years into a single unit for each product type and reinsurance treaty for measurement purposes, which is the unit of account applied. The assumptions, models and the results of the determination of the fair value of the insurance and reinsurance contracts under this approach are explained below.

Impracticability assessment
IFRS 17 requires firms to apply the Standard fully retrospectively, unless it is impracticable to do so, in which case either a modified retrospective approach or FVA may be taken. For insurance and reinsurance contracts where the effective date of the contract was prior to 1 January 2021, the Group concluded that it would be impracticable to apply the standard on a fully retrospective basis due to the inability of determining the risk adjustment, a new requirement in terms of IFRS 17, in earlier years without the application of hindsight. Guidance contained in the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" requires that hindsight should not be applied in the application of an accounting standard on a retrospective basis.

Impracticability of application of Risk Adjustment on the FRA (insurance contracts)
The most significant issue identified was the absence of an approved Group Risk Adjustment framework, policy and methodology prior to 2021, with any target setting to prior year information representing the application of hindsight which is prohibited by the Standard.

The risk adjustment is a new requirement of IFRS 17 and represents the compensation that an entity requires to take on non-financial risk. Defining "compensation that the entity requires" to take on risk differs to any of the risk-based allowances adopted for either existing regulatory or statutory reporting purposes. A new framework and policy have been defined and implemented to measure the risk adjustment.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. (b) New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. (i) New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*

Transition to IFRS 17 (continued)

Selection of transition approach (continued)

Impracticability of application of Risk Adjustment on the FRA (insurance contracts) *(Continued)*

The Group has assessed whether other information used in previous reporting cycles, including pricing for new business, could be used to determine the risk adjustment, but has concluded that none of these alternatives would be an appropriate proxy for the risk adjustment. The development of the new approach for IFRS 17 represents a significant enhancement in the approach used to determine the Group's allowance for non-financial risk, with the use of a target confidence interval and probability distributions providing a more meaningful quantification of allowance for risk compared with IFRS 4 reporting. Therefore, the Group has concluded that the FRA is impracticable prior to 2021 in respect of risk adjustment as it would require the use of hindsight.

Impracticability assessment for reinsurance contracts held

The risk adjustment for reinsurance contracts held in IFRS 17 reflects the "amount of risk being transferred" to the reinsurer, so where the risk adjustment for insurance contracts is impracticable then, by definition, the reinsurance risk adjustment is also impracticable.

Approach adopted

After considering the severity of these factors, the Group concluded that it was impracticable to determine the value of insurance and reinsurance contracts on an FRA basis for those years of business transacted prior to 2021.

As a result of this impracticality, the IFRS 17 standard allows an accounting policy choice of the FVA or modified RVA from which the Group elected to apply the FVA.

Determination of fair value

Fair value principles

The Group has used the principles contained in IFRS 13: "Fair Value Measurement", except the principles relating to demand features, to determine the fair value of the insurance and reinsurance contracts.

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, that is. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability.

For certain assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, such as insurance obligations and associated reinsurance agreements, observable market transactions and market information are not widely available. There is no active market for the transfer of insurance liabilities and associated reinsurance between market participants and therefore there is limited market observable data. Although there may be transactions for specific books of annuity business, the profile of the cash flows and nature of the risks of each book of business is unique to each, with key inputs underlying the price of these transactions not being widely-available public knowledge, and therefore it is not possible to determine a reliable market benchmark from these transactions.

When a price for an identical asset or liability is not observable, the Group measures fair value using an alternative valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market based measurement, it is determined using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*

Transition to IFRS 17 *(Continued)*

Selection of transition approach*(Continued)*

Fair value principles *(Continued)*

The initial determination of the fair value was calculated on a gross and net of reinsurance basis. The fair value of the reinsurance contracts was then determined based on the difference between the gross and net of reinsurance results.

The measurement of the fair value of insurance contracts and associated reinsurance contracts have therefore been classified, in terms of the financial reporting fair value hierarchy as Level 3.

Aggregation of contracts for the determination of fair value

The Group has aggregated contracts issued more than one year apart when determining groups of insurance and reinsurance contracts under the FVA at transition as permitted by IFRS 17. For the application of the FVA, the Group has used reasonable and supportable information available at the transition date in order to identify groups of insurance and reinsurance contracts.

All insurance contracts which are valued at the date of transition using the fair value transition method have been allocated to the "any remaining contracts" profitability grouping.

Overview of the FVA applied

In line with IFRS 13, the Group uses an income approach, i.e. a present value technique, to determine the Fair Value of a group of contracts. According to IFRS 13, a Fair Value measurement of a liability using a present value technique captures all the following elements from the perspective of market participants at the measurement date:

a. an estimate of future cash flows for the asset or liability being measured.
b. expectations about possible variations in the amount and timing of the cash flows representing the uncertainty inherent in the cash flows.
c. the time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows and pose neither uncertainty in timing nor risk of default to the holder (i.e., a risk-free interest rate).
d. the price for bearing the uncertainty inherent in the cash flows (i.e., a risk premium).
e. other factors that market participants would take into account in the circumstances.
f. for a liability, the non-performance risk relating to that liability, including the entity's own credit risk.
g. IFRS 13 presents various present value techniques to estimate Fair Value. The Group follows an adjusted Fulfilment

Cashflow approach ("Adjusted FCF"). This present value technique is similar to the approach under IFRS 17 given that both standards necessitate a discounted value of the risk-adjusted expected cash flows. Under the adjusted FCF, the IFRS 17 fulfilment cashflows are adjusted to reflect the perspective of a market participant in the principal market of the liability in contrast to the entity's view under IFRS 17 and other IFRS 13 requirements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. New standards and amendments – applicable 1 January 2023 *(Continued)*

Implementation of IFRS 17 Insurance Contracts *(Continued)*

Transition to IFRS 17 *(Continued)*

Summary of fair value results

The following table summarises the fair value of insurance and reinsurance contracts determined at the 1 January 2022 transition date.

	Fair value Kshs'000	Estimate of present value of future cash flows Kshs'000	Risk adjustment Kshs'000	CSM Kshs'000
Insurance contract liabilities	6,545,473	6,167,918	104,764	272,791
Net reinsurance contracts liabilities				
Reinsurance contract assets	(25,665)	(23,930)	(1,818)	83
Insurance contract liabilities – net of reinsurance	6,519,808	6,143,988	102,946	272,874

The Group has used reasonable and supportable information available at the transition date in order to:
- Identify groups of insurance contracts
- Determine whether contracts are eligible for the VFA
- Identify any discretionary cash flows for insurance contracts measured under the GMM

The discount rates for the group of contracts applying the fair value approach were determined using the prevailing yield curve as at the transition date.

Application of IFRS 17 at 1 January 2022, required the Group to:
- Identify, recognise and measure group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- Identify, recognise and measure any asset for insurance acquisition cashflows as if IFRS 17 had always been applied except the recoverability assessment not applied before 1 January 2022;
- De-recognise any existing balances that would not exist had IFRS 17 been applied and recognise the IFRS 17 balances that replace these; and
- Recognise any resulting net difference in equity

Refer to the disclosure in note 1(c) for the measurement approaches adopted.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. New Standards, New Interpretations and Amendments to Standards *(Continued)*

i. Forthcoming requirements

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	**Effective date**	**Executive summary**
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The above standards are not expected to have a significant impact on the Group's and Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

b. Basis of consolidation

i. Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls a subsidiary if, and only if, the Group has:
- Power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included/excluded in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

At company level, the investment in subsidiary is presented as an asset in the statement of financial position and measured at cost.

Profit or loss and each component of OCI are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The Group financial statements reflect the result of the consolidation of the financial statements of the group and its subsidiaries, CIC General Insurance Limited, CIC Life Assurance Limited, CIC Asset Management Limited, CIC Africa Insurance (SS) Limited, CIC Africa (Uganda) Limited and CIC Africa Co-operatives Insurance (Malawi) Limited details of which are disclosed in note 19, made up to 31 December 2023.

ii. 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

c. Basis of consolidation *(Continued)*

iii. Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. The Group's investment in its associate is accounted for using the equity method of accounting while the Company's investment in associate is accounted for using the cost method.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's and company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity, either directly or through other comprehensive income. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the statement of profit or loss. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates after factoring in other comprehensive income.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. Any interest in the equity of the associate that was recorded directly in other comprehensive income of the investor is recycled to the profit or loss and is included in the calculation of the gain or loss on disposal.

d. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group's identifiable assets and liabilities are measured at their acquisition-date fair value.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's net identifiable assets. Non-controlling interests that are not present ownership interests are measured at fair value. This accounting policy choice can be made on an individual business combination basis.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

d. Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

e. Insurance contracts

Summary of measurement approaches

The Group uses different measurement approaches, depending on the type of contract, as follows:

	Product classification	Measurement model
Insurance contracts issued		
Ordinary life group:		
Ordinary life contracts	Insurance contracts	General Measurement Model (GMM)
Annuity contracts	Insurance contracts	General Measurement Model (GMM)
Group life group:		
Group life contracts	Insurance contracts	Premium Allocation Approach (PAA)
Group credit annual premiums contracts	Insurance contracts	Premium Allocation Approach (PAA)
Group credit single premiums contracts	Insurance contracts	General Measurement Model (GMM)
Deposit administration group:		
Direct participating contracts	Investment contracts	Premium Allocation Approach (PAA)
General business contracts	Insurance contracts	Premium Allocation Approach (PAA)
Reinsurance contracts held		
Life reinsurance contracts	Reinsurance contract held	Premium Allocation Approach (PAA)
General business contracts	Reinsurance contract held	Premium Allocation Approach (PAA)

i. Classification of contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

i. Classification of contracts *(Continued)*

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:
- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all 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.

ii. Separation of components of insurance contracts

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services

The Group applies IFRS 17 to all remaining components of the contract.

iii. Level of aggregation of insurance contracts

The Group manages insurance contracts issued by product lines within an operating segment. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are;
i. contracts that are onerous at initial recognition;
ii. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
iii. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

iv. Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:
- The beginning of the coverage period;
- The date when the first payment from the policyholder is due or actually received, if there is no due date;and
- When the Group determines that a group of contracts becomes onerous

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

iv. Recognition *(Continued)*

The Group recognises a group of proportionate reinsurance contracts held (quota share reinsurance) from the later of:
- The beginning of the coverage period of the group of reinsurance contracts held; and
- The date of initial recognition of any underlying contract

If the Group recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held, then the group of proportionate reinsurance contracts held is recognised at the same time as the onerous group of underlying contracts.

The Group recognises a group of non-proportionate reinsurance contracts held (such as group-wide catastrophe stop-loss reinsurance) from the beginning of the coverage period of the group of reinsurance contracts; this is typically the first period in which premiums are paid or reinsurance recoveries are received.

Reinsurance contracts are to be recognised in full for all underlying insurance contracts expected to be issued that fall within the boundary of the reinsurance contracts held. An insurance contract is derecognised when it is:
- Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- The contract is modified and certain additional criteria are met.

v. Modification

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
i. is not in scope of IFRS 17;
ii. results in different separable components;
iii. results in a different contract boundary; or
iv. belongs to a different group of contracts;

b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c. the original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach.

vi. Derecognition

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:
a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group;
b. adjusts the contractual service margin (CSM) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LRC) of the Group) in the following manner, depending on the reason for the derecognition:
i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party;
iii. If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received;
c. adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vi. Derecognition *(Continued)*

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party;
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

vii. Measurement

Fulfillment cash flows

The fulfilment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

The estimates of future cash flows are adjusted using the current discount rates 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 cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- Claims handling, maintenance and administration costs;
- Recurring commissions payable on instalment premiums receivable within the contract boundary;
- Costs that the Group will incur in providing investment services;
- Costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- Income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies' maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

Cash flows outside the insurance contract's boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cash flows are within the boundaries of investment contracts if they result from a substantive obligation of the Group to deliver cash at a present or future date.

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

The Group's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year's boundary are included in each of the reinsurance contract's measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Initial measurement – groups of contracts not measured under the PAA

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a. the initial recognition of the FCF;
b. the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and
c. cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and
b. cash flows arising from the contracts in the group at that date, including consideration received for the contracts 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.

Subsequent measurement – Groups of contracts not measured under the PAA

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

a. the LRC, comprising:
    i. the FCF related to future service allocated to the group at that date; and
    ii. the CSM of the group at that date; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a. the remaining coverage, comprising:
    i. the FCF related to future service allocated to the group at that date; and
    ii. the CSM of the group at that date; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For a group of contracts to which the premium allocation approach does not apply, the Group continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:
a. changes that relate to current or past service are recognised in profit or loss; and
b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts measured under the GMM, the following adjustments relate to future service and thus adjust the CSM:
a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b. changes in estimates of the present value of future cash flows in the LRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period;
d. differences between any policyholder loan expected to become repayable (plus any insurance finance income or expenses related to that expected repayment before it becomes repayable in the period) and the actual policyholder loan that becomes repayable in the period; and
e. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a) to (d) are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the general measurement model (GMM), the following adjustments do not relate to future service and thus do not adjust the CSM:
a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. changes in the FCF relating to the LIC; and
c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:
a. the effect of any new contracts added to the group;
b. for contracts measured under the GMM, interest accreted on the carrying amount of the CSM;
c. changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM;
d. the effect of any currency exchange differences; and
e. the amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

The Group does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;
b. the expected coverage duration of contracts in the group; and
c. the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

The Group changes the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period.

Onerous contracts – loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. expected incurred claims and expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are not reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Reinsurance contracts held – loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts as presented in the Onerous contracts – loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

Initial and subsequent measurement – groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less, or where it reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the General Measurement Model (GMM). This is the case for the engineering portfolio, under General business contracts, whose LRC determined sing GMM does not differ materially from that measured under PAA. The Group uses PAA for measuring reinsurance contracts held with a coverage period of one year or less. The reinsurance contracts held by the Company have coverage periods of one year or less, hence the Company uses PAA for measuring such reinsurance contracts held.

On initial recognition of insurance contracts issued, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows allocated to the group of contracts adjusted for any amounts arising from the derecognition of any prepaid acquisition cash flows asset. On initial recognition of reinsurance contracts held, the Group measures the remaining coverage at the amount of ceding premiums paid.

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

a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period;
b. decreased for insurance acquisition cash flows paid in the period (if applicable);
c. decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period;
d. increased for accretion of interest (if applicable); and
e. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses (if applicable).

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. (a) increased for ceding premiums paid in the period; and
b. (b)decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money where, at initial recognition, the entity expects the time between any premium becoming due and providing the related insurance contact services is one year or less.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

vii. Measurement *(Continued)*

Initial and subsequent measurement – groups of contracts measured under the PAA (continued)

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses.

Subsequently, the Group amortises the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

viii. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive income (OCI) into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Amounts recognised in comprehensive income

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and expenses

Insurance revenue – contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts.

For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other directly attributable expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date;
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

viii. Presentation *(Continued)*

Insurance revenue – contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on death or detection of critical illness;
- Other incurred directly attributable expenses;
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts
- Losses on onerous contracts and reversals of such losses
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognized
- For changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

e. Insurance contracts *(Continued)*

viii. Presentation *(Continued)*

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period is presented in profit or loss.

The Group has chosen not to disaggregate the change in risk adjustment for non-financial risk between the insurance service result and the insurance finance result. The entire change is recognised in the insurance service result.

f. Income

i. Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate (EIR) method. Interest income is recognised using EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at fair value through OCI is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or when appropriate, a shorter period, to the gross carrying amount of the financial asset.
The EIR (and therefore the amortised cost of the financial asset) is calculated taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using the EIR method.

The group calculates interest income on financial assets, other than those considered credit impaired, by applying the EIR to the gross carrying amount of the asset.

Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established.

ii. Rental income

Rental income is recognised on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognised as an operating lease liability/asset. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

iii. Dividend income

Dividend income is recognised on the date when the Group's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes which is included as part of investment income.

iv. Realised / unrealised gains and losses

Realised / unrealised gains and losses recorded in the statement of profit or loss on investments include gains and losses on financial assets measured at fair value through profit or loss and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transactions. More details on the on how the gains have been arrived has been discussed in the specific policies relating to the assets.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

f. Income *(Continued)*

v. Revenue from contract with customers

Revenue from asset management services
The Group recognizes revenue only when it satisfies a performance obligation by transferring control of the service to its customers. The performance obligation is satisfied over time as the customer simultaneously consumes the benefits provided by the Group as the Group performs.

The Group provides fund management services. The agreement for fund management services specifies the performance obligation as to carry out the management and administration of the fund, be responsible for investing and re-investing the assets. Accordingly, the Group allocates the transaction price based on the value of the asset portfolio managed.

This financial services income includes income from investment management and related activities. This is based on the value of the assets managed on behalf of clients such as fund management fees, collective investment and linked product administration fees. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered.

g. Operating and other expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

i. When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the statement of profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the equipment associated with the using up of assets such as property and equipment. In such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.
ii. An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Operating and other expenses that are directly attributable to acquisition of insurance business are recognised in insurance service expenses as per note 1(e)(viii) above. Other expenses not meeting the categories in note 1(e)(viii) are included in other operating expenses in the statement of profit or loss.

h. Taxation

Current income tax
Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the respective countries' Income Tax Legislations. 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. Current income tax assets or liabilities are based on the amount of tax expected to be paid or recovered in respect of the taxation authorities in the future. Tax is recognised in 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 is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date. The prevailing tax rate and the amount expected to be paid are highlighted in note 11 of these financial statements.

The group offsets current tax assets and current tax liabilities when:
- It has a legally enforceable right to set off the recognised amounts; and
- It intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The net amount of current income tax recoverable from, or payable to, the taxation authority is included on a separate line in the statement of financial position of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

h. Taxation *(Continued)*

Deferred income tax
Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the reporting date and expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred income tax is provided on temporary differences except those arising on the initial recognition of goodwill, 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 nor loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The accounting of deferred tax movements is driven by the accounting treatment of the underlying transaction that led to the temporary differences.

Deferred tax relating to items recorded in profit or loss is recognised in profit or loss, while deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in other comprehensive income or equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income Taxes

Value Added Tax (VAT) and premium taxes
Revenues, expenses, assets and liabilities are recognised net of the amount of VAT and premium taxes except:
- when the VAT or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, or receivables and payables that are measured with the amount of VAT or premium tax included.

Outstanding net amounts of VAT or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

i. Earnings per share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:
i. profit or loss from continuing operations attributable to the parent entity; and
ii. profit or loss attributable to the parent entity

are the amounts in (i) and (ii) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

j. Translation of foreign currencies

The presentation currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The consolidated and company's financial statements are presented in Kenyan Shilling ("KShs") which is also the company's functional currency.

Monetary assets and liabilities are translated into each entity's functional currency at the applicable exchange rate at the respective reporting dates. Foreign exchange gains and losses resulting from the settlement of the transactions performed by the companies of the Group and from the translation of monetary assets and liabilities into each entity's functional currency are recognized in profit or loss. Effects of exchange rate changes on the fair value of equity instruments are recorded as part of the fair value gain or loss.

The results and financial position of each group entity (are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented are translated at the applicable closing rate at the respective reporting date;
ii. income and expenses for each statement of profit or loss and statement of other comprehensive income are translated either at the rates prevailing at the dates of the transactions or at average exchange rates (in case this average is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates).

The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into the group's presentation currency using the following procedure: all amounts (i.e. assets, liabilities, equity items, income and expenses) shall be translated at the closing rate at the date of the most recent statement of financial position.

When amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

Inflation accounting

One of the subsidiaries of the Group, CIC Africa Insurance (South Sudan) was considered to operate in hyperinflationary economy until 31 December 2022. In 2023, South Sudan ceased being hyperinflationary and the subsidiary discontinued the preparation and presentation of the financial statements in accordance to the IAS 29 standard. It treated the carrying amounts expressed in the measuring current unit at 31 December 2022 as the basis for opening carrying amounts for the 2023 financial statements.

Significant judgement

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The analysis of the cumulative inflation rate over three years resulted in the Group considering whether South Sudan's economy was hyperinflationary. Based on the available information, the Group concluded that the economy is currently not hyperinflationary.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

k. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses except for buildings which are measured based on revalued amounts. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Buildings are measured according to the revaluation model stated at fair value, which reflects market conditions at the reporting date.

Increases in the carrying amount of land and buildings arising on revaluation are dealt with through other comprehensive income and accumulated under a separate heading of revaluation surplus in the statement of changes in equity. Decreases that offset previous increases of the same asset are dealt with through other comprehensive income and reversed from revaluation surplus in the statement of changes in equity; all other decreases are charged to profit or loss for the year. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is calculated on straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Buildings	40 years
Computers	4 years
Motor vehicles	4 years
Furniture, fittings and equipment	8 years
Leasehold improvements	10 years

Property and equipment are reviewed for impairment as described in note (s) whenever there are any indications of impairment identified. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its continued use or disposal. Gains and losses on derecognition of property and equipment are determined by reference to the difference of the carrying amounts and disposal proceeds. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings. The date of disposal of an item of property, and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. The amount of consideration to be included is the gain or loss arising from the derecognition of property and is determined in accordance with the requirements for determining the transaction price in IFRS 15.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end are adjusted prospectively, if appropriate.

l. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. The investment properties are subsequently carried at fair value, representing the open market value at the reporting date determined by annual valuations by independent valuers. Gains or losses arising from changes in the fair value are included in the profit or loss for the year to which they relate.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognised when either they have been disposed off (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss. The date of disposal of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

l. Investment properties *(Continued)*

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under plant and equipment to the date of change in use.

m. Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets.

Softwares under implementation are recognised as work in progress at historical costs less any accumulated impairment loss. The cost of such softwares includes professional fees and costs directly attributable to the software. The softwares are not amortised until they are ready for the intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. The group does not have assets with indefinite life and hence the amortisation is calculated using the straight-line method to write down the cost of each licence or item of software over its estimated useful life (four years).

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Intangible assets have finite lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The date of disposal of an item of intangible asset is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. The amount of consideration to be included in the gain or loss arising from the derecognition of an intangible asset is determined in accordance with the requirements for determining the transaction price in IFRS 15.

n. Accounting for leases

The Group leases rental office spaces. The Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. The incremental borrowing rate is the internal cost of debt determined as the risk free borrowing rate adjusted for country premium.

For leases that contain non-lease components, the Group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

n. Accounting for leases *(Continued)*

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to re-measurement to reflect any reassessment, lease modifications, or revised fixed lease payments.
Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value (such as leased electronic equipment) the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

Leases where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

The changes in leases which do not fall under the scope of COVID 19 related concessions are treated as lease modifications. Right of use assets are re-measured and gains or losses thereof recognised in the statement of profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense over the lease term.

A short-term lease in this context is defined as any arrangement which has a lease term of 12 months or less. Lease payments associated with such arrangements are recognised in the income statement as an expense on a straight-line basis. The Group's total short term and low value lease portfolio is not material. The Group also leases office equipment such as printers and for which certain leases are short term.

Determination

The determination of whether an arrangement is, (or contains), a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination took place. The Group is both lessee and a lessor.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

n. Accounting for leases *(Continued)*

The Group as the lessor – Investment properties leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index or rate.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. On a consolidated basis, the business evaluated the proportion of the properties that are owner occupied and reclassified them to Property and Equipment

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

o. Provisions

General provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

p. Employee benefits

Defined contributions provident fund

The Group operates a defined contributions post-employment provident fund for eligible employees. The fund is funded by contributions from the employees and the Group. The assets of the fund are held and administered independently of the Group's assets.

Statutory pension scheme

The Group also makes contributions to the statutory defined contribution schemes in the four countries where operations are based. Contributions to defined contribution schemes are recognised as an expense in profit or loss as they fall due.

Leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Termination benefits

The Group recognises a liability and expense for termination benefits at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

i. For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction (eg a legal, regulatory or contractual requirement or other restriction) on the entity's ability to withdraw the offer takes effect. This would be when the offer is made, if the restriction existed at the time of the offer.

ii. For termination benefits payable as a result of the Group's decision to terminate an employee's employment, the Group then can no longer withdraw the offer when it has communicated to the affected employees a plan of termination meeting all of the following:
   - Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
   - The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date; and
   - The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

q. Segment reporting

An operating segment is a component of an entity:

i. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

ii. Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

iii. For which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the Group Chief Executive Officer). The Group Chief Executive Officer allocates resources to and assesses the performance of the operating segments of the Group. The operating segments are based on the Group's management and internal reporting structure.

Under IFRS 8, the Group's reportable segments are long-term business, general insurance business, asset management and other. Long-term business comprises the underwriting of risks relating to death of an insured person and includes contracts subject to the payment of premiums for a long-term dependent on the termination or continuance of the life of an insured person. General insurance business relates to all other categories of insurance business written by the Group and is analysed into several sub-classes of business based on the nature of the assumed risks. Asset management comprises fund management, advisory services businesses and investments. Others comprises of the regional companies; CIC Africa Uganda, CIC Africa Malawi and CIC Africa South Sudan. It also includes the holding company. The Group's main geographical segment of business is in Kenya, which contributes over 87% (2022: 88%) of the Group's total insurance revenue.

r. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. The Group bases its impairment calculation on detailed budgets and forecast calculations which are detailed in its five-year strategic plan. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after fifth year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss to the amount of an impairment already taken to profit or loss while the remainder will be a revaluation amount through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

s. Fair value measurement

The Group measures financial instruments classified as financial assets at fair value through OCI and financial assets at fair value through profit or loss including investment properties at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the Finance General Manager (GM), who discusses the basis and assumptions with the valuer. The Group Chief Financial Officer then approves this. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair value related disclosures have been set out in note 54.

t. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Financial assets

In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include loans receivable, cash and cash equivalents, deposits with financial institutions, commercial papers, corporate bonds, other receivables, government securities at amortised cost and due from related parties.

Business model assessment

The group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development. The expected frequency, value, and timing of asset sales are important aspects of the Group's assessment.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Business model assessment *(Continued)*

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest is set.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Group's business model for managing them. Except for other receivables and amount due from related parties, which do not contain significant financing components, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or at fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The unquoted financial assets have been designated at fair value through OCI because the Group intends to hold the assets into perpetuity. The Group has designated its equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading.

The Group's financial assets designated at fair value through OCI (equity instruments) are the unquoted equity investments.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group has classified quoted equity instruments and investments in collective investment scheme in this category.

Derecognition

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Impairment of financial assets

Overview of ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group does not have financial guarantees, loan commitments, letters of credit and financial assets which are purchased or originated credit impaired (POCI).

The maximum period for which the credit losses are determined is the contractual life of a financial asset at amortised cost unless the Group has the legal right to call it earlier.

The Group allocates its assets subject to ECL calculations into these categories determined as follows:

- 12MECL (Stage 1) -The 12mECL is calculated as the portion of the LTECL that represents the ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring within 12 months following the reporting date.
- LTECL (Stage 2)-This is recorded when a financial instrument has shown a significant increase in credit risk since origination.
- Impairment (Stage 3) -For debt instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments.
- For other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Forward looking information

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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 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.

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.

Collateral valuation

To mitigate its credit risk on financial assets (staff loans), the Group seeks to use collateral, where possible. The collateral is in form of real estate or motor vehicles. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculations of ECLs for staff loans. It is generally assessed, at a minimum, at inception and reassessed on annual basis. Collaterals such as real estate, is valued based on data provided by third parties such as real estate valuers.

Collateral repossessed

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for internal operations are transferred to their relevant asset category at the lower of the repossessed value or the carrying amount of the original secured asset. Assets for which selling is determined to be the better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or motor vehicles but engages its procurement department to auction the asset to settle the outstanding debt. Any surplus funds are returned to the obligors. Because of this practice, the real estate properties and motor vehicles under legal repossession processes are not recorded in the balance sheet.

Write offs

Financial assets are written off either partially or in entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount Any subsequent recoveries are credited to credit loss expense. There were no write offs over the period reported in these financial statements.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, borrowings, payables arising out of reinsurance arrangements and amounts due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Management only designates, on an instrument – by– instrument basis, an instrument at FVPL upon initial recognition when one of the following criteria are met:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

The Group has designated unit linked contracts as financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, payables are subsequently measured at amortised cost using the EIR method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the carrying amount on initial recognition. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Redesignation of financial assets

As part of the initial implementation of IFRS 17, Insurance Contracts, effective 1 January 2022, the Group reassessed its business model for eligible financial assets in line with the requirements of paragraphs C29 to C33 of IFRS 17. The redesignation was based on the facts and circumstances that existed at the date of initial application of IFRS 17 and the designations and classifications were applied retrospectively without the use of hindsight.

The applied designations and classifications were based on how the performance of the financial assets is evaluated, reported to key management personnel, the risks that affect the performance of the deposit administration fund and expected liquidity needs of the holders of the instruments.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

t. Financial instruments *(Continued)*

Redesignation of financial assets *(Continued)*

Previously, government securities under the deposit administration contracts were classified at fair value through OCI. At 1 January 2022 management has reassessed them to the held at amortised cost.

The deposit administration funds provide retirement cashflows to the policy holders by providing a guaranteed amount and an investment return. The government securities are held to collect contractual cashflows on specified due dates to match the maturing obligations of policy holders based on known retirement age profile. As a result, the maturities of government securities are matched to the maturities of policy holder liability. Therefore, the government securities are solely held to collect.

The redesignation resulted to the following changes at 1 January 2022:

	Carrying amount as per previous classification 1 January 2022	Carrying amount after reclassification 1 January 2022	Changes in carrying amount
	KShs'000	KShs'000	KShs'000
Government securities at amortised cost	2,100,074	5,677,890	3,577,816
Government securities at fair value through other comprehensive income	11,332,111	7,754,295	(3,577,816)
Total	13,432,185	13,432,185	-

The re-measurement and reclassifications for government securities at FVOCI to amortised cost are disclosed in Notes 21 and 23 respectively.

u. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investment comprising of fixed deposits with financial institutions with original maturities of three months or less, and are subject to an insignificant risk of changes in value.

v. Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved. Dividend distributions to the shareholders are recognised as a liability in the financial statements in the year in which the dividends are declared and approved by the shareholders.

w. Events after the reporting date

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events even after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable. Refer to note 60 for more details.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

x. Share capital and share premium

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 attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

y. Statutory fund

This relates to CIC Life Assurance Limited. The Group matches the assets to liabilities, after which there is a surplus/deficit that is transferred to the statutory fund. The Insurance Act regulations stipulate that only a maximum of 30% of this can be transferred to the shareholders. The statutory actuary advises on the amount to be transferred to the shareholders. When a transfer is made to the shareholders, tax at the prevailing corporation rate 2023: 30% (2022: 30%) is incurred.

z. Product classification

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Insurance contracts can also transfer financial risk. Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Once a contract has been classified as an insurance contract (life and general), it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without DPF. The insurance contracts with DPF are majorly for Life Assurance, while the insurance contracts without DPF are both in general and life businesses. The group have direct participating contracts, in the form of deposit administration contracts. The investments contracts without DPF include the unit linked contracts.

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:
- Likely to be a significant portion of the total contractual benefits; and
- The amount or timing of which is contractually at the discretion of the issuer.

That are contractually based on:
- The performance of a specified pool of contracts or a specified type of contract;
- Realised and/or unrealised investment returns on a specified pool of assets held by the issuer; and
- The profit or loss of the company, fund or other entity that issues the contract.

aa. Policy loans

Policy loans, considered part of the insurance contract under IFRS 17, have been incorporated in insurance contract liabilities. IFRS 17 requires an entity to present separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities. Prior to the adoption of IFRS 17, loans to policyholders were classified as IFRS 9 loans and receivables under Loans receivable (i.e. separately from the insurance contract). However, these loans do not meet the requirements in IFRS 17 to be treated as separate IFRS 9 investment components and have been considered within insurance contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the assets and liabilities of the Group. Management applies judgement in determining the best estimate of future experience. Judgements are based on historical experience and management's best estimate expectations of future events, taking into account changes experienced historically. Estimates and assumptions are regularly updated to reflect actual experience. Actual experience in future financial years can be materially different from the current assumptions and judgements and could require adjustments to the carrying values of the affected assets and liabilities.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

(a) Assessment of significance of insurance risk

The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. All contracts issued by the Group accept significant insurance risk and the reinsurance contracts held transfer significant insurance risk and therefore no judgement was involved.

(b) Combination of insurance contracts

Determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Group determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Group is unable to measure one contract without considering the other. No respective judgement is applicable to the Group.

(c) Separation of insurance components of an insurance contract

The Group issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Group considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately. No respective judgement is applicable to the Group.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

A. Critical judgements in applying the group's accounting policies *(Continued)*

(d) Determination of the contract boundary

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

For the Group, the date of initial recognition will be the start of the coverage period for the group of insurance and reinsurance contracts. In some contracts such as direct participating contracts, the Group has the practical ability to reprice upon renewal. The contract boundary ends at the end of the coverage period (e.g., maturity date/expiry date of the contract, or renewal date).

(e) Identification of portfolios

The Group defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Where similar products are issued by different entities within a group, they are considered to be separate portfolios. Despite the oversight provided by management at the group level, the Group determines that these contracts are managed at the local issuing entity level. This is not an area of significant judgement for the Group since the Group is a multi-line insurer where each product line is monitored and managed on its own.

The Group applies the same assessment for the group of reinsurance contracts held.

(f) Level of aggregation

The Group applies judgement when determining the contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group.

(g) Assessment of loss component

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous and groups of other contracts. Similar grouping assessment for reinsurance contracts held is done. For contracts measured under the PAA, management has applied judgement to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is applied to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required. The Group uses loss ratios to identify onerous contracts. The Group did not identify any facts or circumstances that might have indicated that a group of contracts measured under the PAA had become onerous.

(h) Assessment of directly attributable cash flows

The Group uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

A. Critical judgements in applying the group's accounting policies *(Continued)*

(i) Assessment of eligibility for PAA

For short term (re)insurance contracts with a coverage period extending beyond one year, the Group elects to apply the PAA if at the inception of the group, the Group reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Group exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

The Group carried out PAA eligibility assessment for the engineering portfolio in general business whose LRC determined using GMM does not differ materially from that measured under PAA and concluded that they qualify to be measured under PAA. The Group carried out PAA eligibility assessment for the direct participating contracts portfolio, and assessed that the coverage period is one year or less, given the ability to reprice the portfolio annually.

(j) Determination of contractual service margin (CSM)

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows;
- Term life insurance contracts - Expected present value of claims
- Annuity contracts - Annuity amount payable in each period

(k) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group tracks changes in credit risk and recognises a loss allowance based on lifetime ECLs at each reporting date. See specific notes for financial assets that are subject to impairment assessment.

The Group measures ECL on an individual basis, or on a collective basis for class of assets that share similar economic risk characteristic. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the staff loans and mortgages will cure and the value of collateral or the amount that might be received for selling the asset.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

A. Critical judgements in applying the group's accounting policies *(Continued)*

(l) Income taxes

The Group is subject to income taxes in the various jurisdictions of operations. Significant judgement is required in determining the Group's provision for income taxes and to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The Group uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Group assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Group concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Particularly, the Group has applied judgement in concluding that on initial adoption of IFRS 17, the transition adjustments are subject to income tax charge/credit for some jurisdictions of operations. In addition, the existing income tax laws are based on IFRS 4 and therefore, judgment has been applied in calculating the current income tax charge for the year based on IFRS 17 numbers. To the best of the directors' knowledge, the calculated tax obligations are reflective of the tax liability at 31 December 2023.

(m) Revaluation of property and investment properties

The Group carries certain classes of property and equipment at fair value, with changes in fair value being recognised in other comprehensive income. Land and buildings were valued based on open market value by independent valuers. For investment properties valuation methodologies were used by reference to properties of similar nature, location and condition amongst other factors which are highly judgmental.

Investment property is classified as held for sale under IFRS 5 where its carrying amount will be recovered principally through a sale transaction rather than continuing use.
For a property to be classified as held for sale, the following conditions need to be met:

- the asset must be available for immediate sale in its present condition; and
- the sale must be highly probable.

The Kiambu land is accounted for as an investment property and is valued at KShs 4.05 Billion (2022: KShs 4.05 Billion). The land which measures 200 acres has been subdivided into 4 blocks (Blocks A, B, C and D) each with individual freehold titles. One of the Blocks (Block C) has been further subdivided into quarter-acre plots which generated 147 units whose sales launch was done in November 2022. Urban planners working under a consortium have been engaged for the subdivision of the remaining blocks A, B and D.

At 31 December 2023, deposits amounting to KShs 83.0 million (2022: KShs 35.8 million) have been received into an escrow account with Co-operative Bank of Kenya. The amounts have been recognized in the cash book against a contract liability account. During the year, deposits of KShs 94.9 million were used to partly settle the borrowing with Cooperative Bank. The receipts are deferred on the balance sheet and revenue will be recognised when full consideration is paid and title of the property passes to the buyers. None of the deposits received met the revenue recognition criteria at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

A. Critical judgements in applying the group's accounting policies *(Continued)*

(n) Impairment of associate

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the statement of profit or loss. In the current and the previousyear, the results of the impairment assessment tests performed on the investment in the associate did not result in impairment as detailed in Note 18.

(o) Impairment of subsidiaries

The Group determines at each reporting date whether there is any objective evidence that the investment in the subsidiaries is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the respective subsidiaries and its carrying value and recognises the amount to the statement of profit or loss. In the current and previous year, the results of the impairment assessment tests performed on the investment in the subsidiaries resulted in no impairment as detailed in Note 19.

(p) Recoverability of deferred income tax asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

B. Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Group has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows, including Liability for Incurred Claims (LIC)
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

Every area, including the Group's estimation methods and assumptions used and other sources of estimation uncertainty are discussed below. At 31 December 2023, the Group's total carrying amount of:

- Insurance contracts issued that are liabilities was KShs 34.2 Billion (2022: KShs 29.0 Billion)
- Reinsurance contracts issued that are assets was KShs 3.7 Billion (2022: KShs 3.7 Billion)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

B. Key sources of estimation uncertainty *(Continued)*

Sensitivity analysis of carrying amounts to changes in assumptions

The following tables present information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. For contracts measured under the PAA, only the Liability for incurred claims (LIC) component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Group in the methods and assumptions used in preparing the below analysis.

Contracts measured under PAA – General insurance contracts

	As at 31 December 2023				As at 31 December 2022			
	Liability for incurred claims (LIC) KShs'000	Impact on LIC KShs'000	Impact on profit before income tax KShs'000	Impact on equity KShs'000	Liability for incurred claims (LIC) KShs'000	Impact on LIC KShs'000	Impact on profit before income tax KShs'000	Impact on equity KShs'000
Insurance contract liabilities	6,458,197				6,960,707			
Reinsurance contract assets	(1,697,715)				(1,826,667)			
Net insurance contract liabilities	4,760,482				5,134,040			
Average claim cost - 10% increase								
Insurance contract liabilities		371,968	(371,968)	(260,377)		353,477	(353,477)	(247,434)
Reinsurance contract assets		(112,823)	112,823	78,976		(105,856)	105,856	74,099
Net insurance contract liabilities		259,145	(259,145)	(181,401)		247,621	(247,621)	(173,335)
Discount rate - 1% increase								
Insurance contract liabilities		(111,200)	111,200	77,840		(71,510)	71,510	50,057
Reinsurance contract assets		32,693	(32,693)	(22,885)		21,426	(21,426)	(14,998)
Net insurance contract liabilities		(78,507)	78,507	54,955		(50,084)	50,084	35,059

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

B. Key sources of estimation uncertainty *(Continued)*

Sensitivity analysis of carrying amounts to changes in assumptions (continued)

Life insurance contracts

	As at 31 December 2023								
	Fulfilment cash flows (FCF) KShs'000	CSM KShs'000	Total KShs'000	Impact on FCF KShs'000	Impact on CSM KShs'000	Total impact KShs'000	Remaining CSM KShs'000	Impact on profit before tax	Impact on equity KShs'000
Insurance contract liabilities	9,744,834	2,549,419	12,294,253						
Reinsurance contract assets	(1,262,289)	-	(1,262,289)						
Net insurance contract liabilities	8,482,545	2,549,419	11,031,964						
Lapse/surrender - 10% increase									
Insurance contract liabilities				18,370	(8,263)	10,107	2,541,156	(10,106)	(7,074)
Reinsurance contract assets				(4,658)	-	(4,658)	-	4,658	3,261
Net insurance contract liabilities				13,712	(8,263)	5,449	2,541,156	(5,448)	(3,813)
Mortality rate - 1% increase									
Insurance contract liabilities				312,282	(140,478)	171,804	2,408,941	(171,804)	(120,263)
Reinsurance contract assets				(79,184)	-	(79,184)	-	79,184	55,429
Net insurance contract liabilities				233,098	(140,478)	92,620	2,408,941	(92,620)	(64,834)
Expenses rate - 5% increase									
Insurance contract liabilities				93,357	(41,996)	51,361	2,507,423	(51,361)	(35,953)
Reinsurance contract assets				(22,945)	-	(22,945)	-	22,945	16,062
Net insurance contract liabilities				70,412	(41,996)	28,416	2,507,423	(28,416)	(19,891)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

B. Key sources of estimation uncertainty *(Continued)*

Sensitivity analysis of carrying amounts to changes in assumptions (continued)

Life insurance contracts (continued)

	As at 31 December 2022								
	Fulfilment cash flows (FCF)	CSM	Total	Impact on FCF	Impact on CSM	Total impact	Remaining CSM	Impact on profit before tax	Impact on equity
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000		KShs'000
Insurance contract liabilities	9,253,418	1,437,084	10,690,502						
Reinsurance contract assets	(602,488)	-	(602,488)						
Net insurance contract liabilities	8,650,930	1,437,084	10,088,014						
Lapse/surrender - 10% increase									
Insurance contract liabilities				3,557	(861)	2,696	1,436,223	(2,696)	(1,887)
Reinsurance contract assets				(468)	-	(468)	-	468	328
Net insurance contract liabilities				3,089	(861)	2,228	1,436,223	(2,228)	(1,559)
Mortality rate - 1% increase									
Insurance contract liabilities				298,890	(72,375)	226,515	1,364,709	(226,515)	(158,561)
Reinsurance contract assets				(41,230)	-	(41,230)	-	41,230	28,861
Net insurance contract liabilities				257,660	(72,375)	185,285	1,364,709	(185,285)	(129,700)
Expenses rate - 5% increase									
Insurance contract liabilities				60,466	(14,642)	45,824	1,422,442	(45,824)	(32,077)
Reinsurance contract assets				(7,956)	-	(7,956)	-	7,956	5,569
Net insurance contract liabilities				52,510	(14,642)	37,868	1,422,442	(37,868)	(26,508)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(Continued)*

B. Key sources of estimation uncertainty *(Continued)*

(b) Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the Group considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Group uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, accident rates, average claim costs, probabilities of severe claims, policy surrender rates. The Group maximises the use of observable inputs for market variables and utilises internally generated group-specific data. For life insurance contracts, the Group uses national statistical data for estimating the mortality rates as the national statistical data is more current than internal mortality statistics.

(c) Method of estimating discount rates

In determining discount rates for different products, the Group uses the bottom-up approach for cash flows of nonparticipating contracts that do not depend on underlying items. Applying this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium).

To derive the risk-free yield curve, the Group uses the published Nairobi Securities Exchange (NSE) yield curve for the Kenyan entities. This yield curve is published monthly and is based on the current yields of government securities issued by the Central Bank of Kenya. For Uganda and Malawi, a yield curve will be constructed from the Treasury Bond yields published by the Bank of Uganda and the Reserve Bank of Malawi respectively.

The Group will apply an illiquidity premium of zero to its risk-free yield curve. This is due to lack of sufficiently deep corporate bond market for which to derive the illiquidity premium. In addition, the groups of contracts are short-term, liquid and cancellable by providing a specified notice period.

Discount rates applied for discounting of future cash flows are listed below:

All general and life insurance contracts – KES currency

Period	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
31 December 2023	16.10%	17.92%	17.96%	17.87%	17.45%	16.79%	16.32%	15.97%	15.73%	15.70%
31 December 2022	10.31%	12.17%	12.69%	13.11%	13.53%	13.62%	13.66%	13.70%	13.73%	13.77%

All general and life insurance contracts – UGX currency

Period	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
31 December 2023	12.83%	13.00%	13.94%	14.24%	14.50%	14.67%	14.83%	14.97%	15.09%	15.20%
31 December 2022	13.83%	13.66%	13.50%	13.71%	13.92%	14.12%	14.33%	14.54%	14.75%	14.96%

All general and life insurance contracts – MWK currency

Period	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
31 December 2023	24.00%	26.75%	28.00%	29.24%	30.00%	31.26%	32.00%	32.70%	33.28%	33.00%
31 December 2022	19.50%	22.50%	23.65%	24.80%	25.00%	26.40%	27.00%	27.53%	27.99%	28.50%

All general and life insurance contracts – SSP currency

Period	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
31 December 2023	16.10%	17.92%	17.96%	17.87%	17.45%	16.79%	16.32%	15.97%	15.73%	15.70%
31 December 2022	10.31%	12.17%	12.69%	13.11%	13.53%	13.62%	13.66%	13.70%	13.73%	13.77%

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION

In accordance with IFRS 8: Operating segments, the information presented hereafter by operating segment is the same as that reported to the Chief Operating Decision Maker (the Group Chief Executive Officer) for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Under IFRS 8, the Group's reportable segments are long term business, general insurance business, asset management and other. Long-term business comprises the underwriting of risks relating to death of an insured person and includes contracts subject to the payment of premiums for a long-term dependent on the termination or continuance of the life of an insured person. General insurance business relates to all other categories of insurance business written by the Group and is analysed into several sub-classes of business based on the nature of the assumed risks. Asset management comprises fund management, advisory services businesses and investments. Others comprises of the regional companies; CIC Africa Uganda, CIC Africa Malawi and CIC Africa South Sudan. It also includes the holding company. The Group's main geographical segment of business is in Kenya, which contributes 87% (2022: 88%) of the Group's total insurance revenue.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the material accounting policies. There are no intersegment revenues and no single customer accounts for more than 10% of the revenue.

Factors that management use to identify the entity's reportable segments

The CIC Insurance Group PLC segments are strategic companies that offer different products and are managed separately based on regulatory requirements.

Description of the types of products and services from which each reportable segment derives its revenues

The CIC Insurance Group PLC has reportable segments; general insurance business, long term insurance business, asset management and other business.

Group management internally evaluates its performance based upon:
• Reportable segment profits after tax.
• Capital employed (defined as the total of intangible and tangible assets and working capital).

The various products and services that the reporting segments derive their revenues from have been described as follows.

(a) Insurance revenue	**2023**	**2022**
	KShs'000	**KShs'000**
General insurance business		
Medical	7,634,142	5,564,020
Non-medical	10,145,279	9,081,520
Sub – total	17,779,421	14,645,540
Long term business		
Ordinary life	456,375	378,060
Group life	6,535,833	5,285,507
Deposit administration*	629,273	425,026
Sub – total	7,621,481	6,088,593
Total insurance revenue	25,400,902	20,734,133

***Deposit administration represents direct participating contracts**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

(b) Insurance service expense	**2023**	**2022**
	KShs'000	**KShs'000**
General insurance business		
Medical	8,171,821	5,846,575
Non-medical	7,141,090	6,817,139
Sub – total	15,312,911	12,663,714
Long term business		
Ordinary life	455,340	423,123
Group life	6,106,149	5,011,746
Deposit administration	675,400	506,951
Sub – total	7,236,889	5,941,820
Total insurance service expenses	22,549,800	18,605,534

(c) Net expenses from reinsurance contracts held	**2023**	**2022**
	KShs'000	**KShs'000**
General insurance business		
Medical	106,801	132,414
Non-medical	2,190,348	1,739,130
Sub – total	2,297,149	1,871,544
Long term business		
Ordinary life	3,259	6,819
Group life	(237,533)	804,114
Sub – total	(234,274)	810,933
Total net expenses from reinsurance contracts held	2,062,875	2,682,477

Refer to note 4 for the detailed analysis of insurance revenue, insurance service expense and net expenses from reinsurance contracts held.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

(d) Investment income	**2023**	**2022**
	KShs'000	**KShs'000**
General insurance business		
(i) Interest revenue calculated using the effective interest method		
Government securities at amortised cost – debt instruments	177,505	156,210
Financial assets at amortised cost - corporate bonds	651	251
Debt instruments at FVOCI	684,549	488,321
Staff loan receivables	2,909	3,054
Deposits with financial institutions at amortised cost	326,999	215,465
Sub – total	1,192,613	863,301
(ii) Other investment income		
Dividend income from equity instruments at FVPL	23,694	27,782
Rental income from investment properties	122,532	121,725
Sub – total	146,226	149,507
Long term business		
(i) Interest revenue calculated using the effective interest method		
Government securities at amortised cost – debt instruments	149,732	124,122
Corporate bonds at amortised cost	1,061	985
Financial assets at fair value through other comprehensive income - debt instruments	893,906	597,424
Deposits with financial institutions at amortised cost	205,038	158,672
Staff loan receivables	53,883	58,035
Sub – total	1,303,620	939,238
(ii) Other investment income		
Dividend income	23,777	30,898
Rental income from investment properties	38,852	26,586
Sub – total	62,629	57,484

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

(d) Investment income (continued)	2023	2022
	KShs'000	KShs'000
Asset management business		
(i) Interest revenue calculated using the effective interest method		
Government securities at amortised cost	90,912	40,044
Financial assets at amortised cost - corporate bonds	1,354	2,058
Deposits with financial institutions	33,274	31,645
Sub – total	125,540	73,747
(ii) Other investment income		
Dividend income	706	540
Sub – total	706	540
Other businesses		
(i) Interest revenue calculated using the effective interest method		
Deposits with financial institutions	7,126	9,614
Staff loan receivables	1,319	1,350
Sub – total	8,445	10,964
Total interest revenue (i)	2,630,218	1,887,250
Total other investment income (ii)	209,561	207,531
Total investment income (i&ii)	2,839,779	2,094,781

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

(e) Other disclosures:	General Insurance business KShs'000	Long-term Assurance business KShs'000	Asset Management KShs'000	Other businesses KShs'000	Total KShs'000
31 December 2023					
Reportable segment profit/(loss)	702,384	900,715	496,937	(658,221)	1,441,815
Reportable segment total assets	14,418,503	24,342,006	1,660,326	14,379,692	54,800,527
Less intrasegment balances:					
: Related party balances	-	-	-	(273,076)	(273,076)
: Investment in subsidiaries	-	-	-	(4,228,410)	(4,228,410)
Reportable segment total assets – net	14,418,503	24,342,006	1,660,326	9,878,206	50,299,041
Reportable segment total liabilities	10,270,474	22,820,744	98,068	9,770,653	42,959,939
Less: related party balances	-	-	-	(273,076)	(273,076)
Reportable segments total liabilities - net	10,270,474	22,820,744	98,068	9,497,577	42,686,863
Insurance service result	169,360	618,867	-	-	788,227
Net investment result	1,260,580	780,474	117,871	36,101	2,195,026
Net revenue from asset management services	-	-	1,163,775	-	1,163,775
Other net gains	157,461	175,022	14	36,500	368,997
Other expenses	(417,543)	(256,019)	(576,223)	(201,390)	(1,451,175)
Other finance costs and share of associate	(16,771)	(10,787)	(1,466)	(491,833)	(520,857)
Profit/(loss) before income tax	1,153,087	1,307,557	703,971	(620,622)	2,543,993
Income tax expense	(450,703)	(406,842)	(207,034)	(37,599)	(1,102,178)
Profit/(loss) for the year	702,384	900,715	496,937	(658,221)	1,441,815
31 December 2022 – Restated					
Reportable segment profit/(loss)	317,715	(268,898)	450,073	(341,753)	157,137
Reportable segment total assets	13,739,964	19,903,314	1,415,690	12,836,539	47,895,507
Less intrasegment balances:					
: Related party balances	-	-	-	(238,016)	(238,016)
: Investment in subsidiaries	-	-	-	(4,178,410)	(4,178,410)
Reportable segment total assets - net	13,739,964	19,903,314	1,415,690	8,420,113	43,479,081
Reportable segment total liabilities	10,121,960	18,573,470	116,160	7,534,022	36,345,612
Less: related party balances	-	-	-	(238,016)	(238,016)
Reportable segments total liabilities - net	10,121,960	18,573,470	116,160	7,296,006	36,107,596

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

31 December 2022 – Restated *(Continued)*	General Insurance business KShs'000	Long-term Assurance business KShs'000	Asset Management KShs'000	Other businesses KShs'000	Total KShs'000
Insurance service result	110,282	(664,160)	-	-	(553,878)
Net investment result	1,002,867	397,552	77,318	287,057	1,764,794
Net revenue from asset management services	-	-	1,129,791	-	1,129,791
Other net gains	66,725	126,017	331	30,461	223,534
Other expenses	(305,674)	(204,035)	(561,135)	(234,425)	(1,305,269)
Other finance costs and share of associate	(19,529)	(10,893)	(1,883)	(403,330)	(435,635)
Profit/(loss) before income tax	854,671	(355,519)	644,422	(320,237)	823,337
Income tax expense	(536,956)	86,621	(194,349)	(21,516)	(666,200)
Profit/(loss) for the year	317,715	(268,898)	450,073	(341,753)	157,137

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION *(Continued)*

31 December 2023	Kenya	South Sudan	Uganda	Malawi	Inter segment eliminations	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Insurance revenue	22,150,178	582,870	1,721,636	946,218	-	25,400,902
Insurance service expenses	(19,576,178)	(927,045)	(1,154,547)	(892,030)	-	(22,549,800)
Net expenses from reinsurance contracts held	(1,533,991)	(63,961)	(464,689)	(234)	-	(2,062,875)
Insurance service result	1,040,009	(408,136)	102,400	53,954	-	788,227
Profit/ (loss) before income tax	3,145,179	(187,553)	85,194	(33,827)	(465,000)	2,543,993
Total assets	49,543,876	1,815,047	2,501,204	924,200	(4,485,286)	50,299,041
31 December 2022						
Insurance revenue	18,273,850	342,722	1,325,193	792,368	-	20,734,133
Insurance service expenses	(16,321,891)	(617,820)	(950,991)	(714,832)	-	(18,605,534)
Net expenses from reinsurance contracts held	(2,329,192)	8,204	(381,897)	20,408	-	(2,682,477)
Insurance service result	(377,233)	(266,894)	(7,695)	97,944	-	(553,878)
Profit/(loss) before income tax	1,147,201	(3,422)	(36,280)	55,838	(340,000)	823,337
Total assets	44,159,078	1,319,929	1,459,342	863,588	(4,322,856)	43,479,081

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT

a. Insurance revenue

The breakdown of insurance revenue by major product lines is presented below:

	2023					
	Contracts not measured under PAA					
	Expected incurred claims and other directly attributable expenses	Changes in risk adjustment for non-financial risk for expired risk	CSM recognised for the services provided	Insurance acquisition cash flows recovery	Insurance revenue from contracts measured under the PAA	Total insurance revenue
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	289,029	16,197	91,508	59,641	-	456,375
Deposit administration*	-	-	-	-	629,273	629,273
Group life	1,274,930	58,937	387,000	177,929	4,637,037	6,535,833
Total life	1,563,959	75,134	478,508	237,570	5,266,310	7,621,481
Medical	-	-	-	-	7,634,142	7,634,142
Non-medical	-	-	-	-	10,145,279	10,145,279
Total general	-	-	-	-	17,779,421	17,779,421
Total	1,563,959	75,134	478,508	237,570	23,045,731	25,400,902

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

a. Insurance revenue *(Continued)*

	2022 *Restated					
	Contracts not measured under the PAA					
	Expected incurred claims and other directly attributable expenses	Changes in risk adjustment for non-financial risk for expired risk	CSM recognised for the services provided	Insurance acquisition cash flows recovery	Insurance revenue from contracts measured under the PAA	Total insurance revenue
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	277,844	13,987	49,185	37,044	-	378,060
Deposit administration*	-	-	-	-	425,026	425,026
Group life	1,096,910	45,051	158,153	66,139	3,919,254	5,285,507
Total life	1,374,754	59,038	207,338	103,183	4,344,280	6,088,593
Medical	-	-	-	-	5,564,020	5,564,020
Non-medical	-	-	-	-	9,081,520	9,081,520
Total general	-	-	-	-	14,645,540	14,645,540
Total	1,374,754	59,038	207,338	103,183	18,989,820	20,734,133

*Deposit administration represents direct participating contracts

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

b. Insurance service expenses

The breakdown of insurance service expenses by major groups of insurance contracts is presented below:

	2023					
	Incurred claims expenses	Other directly attributable expenses	Changes in risk adjustments on liability for incurred claims	Changes in loss component	Insurance acquisition cash flows amortisation	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	50,217	314,504	(10,818)	41,796	59,641	455,340
Deposit administration	532,122	143,278	-	-	-	675,400
Group life	4,471,782	1,293,536	1,474	161,428	177,929	6,106,149
Total life	5,054,121	1,751,318	(9,344)	203,224	237,570	7,236,889
Medical	6,140,633	1,284,097	2,751	(4,748)	749,088	8,171,821
Non-medical	4,003,501	1,676,065	27,764	5,846	1,427,914	7,141,090
Total general	10,144,134	2,960,162	30,515	1,098	2,177,002	15,312,911
Total	15,198,255	4,711,480	21,171	204,322	2,414,572	22,549,800

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

b. Insurance service expenses *(Continued)*

	2022 *Restated					
	Incurred claims expenses	Other directly attributable expenses	Changes in risk adjustments on liability for incurred claims	Changes in loss component	Insurance acquisition cash flows amortisation	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	44,636	251,629	(4,252)	94,066	37,044	423,123
Deposit Administration	470,424	36,527	-	-	-	506,951
Group life	4,011,785	982,514	3,725	(52,417)	66,139	5,011,746
Total life	4,526,845	1,270,670	(527)	41,649	103,183	5,941,820
Medical	4,244,987	1,087,136	471	(30,872)	544,853	5,846,575
Non-medical	4,107,781	1,374,397	4,962	38,975	1,291,024	6,817,139
Total general	8,352,768	2,461,533	5,433	8,103	1,835,877	12,663,714
Total	12,879,613	3,732,203	4,906	49,752	1,939,060	18,605,534

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

(c) Net expenses / (income) from reinsurance contracts held

The analysis of net income / (expense) from reinsurance contracts by major product lines is presented below:

	2023					
	Reinsurance expenses	Insurance acquisition cash flows amortisation	Changes in risk adjustments on asset for incurred claims	Changes in loss recovery component	Incurred claims recovery	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	13,112	(6,635)	-	-	(3,218)	3,259
Group life	1,723,411	(383,286)	(39,971)	(13,006)	(1,524,681)	(237,533)
Total life	1,736,523	(389,921)	(39,971)	(13,006)	(1,527,899)	(234,274)
Medical	349,769	-	(8,835)	-	(234,133)	106,801
Non-medical	3,399,332	(885,210)	68	3,462	(327,304)	2,190,348
Total general	3,749,101	(885,210)	(8,767)	3,462	(561,437)	2,297,149
Total	5,485,624	(1,275,131)	(48,738)	(9,544)	(2,089,336)	2,062,875

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

(c) Net expenses / (income) from reinsurance contracts held (Continued)

	2022 *Restated					
	Reinsurance expenses	Insurance acquisition cash flows amortisation	Changes in risk adjustments on asset for incurred claims	Changes in loss recovery component	Incurred claims recovery	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	15,268	(7,455)	-	-	(994)	6,819
Group life	1,757,449	(304,358)	(40,921)	41,809	(649,865)	804,114
Total life	1,772,717	(311,813)	(40,921)	41,809	(650,859)	810,933
Medical	192,670	-	(13,756)	762	(47,262)	132,414
Non-medical	3,274,063	(874,325)	(17,938)	(8,011)	(634,659)	1,739,130
Total general	3,466,733	(874,325)	(31,694)	(7,249)	(681,921)	1,871,544
Total	5,239,450	(1,186,138)	(72,615)	34,560	(1,332,780)	2,682,477

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

(d) Amounts determined on transition to IFRS 17

For insurance contracts not measured under the PAA, an analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables. Insurance contracts measured under the PAA are not included in these tables, because the Group applied the full retrospective approach to such contracts.

	2023			2022		
Insurance contracts issued	Contracts under the full retrospective approach at transition	Contracts under the fair value approach at transition	Total	Contracts under the full retrospective approach at transition	Contracts under the fair value approach at transition	Total
Insurance revenue	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	418,460	37,915	456,375	359,763	18,297	378,060
Group life	1,259,176	639,620	1,898,796	964,015	402,238	1,366,253
Total	1,677,636	677,535	2,355,171	1,323,778	420,535	1,744,313

	2023			2022		
Insurance contracts issued	Contracts under the full retrospective approach at transition	Contracts under the fair value approach at transition		Contracts under the full retrospective approach at transition	Contracts under the fair value approach at transition	
CSM as at 31 Dec	KShs'000	KShs'000	Total KShs'000	KShs'000	KShs'000	Total KShs'000
Ordinary life	565,386	112,512	677,898	384,504	9,223	393,727
Group life	1,857,253	14,268	1,871,521	1,032,659	10,698	1,043,357
Total	2,422,639	126,780	2,549,419	1,417,163	19,921	1,437,084

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

4. INSURANCE SERVICE RESULT *(Continued)*

e. Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM for insurance contracts issued remaining at the end of the reporting period in profit or loss is provided in the following table:

Number of years until expected to be recognised	Ordinary life	Group life	Total CSM for insurance contracts issued
As at 31 Dec 2023	KShs'000	KShs'000	KShs'000
1	93,593	330,621	424,214
2 - 3	154,819	653,730	808,549
4 - 5	127,994	523,161	651,155
6 – 10	211,965	363,929	575,894
>10	89,527	80	89,607
Total	677,898	1,871,521	2,549,419
As at 31 Dec 2022			
1	91,508	387,000	478,508
2 - 3	40,612	144,341	184,953
4 - 5	68,562	267,453	336,015
6 – 10	125,274	244,151	369,425
>10	67,771	412	68,183
Total	393,727	1,043,357	1,437,084

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

5. REVENUE FROM ASSET MANAGEMENT SERVICES

	2023	2022
	KShs'000	KShs'000
Asset Management business		
Fund management fees	1,026,502	1,031,448
Administration fee	137,273	98,343
Total	**1,163,775**	**1,129,791**

6. INVESTMENT INCOME

a. GROUP

(i) Interest revenue calculated using the effective interest method

Government securities at amortised cost	418,149	320,376
Corporate bonds at amortised cost	3,066	3,294
Deposit with financial institutions at amortised cost	572,437	415,396
Staff loan receivables	58,111	62,439
Government securities at OCI	1,578,455	1,085,745
	2,630,218	1,887,250
(ii) Other investment income		
Dividend income	48,177	59,220
Rental income from investment properties	161,384	148,311
	209,561	207,531
Total	2,839,779	2,094,781
Investment income earned on financial assets analysed by category of assets:		
Financial asset at amortised cost	1,051,763	801,505
Financial asset at fair value through OCI	1,578,455	1,085,745
Dividend income	48,177	59,220
Investment income earned on non-financial assets	161,384	148,311
Total	2,839,779	2,094,781

Other fair value gains relating to financial assets classified as fair value through profit or loss are included in other income in note 7.

b. COMPANY

	2023	2022
	KShs'000	KShs'000
(i) Interest revenue calculated using the effective interest method		
Interest on deposits with financial institutions	6,327	9,614
Interest on staff loans	1,319	1,350
	7,646	10,964
(ii) Other investment income		
Dividend income	465,000	340,000

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

7. OTHER GAINS

a. GROUP

	2023 KShs'000	2022 KShs'000
Net gains from fair value adjustments to investment properties		
Fair value gain on investment properties (note 15 (a))	132,383	281,833
Net losses on FVTPL investments		
Fair value loss on quoted equity investments at fair value through profit or loss (note 25)	(134,364)	(84,152)
Fair value gain on investment in collective investment scheme (note 26(a))	15,874	75,782
	(118,490)	(8,370)
Foreign exchange gain	82,565	191,755
b. Total other gains		
Medical administration fee	132,991	10,084
Fees on deposit administration schemes	132,500	75,004
Miscellaneous income*	103,506	138,446
	368,997	223,534

c. Company

	2023 KShs'000	2022 KShs'000
Net gains from fair value adjustments to investment properties		
Fair value gain on investment property (Note 15(b))	-	246,000
Net losses on FVTPL investments		
Fair value on investment in collective investment scheme (Note 26(b)	2,246	1,417
Other net gains		
Miscellaneous income	14,948	26,383
Total other gains	17,194	273,800

*Miscellaneous income includes medical administration fees, sale of scraps, medical card replacement fees and sale of tenders and branded merchandise.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

8. NET INSURANCE FINANCE EXPENSES

	2023								
	Finance expenses from insurance contracts issued				Finance income from reinsurance contracts held				
	Interest accreted	Changes in interest rates on present value to incurred claims	Changes in interest rates on risk adjustment to incurred claims	Finance expenses from insurance contracts issued	Interest accreted	Changes in interest rates on present value to incurred claims	Changes in interest rates on risk adjustment to incurred claims	Finance income from reinsurance contracts held	Net insurance finance expenses
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	59,912	(60,234)	10,335	10,013	-	-	-	-	10,013
Group life	324,859	208,344	8,821	542,024	(4,366)	(39,001)	(29)	(43,396)	498,628
Total life	384,771	148,110	19,156	552,037	(4,366)	(39,001)	(29)	(43,396)	508,641
Non-medical	385,357	(48,367)	(733)	336,257	(125,202)	15,893	223	(109,086)	227,171
Total general	385,357	(48,367)	(733)	336,257	(125,202)	15,893	223	(109,086)	227,171
Total	770,128	99,743	18,423	888,294	(129,568)	(23,108)	194	(152,482)	735,812

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

8. NET INSURANCE FINANCE EXPENSES *(Continued)*

	2022 *Restated								
	Finance expenses from insurance contracts issued				Finance income from reinsurance contracts held				
	Interest accreted	Changes in interest rates on present value to incurred claims	Changes in interest rates on risk adjustment to incurred claims	Finance expenses from insurance contracts issued	Interest accreted	Changes in interest rates on present value to incurred claims	Changes in interest rates on risk adjustment to incurred claims	Finance income from reinsurance contracts held	Net insurance finance expenses
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	43,242	161,468	8,359	213,069	-	-	-	-	213,069
Group life	136,118	250,867	12,237	399,222	(3,830)	(39,043)	(110)	(42,983)	356,239
Total life	179,360	412,335	20,596	612,291	(3,830)	(39,043)	(110)	(42,983)	569,308
Non-medical	317,186	(3,450)	(36)	313,700	(87,251)	505	7	(86,739)	226,961
Total general	317,186	(3,450)	(36)	313,700	(87,251)	505	7	(86,739)	226,961
Total	496,546	408,885	20,560	925,991	(91,081)	(38,538)	(103)	(129,722)	796,269

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

8. NET INSURANCE FINANCE EXPENSES *(Continued)*

Investment income and insurance finance expenses

2023	Ordinary Life	Group life	Non-medical	Medical	Other	Total
Net investment income/ (expenses) - underlying assets						
Interest revenue from financial assets not measured at FVTPL	509,569	794,052	625,506	567,106	133,985	2,630,218
Other investment income	14,460	48,169	146,226	-	706	209,561
Net gains on FVTPL investments	(41,323)	(33,285)	(36,671)	(263)	(6,948)	(118,490)
Net credit impairment losses	-	(2,763)	(2,017)	(418)	(201)	(5,399)
Net gains on investments in debt securities measured at FVOCI	-	-	(959,752)	-	(34,208)	(993,960)
Net gains on investments in equity securities measured at FVOCI	-	-	(416)	-	-	(416)
Net investment income/(expenses) - underlying assets	482,706	806,173	(227,124)	566,425	93,334	1,721,514
Net investment income – other investments						
Net gains from fair value adjustments to investment properties	-	-	132,383	-	-	132,383
Foreign exchange gain	-	-	59,103	23,462	-	82,565
Net investment income -other	-	-	191,486	23,462	-	214,948
Total net investment income	482,706	806,173	(35,638)	589,887	93,334	1,936,462
Finance expenses from insurance contracts issued	(10,013)	(542,024)	(336,257)	-	-	(888,294)
Finance income from reinsurance contracts held	-	43,396	109,086	-	-	152,482
Net insurance finance expenses	(10,013)	(498,628)	(227,171)	-	-	(735,812)
Summary of the amounts recognised in profit or loss						
Net investment income - underlying assets	482,706	806,173	732,954	566,425	127,542	2,715,800
Net investment income -other	-	-	191,576	23,462	-	215,038
Net insurance finance expenses	(10,013)	(498,628)	(227,171)	-	-	(735,812)
Net investment result	472,693	307,545	697,359	589,887	127,542	2,195,026
Summary of the amounts recognised in OCI						
Net investment income - underlying assets	-	-	(960,168)	-	(34,208)	(994,376)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

8. NET INSURANCE FINANCE EXPENSES *(Continued)*

Investment income and insurance finance expenses *(Continued)*

2022	Ordinary Life	Group life	Non-medical	Medical	Other	Total
Net investment income/ (expenses) - underlying assets						
Interest revenue from financial assets not measured at FVTPL	432,728	506,509	498,862	364,441	84,710	1,887,250
Other investment income	19,407	11,491	176,093	-	540	207,531
Net gains on FVTPL investments	(19,311)	(12,120)	(17,348)	38,351	2,058	(8,370)
Net credit impairment losses	-	987	(933)	1,010	-	1,064
Net gains on investments in debt securities measured at FVOCI	-	-	(442,398)	-	(6,590)	(448,988)
Net gains on investments in equity securities measured at FVOCI	-	-	(426)	-	-	(426)
Net investment income/(expenses) - underlying assets	432,824	506,867	213,850	403,802	80,718	1,638,061
Net investment income – other investments						
Net gains from fair value adjustments to investment properties	-	-	35,833	-	246,000	281,833
Foreign exchange gain	-	-	98,512	93,243	-	191,755
Net investment income -other	-	-	134,345	93,243	246,000	473,588
Total net investment income	432,824	506,867	348,195	497,045	326,718	2,111,649
Finance expenses from insurance contracts issued	(213,069)	(399,222)	(313,700)	-	-	(925,991)
Finance income from reinsurance contracts held	-	42,983	86,739	-	-	129,722
Net insurance finance expenses	(213,069)	(356,239)	(226,961)	-	-	(796,269)
Summary of the amounts recognised in profit or loss						
Net investment income - underlying assets	432,824	506,867	656,674	403,802	87,308	2,087,475
Net investment income -other	-	-	134,345	93,243	246,000	473,588
Net insurance finance expenses	(213,069)	(356,239)	(226,961)	-	-	(796,269)
Net investment result	219,755	150,628	564,058	497,045	333,308	1,764,794
Summary of the amounts recognised in OCI						
Net investment income - underlying assets	-	-	(442,824)	-	(6,590)	(449,414)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

9. OPERATING AND OTHER EXPENSES

(a) GROUP

	2023 KShs'000	2022 KShs'000
Staff costs (note 9 (b))	2,696,936	2,266,355
Commission expense*	322,042	320,791
Auditors' remuneration	36,849	27,864
Directors' emoluments - fees	35,037	31,738
Directors' other expenses (travel and accommodation)	8,698	6,072
Depreciation of property and equipment (note 13 (a))	80,066	63,685
Amortisation of intangible assets (note 16 (a))	57,589	56,634
Depreciation on the right of use (note 14(a)	76,426	77,136
Premium tax	177,533	162,004
Staff welfare	396,030	310,075
Utilities	246,487	215,210
Software license costs	136,576	91,075
Printing and stationery	64,254	55,442
Business advertising	634,627	396,130
Sales promotions	258,713	168,313
Professional fees	297,193	301,306
Statutory levies	139,830	120,684
Professional subscriptions	7,374	4,703
Loan renewal fees	19,830	20,400
Kiambu land subdivision costs	43,281	49,322
Amortisation of loan expenses	21,139	18,602
Donations	16,151	-
Other expenses**	389,994	286,826
Total	6,162,655	5,050,367
Represented by:		
Insurance service expenses	4,711,480	3,732,203
Other operating expenses	1,451,175	1,318,164
Total	6,162,655	5,050,367

*Commission expense relate to the commission incurred by the asset management business.

**Other expenses relate to tender costs, postage, entertainment and other sundry expenses.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

9. OPERATING AND OTHER EXPENSES *(Continued)*

(b) STAFF COSTS

	2023 KShs'000	2022 KShs'000
Staff costs include the following:		
- Salaries and allowances***	2,209,189	2,012,116
- Bonus provision	104,098	103,740
- Restructuring costs****	198,688	-
- Defined pension contribution expense	124,108	114,130
- Termination benefits expense	30,787	11,508
- Leave pay	30,066	24,861
	2,696,936	2,266,355
Number of employees	793	648

***Included in the staff costs is salary and allowances of KShs 79 million (2022: KShs 64 million) paid to the Group Chief Executive Officer, who is also a director.

****Restructuring costs relate to severance pay for employees who opted to retire/exit under the voluntary early retirement/exit programme in the year.

(c) COMPANY

	2023 KShs'000	2022 KShs'000
Utilities	-	3,345
Depreciation of property and equipment (note 13 (b))	19,246	13,577
Amortisation of intangible assets (note 16 (b))	26,046	24,575
Auditor's remuneration	2,460	2,365
Annual General meeting expenses	-	2,378
Professional fees	468	-
Share registration cost	4,962	6,052
Amortisation of loan expenses	21,139	18,602
Printer leases	3,432	15,958
Loan renewal fees	19,830	20,400
Kiambu land subdivision costs	43,281	49,322
Donations	16,151	-
Other expenses	7,601	44,225
	164,616	200,799

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

9. OPERATING AND OTHER EXPENSES *(Continued)*

(d) The reconciliation of expected credit losses (ECL) is as follows:

GROUP: 2023	ECL at 1 January KShs'000	Charge /(credit) through P&L KShs'000	Write off KShs'000	ECL at 31 December KShs'000
- Corporate bonds at amortised cost	(83,408)	344	82,615	(449)
- Loans receivables	(11,463)	(112)	-	(11,575)
- Deposits with financial institutions	(32,007)	4,390	-	(27,617)
- Government securities at FVOCI	-	(2,870)	-	(2,870)
- Government securities at amortised cost	(375)	(472)	-	(847)
- Other receivables	(8,746)	(3,647)	-	(12,393)
- Receivables from related parties	(2,541)	(3,032)	-	(5,573)
- Cash and cash equivalents	(1,012)	-	-	(1,012)
Total	(139,552)	(5,399)	82,615	(62,336)

GROUP: 2022	ECL at 1 January KShs'000	Charge /(credit) through P&L KShs'000	Write off KShs'000	ECL at 31 December KShs'000
- Corporate bonds at amortised cost	(105,387)	7,279	14,700	(83,408)
- Loans receivables	(6,765)	(4,698)	-	(11,463)
- Deposits with financial institutions	(34,546)	2,539	-	(32,007)
- Government securities at FVOCI	3,882	(3,882)	-	-
- Government securities at amortised cost	(378)	3	-	(375)
- Other receivables	(6,752)	(1,994)	-	(8,746)
- Receivables from related parties	(3,652)	1,111	-	(2,541)
- Cash and cash equivalents	(1,718)	706	-	(1,012)
Total	(155,316)	1,064	14,700	(139,552)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

9. OPERATING AND OTHER EXPENSES *(Continued)*

(d) The reconciliation of expected credit losses (ECL) is as follows:

The reconciliation of expected credit losses (ECL) is as follows:

COMPANY: 2023	ECL at 1 January KShs'000	Charge / (credit) in P&L KShs'000	ECL at 31 December KShs'000
- Loans receivable – Mortgage loans (note 22(b)	288	-	288
- Receivables from related parties (note 28)	1,783	213	1,996
- Deposits with financial institutions (note 29(b)	82	(12)	70
Total	2,153	201	2,354

COMPANY: 31 December 2022	ECL at 1 January KShs'000	Charge / (credit) in P&L KShs'000	ECL at 31 December KShs'000
- Loans receivable – Mortgage loans (note 22(b)	171	117	288
- Receivables from related parties (note 28)	1,281	502	1,783
- Deposits with financial institutions (note 29(b)	73	9	82
Total	1,525	628	2,153

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

10. OTHER FINANCE COST

(a) GROUP

	2023 KShs'000	2022 KShs'000
Interest expense on borrowings (note 39)	488,799	408,000
Interest expense on lease liability (note14 (a))	29,023	32,305
	517,822	440,305

(b) COMPANY

Interest expense on borrowings (note 39)	482,176	408,000
Interest expense on related party loan (note 28 (c))	35,060	31,165
	517,236	439,165

11. TAXATION

GROUP

(a) Statement of profit or loss

Current income tax	823,391	754,662
Deferred income tax (note 17(a))	278,787	(88,462)
Income tax expense	1,102,178	666,200

COMPANY

(a) Statement of profit or loss and other comprehensive income		
Current income tax	-	-
Deferred income tax (note 17 (b))	38,492	24,159
Income tax expense	38,492	24,159
(b) Statement of financial position - Group		
At 1 January	113,942	159,107
Current income tax	823,391	754,662
Prior year under/(over) provision	14,406	(6,242)
Income tax paid	(813,579)	(787,705)
Effect of translation	4,492	(5,880)
At 31 December	142,652	113,942
Split as follows		
Tax recoverable	(87,155)	(2,000)
Tax payable	229,807	115,942
Net	142,652	113,942
Statement of financial position - Company		
At 1 January	2,000	2,000
Paid during the year	-	-
	2,000	2,000

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

11. TAXATION *(Continued)*

	2023 KShs'000	2022 KShs'000
(c) Reconciliation of income tax expense to expected tax based on accounting profit		
GROUP		
Profit before income tax	2,543,993	823,337
Tax calculated at a tax rate of 30% (2022:30%) for Kenya, 30% (2022:30%) for Uganda, 0% for South Sudan (2022: 0%) and Malawi 30% (2022:30%)	969,112	350,028
Prior year (under)/ over provision	(595)	-
Tax effect of expenses not deductible for tax*	86,780	122,885
Tax effect of income not taxable**	46,881	(79,125)
Tax effect on bad debts written off	-	272,412
Taxation charge through profit or loss	1,102,178	666,200
The effective income tax rate is 43% (2022: 81%).		
COMPANY		
Loss before income tax	(195,248)	(11,158)
Tax calculated at a tax rate of 30% (2022: 30%)	(58,574)	(3,347)
Tax effect of income not taxable**	54,740	(102,000)
Tax effect of expenses not deductible for tax**	42,921	129,506
Prior year over provision	(595)	-
Current income tax charge through profit or loss	38,492	24,159

The effective income tax rate is (20%) (2022: (217%)).

*These expenses are valuation fees, fringe benefit tax, excess pension contributions, loss on valuation of shares etc.

**These incomes are dividend income and interest on the infrastructure bond.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

12. EARNINGS PER SHARE – BASIC AND DILUTED

Basic earnings per share is calculated based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue in each period as follows:

	GROUP	
	2023	2022 *Restated
Profit attributable to ordinary shareholders' (KShs'000)	1,497,950	156,466
Weighted average number of shares (in thousands)	2,615,578	2,615,578
Earnings per share (KShs) – Basic and diluted (KShs)	0.57	0.06

There were no dilutive shares during the year (2022: Nil).

Basic earnings per share for the prior year have also been restated due to the impact of IFRS 17 implementation. The amount of the restatement for basic earnings per share was a decrease of KShs 0.34 per share.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

13. (a) PROPERTY AND EQUIPMENT – GROUP

2023	Buildings KShs'000	Motor Vehicles KShs'000	Computers KShs'000	Furniture fittings & equipment KShs'000	Leasehold improvements KShs'000	Total KShs'000
COST OR VALUATION						
At 1 January	830,823	87,070	289,147	1,008,222	3,880	2,219,142
Additions	-	56,126	66,297	115,800	2,265	240,488
Disposals	-	(13,871)	(222)	(22,239)	-	(36,332)
Gain on revaluation	88,255	-	-	-	-	88,255
Foreign exchange differences on translation	(97,195)	(5,085)	(4,219)	(14,193)	(1,417)	(122,109)
At 31 December	821,883	124,240	351,003	1,087,590	4,728	2,389,444
ACCUMULATED DEPRECIATION						
At 1 January	-	71,486	259,699	898,784	1,249	1,231,218
Charge for the year	5,850	11,222	26,248	35,109	1,637	80,066
Foreign exchange differences on translation	-	(5,072)	(4,437)	(14,062)	(667)	(24,238)
Elimination on revaluation	(5,850)	-	-	-	-	(5,850)
Elimination on disposal	-	(13,871)	(133)	(20,618)	-	(34,622)
At 31 December	-	63,765	281,377	899,213	2,219	1,246,574
CARRYING AMOUNT						
At 31 December	821,883	60,475	69,626	188,377	2,509	1,142,870

There are no property and equipment pledged as security for liabilities. There are no contractual commitments for the acquisition of property and equipment, except for CIC Plaza South Sudan which is under finance lease.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

13. (a) PROPERTY AND EQUIPMENT – GROUP *(Continued)*

2022	Buildings KShs'000	Motor Vehicles KShs'000	Computers KShs'000	Furniture fittings & equipment KShs'000	Leasehold improvements KShs'000	Total KShs'000
COST OR VALUATION						
At 1 January	743,251	91,841	282,895	995,263	3,782	2,117,032
Additions	-	14,267	11,331	29,475	619	55,692
Disposals	-	(12,976)	(816)	(1,142)	-	(14,934)
Gain on revaluation	100,028	-	-	-	-	100,028
Foreign exchange differences on translation	(12,456)	(6,062)	(4,263)	(15,374)	(521)	(38,676)
At 31 December	830,823	87,070	289,147	1,008,222	3,880	2,219,142
ACCUMULATED DEPRECIATION						
At 1 January	-	67,174	248,710	876,229	1,166	1,193,279
Charge for the year	-	10,669	15,060	37,555	401	63,685
Foreign exchange differences on translation	-	(4,142)	(3,714)	(14,427)	(318)	(22,601)
Elimination on disposal	-	(2,215)	(357)	(573)	-	(3,145)
At 31 December	-	71,486	259,699	898,784	1,249	1,231,218
CARRYING AMOUNT						
At 31 December	830,823	15,584	29,448	109,438	2,631	987,924

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

13. (a) PROPERTY AND EQUIPMENT – GROUP *(Continued)*

An independent valuation of the buildings in Kenya was carried out at 31 December 2023 by Crystal Valuers Limited, registered valuers, on open market value basis. There were no revaluation movements during the year for the property in Kenya. CIC Plaza in South Sudan was revalued on 31 December 2023 by registered valuers, Kenval Realtors Limited on open market value basis. The fair value of property and equipment are assessed every year. The valuation was conducted by an independent valuer. The fair valuation technique and the inputs used have been disclosed under note 15. The buildings represent owner-occupied portions of the investment property.

There were no borrowing costs related to the additions in property and equipment during the year and hence none has been capitalised. Additionally, none of the above assets was pledged as collateral for the group liabilities except South Sudan property that has been used as collateral on finance lease. The fair value disclosures for the measurement of the building has been disclosed in note 54.

If buildings were stated on the historical cost basis, the net book amount would be KShs 762 million (cost of KShs 827 million and accumulated depreciation of KShs 65 million).

(b) PROPERTY AND EQUIPMENT – COMPANY

2023	Motor Vehicles KShs'000	Computers KShs'000	Furniture fittings & Equipment KShs'000	Total KShs'000
COST				
At 1 January 2023	64,161	32,908	84,985	182,054
Additions	28,096	5,698	23,591	57,385
Disposals	(13,871)	-	-	(13,871)
At 31 December 2023	78,386	38,606	108,576	225,568
ACCUMULATED DEPRECIATION				
At 1 January 2023	34,216	28,394	65,172	127,782
Charge for the year	10,665	2,452	6,129	19,246
Eliminated on disposal	(13,871)	-	-	(13,871)
At 31 December 2023	31,010	30,846	71,301	133,157
CARRYING AMOUNT				
At 31 December 2023	47,376	7,760	37,275	92,411
2022				
COST				
At 1 January 2022	48,457	30,398	71,117	149,972
Additions	28,680	2,510	13,868	45,058
Disposals	(12,976)	-	-	(12,976)
At 31 December 2022	64,161	32,908	84,985	182,054
ACCUMULATED DEPRECIATION				
At 1 January 2022	38,293	26,809	59,916	125,018
Charge for the year	6,736	1,585	5,256	13,577
Eliminated on disposal	(10,813)	-	-	(10,813)
At 31 December 2022	34,216	28,394	65,172	127,782
CARRYING AMOUNT				
At 31 December 2022	29,945	4,514	19,813	54,272

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

14. LEASES AS A LESSEE

(a) Group	**2023 KShs'000**	**2022 KShs'000**
The statement of financial position shows the following amounts relating to leases:		
Buildings – office spaces	241,930	209,218
Right of use asset		
At 1 January	209,218	145,754
Renewal/additions	113,512	149,587
Amortization	(76,426)	(77,136)
Lease remeasurement	(4,374)	(8,987)
At 31 December	241,930	209,218
Lease liability		
At 1 January	263,183	167,025
Renewal/additions	113,512	149,587
Accretion of interest	29,023	32,305
Payment of interest	(29,023)	(32,305)
Lease payments	(72,268)	(53,429)
Effect of translation	5,150	-
At 31 December	309,577	263,183
Current lease liability	108,889	112,125
Non-current lease liability	200,688	151,058
	309,577	263,183
Amounts recognised in profit or loss;		
Interest on lease liabilities	29,023	32,305
Depreciation expense	76,426	77,136
Amounts recognised in statement of cash flows;		
Payment of principal portion of the lease liabilities	72,268	53,429
Payment of interest	29,023	32,305
Total cash outflow for leases	101,291	85,734

Lease liability maturity analysis

Group

2023	**Due on demand KShs '000**	**Due within 3 months KShs '000**	**Due between 3 and 12 months KShs '000**	**Due between 1 and 5 years KShs '000**	**Due after 5 years KShs '000**	**Total KShs '000**
Lease liabilities	-	33,172	75,717	239,975	450	349,314
2022						
Lease liabilities	-	35,673	76,452	188,753	6,780	307,658

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

15. INVESTMENT PROPERTIES

(a) GROUP	CIC Plaza in Kenya and South Sudan KShs'000	Kiambu Land KShs'000	Kajiado Land KShs'000	Total KShs'000
At 1 January 2022	1,945,939	3,800,000	1,732,000	7,477,939
Foreign exchange differences on translation	1,868	-	-	1,868
Fair value gains	35,833	246,000	-	281,833
At 31 December 2022	1,983,640	4,046,000	1,732,000	7,761,640
At 1 January 2023	1,983,640	4,046,000	1,732,000	7,761,640
Foreign exchange differences on translation	(59,825)	-	-	(59,825)
Fair value gains	132,383	-	-	132,383
At 31 December 2023	2,056,198	4,046,000	1,732,000	7,834,198

(b) COMPANY	2023 KShs'000	2022 KShs'000
Kiambu Land		
At 1 January	4,046,000	3,800,000
Fair value gains (note 6)	-	246,000
At 31 December	4,046,000	4,046,000

Net rental income on CIC Plaza arising from operating lease arrangements has been disclosed in note 6 to the financial statements.

The Group's investment properties include;

- CIC Plaza Kenya land and building valued at KShs 1.7 Billion. The property was revalued at 31 December 2023 and 2022 by Crystal Valuers Limited who are registered professional valuers. The fair value of the investment property was determined on the basis of open market value.
- CIC Plaza South Sudan land and building valued at KShs 355 million. The property was revalued at 31 December 2023 and 2022 by Kenval Realtors Limited who are registered professional valuers. The fair value of the investment property was determined on the basis of open market value.
- Kajiado land valued at KShs 1.73 Billion. The property was revalued at 31 December 2023 and 2022 by Crystal Valuers Limited who are registered professional valuers. The fair value of the investment property was determined on the basis of open market value.
- Kiambu land valued at KShs 4.05 Billion. The property was revalued at 31 December 2023 and 2022 by Crystal Valuers Limited who are registered professional valuers. The fair value of the investment property was determined on the basis of open market value. The property has also been used as collateral on a bank loan with Cooperative Bank of Kenya.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

15. INVESTMENT PROPERTIES *(Continued)*

(c) Amounts recognised in profit or loss for investment properties	**2023 KShs'000**	**2022 KShs'000**
Rental income from operating leases	161,384	148,311
Direct operating expenses from property that generated rental income	(14,721)	(11,318)
Direct operating expenses from property that did not generated rental income	(43,281)	(49,322)
Fair value gains	-	246,000

The Kiambu land is accounted for as an investment property and is valued at KShs 4.05 Billion (2022: KShs 4.05 Billion). The land which measures 200 acres has been subdivided into 4 blocks (Blocks A, B, C and D) each with individual freehold titles. One of the Blocks (Block C) has been further subdivided into quarter-acre plots which generated 147 units whose sales launch was done in November 2022. Urban planners working under a consortium have been engaged for the subdivision of the remaining blocks A, B and D.

At 31 December 2023, deposits amounting to KShs 83.0 million (2022: KShs 35.8 million) have been received into an escrow account with Co-operative Bank of Kenya. The amounts have been recognized in the cash book against a contract liability account. During the year, deposits of KShs 94.9 million were used to partly settle the borrowing with Cooperative Bank. The receipts are deferred on the balance sheet and revenue will be recognised when full consideration is paid and title of the property passes to the buyers. None of the deposits received met the revenue recognition criteria at 31 December 2023. Proceeds from sale of the land will be used to settle outstanding loan from Co-operative Bank (Note 39) whose repayment date is 30 Sep 2024.

The table below illustrates the information about significant unobservable inputs used at year end:

Valuation approach – assuming use of the asset in the highest and best use	Significant observable inputs	Inter-relationship between key observable inputs	Significant unobservable inputs
Valued using the Discounted Cash Flow method. Net income is determined by considering gross income less operating expenditure.	The valuation is determined on the market weighted average cost of capital.	Increase in the discount and vacancy rate will decrease the fair value of the properties.	Discount rate; 16%
Capitalization of the rental income using the year purchase method			
The discount rate is determined with reference to the current market conditions comparable market transactions.	Tenancy is based on projected occupancy of the property.	Similar changes in tenancy will increase/decrease the market value of the property.	Annual rent growth rate; 3%

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs	Average Kshs'000
Capitalized rent income (year purchase) method	Net annual rent	161,384

Considering the physical economic parameters in the country and the trends in property markets, management is of the opinion that there will not be significant change in the inputs to the valuation method during the year. The valuation takes into account recent prices of similar properties with adjustments made to reflect any changes in economic conditions since the date of the transactions at those prices.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

15. INVESTMENT PROPERTIES *(Continued)*

Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss. The Kiambu land property worth Kshs 4.05 Billion has been pledged and charged as collateral on the bank loan with Cooperative Bank of Kenya. The value of the land is based on market value, that is price at which an interest in a property might reasonably be expected to be sold by a private treaty at the date of valuation assuming:

a. a willing seller;
b. a reasonable period within which to negotiate the sale by taking into account the nature of the property;
c. values will remain static throughout the period;
d. the property will be freely exposed to the market within reasonable publicity;
e. no account is taken of an individual bid by a special purchaser.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLE ASSETS

a) GROUP

2023	Computer Software Total KShs'000	Work in progress*	Goodwill KShs'000	Total KShs'000
COST				
At 1 January	516,555	46,719	98,148	661,422
Additions	34,701	36,629	-	71,330
Effect of foreign currency translation	10,774	889	-	11,663
At 31 December	562,030	84,237	98,148	744,415
ACCUMULATED AMORTISATION				
At 1 January	376,445	-	-	376,445
Charge for the year	57,589	-	-	57,589
Foreign exchange differences on translation	8,983	-	-	8,983
At 31 December	443,017	-	-	443,017
CARRYING AMOUNT				
At 31 December	119,013	84,237	98,148	301,398

2022	Computer Software Total KShs'000	Work in progress*	Goodwill KShs'000	Total KShs'000
COST				
At 1 January	383,977	147,998	98,148	630,123
Additions	29,256	2,655	-	31,911
Transfers	103,934	(103,934)	-	-
Hyperinflation adjustment	(352)	-	-	(352)
Effect of foreign currency translation	(260)	-	-	(260)
At 31 December	516,555	46,719	98,148	661,422
ACCUMULATED AMORTISATION				
At 1 January	316,398	-	-	316,398
Charge for the year	56,634	-	-	56,634
Foreign exchange differences on translation	3,413	-	-	3,413
At 31 December	376,445	-	-	376,445
CARRYING AMOUNT				
At 31 December	140,110	46,719	98,148	284,977

*work in progress relates to the underwriting and financial reporting software which is currently under implementation.

The goodwill arose from the acquisition of CIC Africa Limited Malawi. In line with the impairment provisions under IAS 36, management identified two clear cut cash generating units (CGUs); Life Business (Long term) and General Business (short term) for CIC Africa Ltd Malawi. This was consistent with the goodwill impairment assessment for the year ended 31 December 2022. IAS 36 paragraph 33 (b) "in measuring value in use an entity shall base cash flow projections on the most recent financial budgets/forecasts approved by management, which exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance.".

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLE ASSETS *(Continued)*

(a) GROUP *(Continued)*

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. Based on the results of the impairment test carried out, goodwill was assessed not to be impaired.

The sensitivities to the assumptions are not material.

The following table sets out the key assumptions applied in determining the value in use calculations of the CGUs to which goodwill was allocated:

	General	Life
Insurance revenue growth growth:		
-year 1	26%	29%
-year 2	25%	28%
-year 3	22%	30%
-year 4	22%	30%
-year 5	22%	30%
Terminal growth rate	4%	4%
Discount rate	25%	21%
Directly attributable expenses	10%	15%
Investment income	15%	15%

Management determined the values assigned to each of the above key assumptions as follows:

Insurance revenue growth	Average growth based on market expectation and in line with industry trend and experience for previously gross earned premium. Management projects a conservative growth trajectory for the business for the coming years.
Long term growth rate	Based on Malawi's projected GDP growth in 2023. The rates are consistent with forecasts included in industry reports.
Discount rate	Weighted average cost of capital per CGU
Directly attributable expenses	Based on company's historical experience and management expectations
Investment income	Based on Malawi's historical rate of return on investments

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLE ASSETS (CONTINUED)

(b) COMPANY

2023	Computer software KShs'000	Work in progress	Total 2023 KShs'000
COST			
At 1 January	129,077	39,536	168,613
Additions	3,480	-	3,480
At 31 December	132,557	39,536	172,093
ACCUMULATED AMORTISATION			
At 1 January	72,061	-	72,061
Charge for the year	26,046	-	26,046
At 31 December	98,107	-	98,107
CARRYING AMOUNT			
At 31 December	34,450	39,536	73,986

2022	Computer software KShs'000	Work in progress	Total 2022 KShs'000
COST			
At 1 January	110,220	36,881	147,101
Additions	18,857	2,655	21,512
At 31 December	129,077	39,536	168,613
ACCUMULATED AMORTISATION			
At 1 January	47,486	-	47,486
Charge for the year	24,575	-	24,575
At 31 December	72,061	-	72,061
CARRYING AMOUNT			
At 31 December	57,016	39,536	96,552

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED INCOME TAX

(a) GROUP

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2022: 30%).

	2023 KShs'000	2022 KShs'000
Deferred tax asset	1,380,869	1,164,457
Deferred tax liability	(663,540)	(288,392)
Net deferred tax asset	717,329	876,065
Deferred tax charge analyzed as follows:		
Deferred tax recognized through profit or loss	(278,787)	88,462
Deferred tax recognized through OCI	120,050	66,547
	(158,737)	155,009

Deferred tax movement:

Arising from:	2022 KShs'000	Movement KShs'000	2023 KShs'000
Unutilised tax losses	656,379	(40,599)	615,780
Property and equipment	96,042	(2,308)	93,734
Provisions for doubtful premium receivables	401,575	133,599	535,174
Revaluation investment property	(101,273)	47	(101,226)
Life fund surplus	(288,392)	(375,148)	(663,540)
Fair value losses through OCI	102,700	120,050	222,750
Other deductible differences	9,034	5,622	14,656
Net deferred tax asset	876,065	(158,737)	717,328

GROUP

	2021 KShs'000	Movement KShs'000	2022 KShs'000
Unutilised tax losses	804,303	(147,924)	656,379
Property and equipment	61,353	34,689	96,042
Provision for doubtful premium receivables	444,427	(42,852)	401,575
Revaluation investment property	(189,331)	88,058	(101,273)
Life fund surplus	(485,042)	196,650	(288,392)
Fair value losses through OCI	36,153	66,547	102,700
Other deductible differences	49,193	(40,159)	9,034
Net deferred tax asset	721,056	155,009	876,065

Deferred tax charge analyzed as follows:	2023 KShs'000	2022 KShs'000
Deferred tax recognized through profit or loss	(278,787)	88,462
Deferred tax recognized through OCI	120,050	66,547
	(158,737)	155,009

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEFERRED TAXATION (continued)

(a) GROUP *(Continued)*

	Net deferred tax asset/(liability)	
	2023	2022
	KShs'000	KShs'000
The deferred tax asset/(liability) has been analysed as follows;		
CIC Asset Management Limited	43,459	24,922
CIC General Insurance Limited	660,049	431,549
CIC Life Assurance Limited	(663,540)	(288,392)
CIC Africa Malawi Limited	97,546	89,679
The CIC Insurance Group Limited – Company	579,815	618,307
	717,329	876,065

(b) COMPANY

	At 1 January	Recognized in Profit or loss	At 31 December
	KShs'000	KShs'000	KShs'000
2022			
Arising from:			
Unutilised tax losses	605,389	50,990	656,379
Provisions	37,077	(1,349)	35,728
Fair value gains on revaluation of investment property	-	(73,800)	(73,800)
Net deferred tax asset	642,466	(24,159)	618,307
2023			
Arising from:			
Unutilised tax losses	656,379	(40,599)	615,780
Provisions	35,728	1,512	37,240
Fair value gains on revaluation of investment property	(73,800)	-	(73,800)
Prior year under provision	-	595	595
Net deferred tax asset	618,307	(38,492)	579,815

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

18. INVESTMENT IN ASSOCIATE

The investment in Takaful Insurance of Africa Limited represents 22% (2022 – 22%) of the issued ordinary share capital the associate, which is a limited liability company incorporated and domiciled in Kenya. Its principal activities are transaction of general insurance and life insurance business. The company, whose financial year end is 31 December, is not listed on any securities exchange.

The table below summarizes the changes in the investment in associate;

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January	108,694	104,024	108,694	104,024
Share of (loss)/profit after tax	(3,035)	4,670	(3,035)	4,670
At 31 December	105,659	108,694	105,659	108,694

Impairment assessment was performed which resulted in no impairment charges in the year.

Summarised financial information in respect of the associate is set out below:

	2023	2022
	KShs'000	KShs'000
Current assets	838,219	1,127,248
Non- current assets	295,406	270,567
Current liabilities	561,380	778,109
Non- current liabilities	91,977	125,642
Equity	480,268	494,064
Cash and cash equivalents	462,999	529,143
Insurance service result	56,590	129,713
Net investment return	41,585	22,509
Operating expenses	(113,668)	(111,735)
(Loss)/profit from continuing operations for the year	(15,493)	40,487
Income tax expense	1,699	(19,262)
(Loss)/profit for the year	(13,794)	21,225
Group's share of (loss)/profit	(3,035)	4,670
Group's share of associate's contingent liabilities	Nil	Nil

The extent to which outflow of funds will be required on the Group's share of associate's contingent liabilities is dependent on the future operations of the associate being favourable than currently expected. In common practice with the insurance industry in general, the associate is subjected to litigation arising in the normal course of insurance business. There are no significant restrictions on the ability of associate to transfer funds to the entity in the form of cash dividend made by the group.

The are no commitments relating to the associate.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

19. INVESTMENT IN SUBSIDIARIES

(a) COMPANY	2023 KShs'000	2022 KShs'000
CIC Asset Management Limited:		
15,550,000 ordinary shares of KShs 20 each at cost	311,000	311,000
CIC General Insurance Limited:		
85,000,000 ordinary shares of KShs 20 each at cost	1,700,000	1,700,000
CIC Life Assurance Limited:		
40,000,000 ordinary shares of KShs 20 each at cost	800,000	800,000
CIC Microinsurance Limited:		
500,000 ordinary shares of KShs 100 each at cost	50,000	-
CIC Africa Insurance (South Sudan) Limited	319,962	319,962
690,000 ordinary shares of USD 5 each at cost (1 KShs =USD 0.93)		
CIC Africa Co-operatives Insurance (Malawi) Limited		
789,977 ordinary shares of MK 1,000 each at cost (1KShs = MK 7.2)	268,124	268,124
CIC Africa (Uganda) Limited*		
720,093 ordinary shares of UShs 10,000 each at cost (1Kshs = Ushs 31.3)	779,324	779,324
	4,228,410	4,178,410

*The extent to which outflow of funds will be required on the Group's share of subsidiary's contingent liabilities is dependent on the future

Movement in investment in subsidiaries	2023 KShs'000	2022 KShs'000
As at 1 January	4,178,410	3,682,878
Acquisition of additional ordinary shares in CIC Africa (Uganda) Limited	-	495,532
Acquisition of ordinary shares in CIC Microinsurance Limited	50,000	-
As at January and 31 December	4,228,410	4,178,410

In 2022, the Company converted its loan to CIC Africa (Uganda) Limited into ordinary share capital of the subsidiary in retirement of debt with the subsidiary. This resulted to increase in interest in the subsidiary from 93% to 95%.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

(b) COMPANY	Country of Incorporation	Principal activity	Proportion of ordinary shares held		Proportion of Shares held by non-controlling interests	
			2023	2022	2023	2022
CIC Asset Management Limited	Kenya	Funds and assets management	100%	100%	-	-
CIC General Insurance Limited	Kenya	Underwriting general insurance business.	100%	100%	-	-
CIC Life Assurance Limited	Kenya	Underwriting long-term business.	100%	100%	-	-
CIC Microinsurance Limited	Kenya	Underwriting microinsurance business	100%	-	-	-
CIC Africa Insurance (SS) Limited	South Sudan	Underwriting general and life insurance business.	69%	69%	31%	31%
CIC Africa Co-operatives Insurance (Malawi) Limited	Malawi	Underwriting general and life insurance business.	91%	91%	9%	9%
CIC Africa (Uganda) Limited	Uganda	Underwriting general and life insurance business.	95%	95%	5%	5%

20. FINANCIAL ASSETS AT AMORTISED COST- CORPORATE BONDS

The credit quality of each corporate bond is assessed and is acceptable within the parameters used to measure and monitor credit risk.

GROUP

	2023 KShs'000	2022 KShs'000
Real People Kenya Limited	7,258	15,898
Chase Bank	-	79,896
Kenya Mortgage Refinance Company Limited	20,867	16,763
East African Breweries Limited	8,981	8,984
Family Bank Limited	58,989	58,898
Total gross	96,095	180,439
Allowance for expected credit losses	(449)	(83,408)
	95,646	97,031
The movement in the corporate bonds is as follows:		
At 1 January	180,439	171,079
Additions	-	23,968
Maturities	(2,189)	-
Write-off	(82,615)	(14,700)
Amortisation of corporate bond	460	92
Gross	96,095	180,439
Allowance for expected credit losses (note 8(d))	(449)	(83,408)
At 31 December	95,646	97,031

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

20. FINANCIAL ASSETS AT AMORTISED COST- CORPORATE BONDS *(Continued)*

	2023	2022
	KShs '000	KShs '000
Maturity analysis		
Within 1 year	-	-
In 1-5 years	-	-
In over 5 years	95,646	97,031
	95,646	97,031

An analysis of changes in the gross carrying amount and corresponding ECL allowances in corporate bonds has been disclosed in note 53.2(a). There are no corporate bonds held under lien.

21. FINANCIAL ASSETS AT AMORTISED COSTS: GOVERNMENT SECURITIES

GROUP	2023	2022	2021
	KShs '000	KShs '000	KShs '000
At 1 January	8,279,230	5,677,890	2,010,376
Additions	3,418,783	3,198,850	552,550
Maturities	(1,126,479)	(669,659)	(458,306)
Reclassification from FVOCI	-	-	3,577,816
Accrued interest	74,443	55,323	(3,763)
Effect of foreign currency translation	108,089	16,826	-
	10,754,066	8,279,230	5,678,673
Allowance for expected credit loss	(847)	(375)	(783)
At 31 December	10,753,219	8,278,855	5,677,890
Maturity analysis			
Within 1 year	453,209	521,276	432,793
In 1-5 years	3,467,450	3,330,683	1,037,594
In over 5 years	6,832,560	4,426,896	4,207,503
	10,753,219	8,278,855	5,677,890

Government securities at amortised cost of KShs 10.1 Billion (2022: KShs 2.42 Billion) relate to treasury bonds held by the Central Bank of Kenya under lien to the Commissioner of Insurance in accordance with the Kenyan Insurance Act. In addition, Government securities at amortised cost of KShs 551 million (2022: KShs 384 million) relate to treasury bonds held by the Bank of Uganda under lien accordance with the Ugandan Insurance Act 2017.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

22. FINANCIAL ASSETS AT AMORTISED COST: LOANS RECEIVABLES

The loans refer to advances given to staff and have collateral held on them. Upon resignation the credit quality of each loan is assessed and is acceptable within the parameters used to measure and monitor credit risk. Impairment losses have been recognised on loans receivables and have been recorded in profit or loss.

Mortgage and other staff loans are advanced at an interest rate of 6%. Mortgage loans are repayable within 20 years, while other staff loans which include the car loans and study loans are repayable within 4 years and 5 years respectively.

(a) MORTGAGE LOANS

	2023 KShs '000	2022 KShs '000
(i) GROUP		
At 1 January	80,575	79,799
Loan repayments	(6,409)	(5,050)
Accrued interest	6,135	5,826
	80,301	80,575
Allowance expected credit losses (note 9(d))	(11,761)	(11,236)
At 31 December	68,540	69,339

	2023 KShs '000	2022 KShs '000
(i) GROUP		
Maturity profile:		
Within 1 year	-	-
In 1-5 years	12,290	11,780
In over 5 years	56,250	57,559
	68,540	69,339
(ii) COMPANY		
At 1 January	11,859	11,177
Loan repayments	(600)	(545)
Accrued interest	1,319	1,227
	12,578	11,859
Allowance expected credit losses (note 9)	(288)	(288)
At 31 December	12,290	11,571
Maturity profile:		
Within 1 year	-	-
In 1-5 years	12,290	11,571
In over 5 years	-	-
	12,290	11,571

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

22. FINANCIAL ASSETS AT AMORTISED COST: LOANS RECEIVABLES *(Continued)*

(b) OTHER LOANS

	2023 KShs '000	2022 KShs '000
(i) GROUP		
Staff loans	44,851	9,520
Movement:		
At 1 January	9,747	9,838
Loans advanced	38,297	3,044
Loan repayments	(3,952)	(3,135)
Effect of foreign exchange translation	573	-
	44,665	9,747
Allowance expected credit losses (note 9)	186	(227)
At 31 December	44,851	9,520
Maturity profile:		
Within 1 year	3,362	2,340
In 1-5 years	2,808	1,426
In over 5 years	38,681	5,754
	44,851	9,520
Subtotal (a(i))	68,540	69,339
Subtotal (b(i))	44,851	9,520
	113,391	78,859

	2023 KShs '000	2022 KShs '000
(i) COMPANY		
At 1 January	810	597
Loans advanced	2,519	213
Loan repayments	-	-
At 31 December	3,329	810
Maturity profile:		
Within 1 year	-	-
In 1-5 years	3,329	810
At 31 December	3,329	810
Subtotal (a(ii))	12,290	11,571
Subtotal (b(ii))	3,329	810
	15,619	12,381

An analysis of changes in the gross carrying amount and corresponding ECL allowances in loans has been disclosed in note 53.2(a).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

22. FINANCIAL ASSETS AT AMORTISED COST: LOANS RECEIVABLES *(Continued)*

(b) OTHER LOANS (continued)

The following table shows the maximum exposure to credit risk by of staff loans, the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk:

Group

31 December 2023 In KShs '000	Maximum exposure to credit risk	Total collateral	Exposure to total collateral ratio	Net exposure	ECLs
Mortgage loans	68,540	133,458	51%	-	11,761
Other loans	12,159	37,654	32%	-	-
31 December 2022					
Mortgage loans	69,339	133,458	52%	-	11,236
Other loans	9,520	37,654	25%	-	(79)

Company

31 December 2023 In KShs	Maximum exposure to credit risk	Total collateral	Exposure to total collateral ratio	Net exposure	ECLs
Mortgage loans	12,290	12,935	95%	-	-
31 December 2022					
Mortgage loans	11,571	12,935	89%	-	-

The collaterals on the mortgage loans relate to the underlying plot and/or house, to which the loan relates to. The property is charged on the Group and the group is able to sell the property in case of default.

The other loans relate to staff loans, and are secured by the staff contracts.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GOVERNMENT SECURITIES

(a) GROUP	2023 KShs'000	2022 KShs'000	2021 KShs'000
At 1 January	11,389,365	7,756,057	9,592,504
Additions	4,251,839	4,192,876	2,281,000
Disposals	(1,065,000)	(110,580)	(300,759)
Reclassification to amortised cost	-	-	(3,577,816)
Fair value loss through OCI	(993,960)	(448,988)	(236,752)
Gross	13,582,244	11,389,365	7,758,177
Allowance for expected credit loss	(2,870)	-	(3,882)
At 31 December	13,579,374	11,389,365	7,754,295
Maturity analysis			
Within 1 year	-	-	-
In 1-5 years	1,211,610	1,521,933	892,614
In over 5 years	12,367,764	9,867,432	6,861,681
	13,579,374	11,389,365	7,754,295

An analysis of changes in the gross carrying amount and corresponding ECL allowances debt instruments at fair value through OCI and at amortised cost has been disclosed in note 53.2(a).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – UNQOUTED EQUITY INSTRUMENTS

GROUP	2023 KShs'000	2022 KShs'000
Unquoted investments:		
Shares held in the Oil and gas consortium	8,418	6,310
Shares held in Co-op Holding Co-operative Society Limited	14,378	15,337
	22,796	21,647
The movement in the investments is as follows:		
At 1 January	21,647	15,763
Additions	-	6,067
Fair value loss	(416)	(426)
Effect of foreign currency translation	1,565	243
At 31 December	22,796	21,647

The shares held in Co-op Holding Co-operative Society Limited were acquired before the initial public offer (IPO) in 2009 and are not listed at the Nairobi Securities Exchange Limited (NSE). These shares are not available to the public market; they can only be sold to other members of the Co-operative entity at a specified agreed value. Thus, the agreed price represents the exit price for these shares which are to be valued at the higher of 60% of the average of the month's quoted Co-operative Bank of Kenya Limited shares at the Nairobi Securities Exchange Limited or the value of the shares. In the current year the shares have been valued at KShs 6.75 which approximates the fair value. In 2023, the Group did not receive any dividends from its FVOCI equities. The Group did not dispose of or derecognise any FVOCI equity instruments in 2023.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-QUOTED EQUITY INSTRUMENTS

	2023 KShs'000	2022 KShs'000
At 1 January	1,060,004	1,218,065
Additions	106,091	32,279
Disposal	(384,225)	(106,188)
Fair value loss	(134,364)	(84,152)
At 31 December	647,506	1,060,004

At year end, these are valued at the weighted average price at the Nairobi Securities Exchange on the last day of trading in that year.

26. (a) INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES THROUGH PROFIT OR LOSS - GROUP

	2023 KShs '000	2022 KShs '000
At 1 January	1,210,502	1,738,872
Additions	635,195	1,736,002
Disposal	(493,070)	(2,340,154)
Fair value gain	15,874	75,782
At 31 December	1,368,501	1,210,502

(b) INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES THROUGH PROFIT OR LOSS - COMPANY

At 1 January	37,255	10,838
Additions	-	32,000
Disposals	(25,000)	(7,000)
Fair value gain	2,246	1,417
At 31 December	14,501	37,255

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

27. OTHER RECEIVABLES

(a) GROUP	2023 KShs'000	2022 KShs'000
Staff advances	13,584	12,661
Rent receivable	73,397	51,515
Prepayments	70,873	98,974
Other receivables	114,340	122,113
Administration fees from asset management	142,724	138,589
Other deposits*	100,265	-
Medical administration fees receivable**	52,258	-
Administration fees from pensions	169,511	155,496
Sundry debtors	105,563	42,775
Withholding tax	22,312	12,878
Allowance for expected credit losses	(12,393)	(8,746)
	852,434	626,255
Movement in ECL:		
1 January	8,746	6,752
Increase in expected credit losses (note 9(d))	3,647	1,994
At 31 December	12,393	8,746
(b) COMPANY		
Other receivables	14,555	4,295
Prepayments	42,480	56,072
CIC Society Ltd	4,500	4,500
	61,535	64,867

An analysis of changes in the gross carrying amount and corresponding ECL allowances in other receivables has been disclosed in note 53.2(a).

*Other deposits relate to deposits placed with the lead insurers under the NHIF civil servants account and the National Police Service (NPS) account to facilitate prompt payment of claims.
**Medical administration fee receivable relates to the administration income due from the NPS medical scheme as at 31 December 2023.

The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTIES

The ultimate parent company is Co-operative Insurance Society Limited. The Group has various related parties, most of whom are related by virtue of being the investor, and partly due to common directorships. The provisions for expected credit losses made on related party balances during the year was Kshs 5,573,000 (2022: Kshs 2,541,000). The amounts due from related parties are non- interest bearing and the balances are not secured.

The CIC Insurance Group being the majority shareholder in the various related parties; is committed to providing the necessary financial support to the related companies with capitalisation deficit to ensure they meet their financial obligations.

GROUP	2023 KShs'000	2022 KShs'000
Due from related companies:		
Co-operative Insurance Society Limited	188,620	147,699
Allowance for expected credit losses	(5,573)	(2,541)
	183,047	145,158
Movement in ECL:		
1 January	2,541	3,652
Decrease in expected credit losses (note 9(d))	3,032	(1,111)
	5,573	2,541
At 31 December		

(a) Transaction with related parties during the year		
The following transactions were carried out with related parties during the year:		
Payments on behalf of related party*		
Co-operative Insurance Society Limited	40,921	45,672
CIC Africa Co-operatives Insurance Limited Malawi	26,574	4,872
Dividends paid to Co-operative Insurance Society Limited	256,348	-
Premium receipts from Co-operative Bank of Kenya Limited	4,269,348	3,558,273
Claims payment to Co-operative Bank of Kenya Limited	1,046,303	841,274

* In helping to reduce the administration burden there will be situations where one entity will pay expenses or receive premiums on behalf of its sister entities or subsidiaries. Therefore, these transactions relate to the receipts to and payments from related parties to reimburse the entity paying on behalf of the others or allocating the premiums received by the entity on behalf of the others.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTIES *(Continued)*

(b) Key management and director's remuneration
The remuneration of directors and other members of key management during the year were as follows:

	2023	2022
Short-term employment benefits:	**KShs'000**	**KShs'000**
Directors		
- Salaries	78,717	63,675
- Directors 'emoluments – Fees	35,037	31,738
- Others (travel and accommodation)	8,698	6,072
	122,452	101,485
Key management staff*:		
Salaries	162,078	258,443
Leave allowance	2,236	2,180
National Social Security Fund (NSSF)	157	48
Gratuity	12,238	9,623
Contribution to defined contribution scheme	7,000	14,113
	306,161	385,892

*Included in Kenya management staff is salary and allowances of KShs 79 million (2022: KShs 64 million) paid to Group Chief Executive Officer, who is also a director.

COMPANY	**2023**	**2022**
	KShs'000	**KShs'000**
Due from related parties:		
Co-operative Insurance Society Limited	188,620	147,699
CIC Africa (Uganda) Limited	111,518	96,400
CIC Africa Co-operatives Insurance (Malawi) Limited	66,677	40,103
CIC Africa Insurance (SS) Limited	35,161	27,995
Allowance of expected credit losses	(1,996)	(1,783)
	399,980	310,414
Due to related parties:		
CIC Life Assurance Limited	434,700	393,879
CIC General Insurance Limited	171,056	135,931
CIC Asset Management Limited	47,478	36,260
CIC Microinsurance Limited	2,736	-
	655,970	566,070

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTIES *(Continued)*

COMPANY	2023 Kshs'000	2022 Kshs'000
Related party loan receivable from:		
CIC Africa Limited-Uganda	-	-
Movement in intercompany loan receivable:		
At 1 January	-	527,443
Capitalisation of loan to investment in subsidiaries	-	(495,532)
Repayment	-	(31,911)
At 31 December	-	-

In the year 2022, the loan from CIC Africa Limited – Uganda was capitalized into investment in subsidiaries. Interest in the subsidiary increased from 93% to 95%. No goodwill arose from this transaction.

	2023 Kshs'000	2022 Kshs'000
Related party loan payable to:		
CIC Africa (SS) Limited	273,076	238,016
Total	273,076	238,016
Movement in intercompany loan payable:		
At 1 January	238,016	206,851
Interest accrued	35,060	31,165
At 31 December	273,076	238,016

The loan from CIC Africa (SS) Limited is unsecured and attracts interest at the rate of 12.5% per annum. It is repayable on 13 February 2024, following a 2-year extension approval. The loan was structured as single draw-down with a bullet repayment of principal sum at end of its tenure.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RELATED PARTIES *(Continued)*

The company has various related parties, most of whom are related by common shareholding.

(i) Transaction with related parties during the year – Company	**2023 Kshs'000**	**2022 Kshs'000**
Receipts from related parties		
CIC Asset Management Limited	43,675	259,876
CIC General Insurance Limited	559,498	2,765,346
CIC Life Assurance Limited	439,781	126,106
Payments to related parties		
CIC Asset Management Limited	32,457	182,500
CIC General Insurance Limited	594,622	873,456
CIC Life Assurance Limited	398,960	125,537
CIC Africa (Uganda) Limited	15,118	9,056
CIC Africa Co-operatives Insurance Limited	26,574	8,535
CIC Africa Insurance (SS) Limited	7,166	28,057
Co-operative Insurance Society Limited	40,921	29,056

Loans to directors of the group and the company

The Group and its subsidiaries did not advance loans to the directors in the years ended 31 December 2023 and 31 December 2022.

An analysis of changes in the gross carrying amount and corresponding ECL allowances in due from related parties has been disclosed in note 53.2(a).

The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

29. DEPOSITS WITH FINANCIAL INSTITUTIONS

(a) GROUP	2023 KShs'000	2022 KShs'000
The Co-operative Bank of Kenya Limited	3,920,426	853,208
KCB Bank Kenya Limited*	1,020,244	1,763,854
Nico Asset Managers Limited	298,824	180,229
Equity Bank of Kenya Limited	143,626	602,047
Equity Bank of Uganda Limited	98,471	128,966
I and M Bank Limited	-	252,351
Stanbic Bank Limited	344,936	-
Family Bank Limited	10,329	82,248
Imperial Bank of Kenya Limited	-	23,200
Credit Bank Limited	100,807	12,795
FTB Bank Limited	148,457	109,986
Kenya Women's Micro Finance Bank	89,357	-
Ugafode Microfinance Limited	12,681	8,429
Foundation for international assistance (Finca) Bank	869	44,307
Old mutual Limited (Malawi)	-	55,726
My bucks banking Corporation	23,218	67,438
NCBA Bank Kenya PLC	616,650	1,031,671
Housing Finance Bank Uganda	73,191	-
Kingdom Bank Ltd	78,399	182,105
Absa Bank Uganda Ltd	424	341
Postbank	216,755	73,447
Sidian Bank	-	9,010
Development Bank of Kenya Limited	57,122	90,171
National Bank of Kenya	-	50,677
Bridge Path Capital	-	44,509
NBS Bank Ltd Malawi	770	45,337
First Discount House Bank Limited	3,224	100,021
Continental Asset Management Malawi	342,127	96,036
First Capital Bank Malawi	-	32,002
	7,600,907	5,940,111
Expected credit losses allowance	(27,617)	(32,007)
Net deposits	7,573,290	5,908,104
Maturity analysis:		
Maturing within three months	4,584,059	3,387,394
Maturing after 3 months	3,016,848	2,552,717
	7,600,907	5,940,111

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

29. DEPOSITS WITH FINANCIAL INSTITUTIONS *(Continued)*

(i) Movement in deposits maturing after 3 months	2023	2022
	KShs'000	KShs'000
As at January	2,552,717	3,119,756
Net increase/(decrease)	464,131	(567,039)
As at December	3,016,848	2,552,717

(ii) Movement in ECL:		
(a) GROUP		
1 January	32,007	34,546
Decrease in expected credit losses (note 9)	(4,390)	(2,539)
At 31 December	27,617	32,007

(b) COMPANY		
KCB Bank Kenya Limited*	71,142	94,658
The Co-operative Bank of Kenya Limited	46,496	-
Expected credit losses allowance	(70)	(82)
Net deposits	117,568	94,576
Maturity analysis:		
Maturing within 3 months	-	-
Maturing after 3 months	117,638	94,658

* With the exception of deposits with KCB Bank Kenya Limited, which are under lien, and Kshs. 248 million in KCB Bank Kenya and Kshs. 1.1 Billion in Co-operative Bank of Kenya which are placed as guarantee for fulfilment of some certain insurance arrangements with insured, all the other deposits are available for use by the Group and have no lien conditions attached to them. The weighted average interest rate earned on the deposits with KCB Bank Kenya Limited under lien during the year was 2.5% (2022: 2.5%).

The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

30. SHARE CAPITAL

	2023		2022	
	Number of shares KShs'000	Share capital KShs'000	Number of shares KShs'000	Share capital KShs'000
Authorised ordinary shares of KShs 1 each (2022: KShs 1 each):				
At 1 January and at 31 December	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid up share capital:				
At 1 January and at 31 December	2,615,578	2,615,578	2,615,578	2,615,578

31. SHARE PREMIUM

	2023 KShs'000	2022 KShs'000
At 1 January and at 31 December	162,179	162,179

Share premium arose out of private placement at a cost of KShs. 22.50 which was KShs 2.50 above the nominal value of 20/- in 2011 resulting in a share premium of KShs 598 million. Subsequently, the share premium was capitalized through issuance of bonus amounting to 436 million shares of KShs 1 each.

32. STATUTORY RESERVE

The statutory reserve represents the surplus on the long-term business which is not distributable as dividends as per the requirements of the Kenyan Insurance Act.

Transfer from statutory reserve relates to the proportion of the long-term business surplus which is distributable as dividends and therefore transferred to retained earnings. The Act restricts the amounts of surpluses of the long-term business available for distribution to shareholders to 30% of the accumulated surplus of the long-term business.

33. CONTINGENCY RESERVE

The contingency reserve represents at 2% of the gross premium for non-life insurance business and 1% for life business that is set aside as required by the Insurance Act in Uganda.

34. REVALUATION SURPLUS

The revaluation surplus represents the surpluses on the revaluation of buildings and is not distributable as dividends.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

35. FOREIGN CURRENCY TRANSLATION RESERVE

The exchange differences arising on the translation of foreign operations to the presentation currency are transferred to the foreign currency translation reserve. On disposal of the net investment, the cumulative exchange differences relating to the operations disposed of are released to the statement of profit or loss.

	2023 KShs'000	2022 KShs'000
At 1 January	(496,295)	(356,769)
Other currency translation differences	(70,051)	(153,638)
NCI share in translation differences	(7,581)	14,112
Total movement in the year	(77,632)	(139,526)
At 31 December	(573,927)	(496,295)

36. FAIR VALUE RESERVE

The fair value reserve represents fair value gains / (losses) arising from financial assets at fair value through other comprehensive income and is not distributable as dividends.

37. RETAINED EARNINGS

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the Group.

Retained earnings include fair value gains on revaluation of investment properties which are unrealised and whose distribution is subject to restrictions imposed by the Kenya Insurance Act 2015.

38. NON-CONTROLLING INTERESTS

	2023 KShs'000	2022 KShs'000
At 1 January	(32,085)	(18,644)
Profit for the year	(56,135)	671
Other comprehensive loss for the year	7,581	(14,112)
Total comprehensive income for the year	(48,554)	(13,441)
At 31 December	(80,639)	(32,085)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

38. NON-CONTROLLING INTERESTS *(Continued)*

Summarised financial information has been presented below for CIC Africa (Malawi) Limited, CIC Africa (Uganda) Limited and CIC Africa (South Sudan) Limited subsidiaries with non-controlling interest.

	South Sudan		Malawi		Uganda	
	2023	2022	2023	2022	2023	2022
Proportion of ownership held by NCI	31%	31%	9%	9%	5%	5%
Proportion of voting rights held by NCI	31%	31%	9%	9%	5%	5%
NCI share of retained earnings/loss (KShs '000)	(30,503)	52,058	4,621	7,514	(39,719)	(25,444)
NCI share of profit before income tax (KShs '000)	(58,141)	(1,061)	(1,568)	4,651	3,574	(1,443)
Dividends paid to NCI in the year (KShs '000)	-	-	-	-	-	-

Summarised financial information of the subsidiaries is provided below:

	South Sudan		Malawi		Uganda	
	2023	2022	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Operating profit/(loss)	(187,553)	(3,422)	(33,310)	60,676	95,434	(33,877)
Profit/(loss) for the year	(187,553)	(3,422)	(17,418)	51,675	71,484	(46,696)
Other comprehensive income	26,853	(29,558)	(8,454)	(90,374)	348	50,960
Total comprehensive income	(160,700)	(32,980)	(25,872)	(38,699)	71,832	4,264
Total non-current assets	603,170	477,613	129,237	100,718	161,615	56,654
Total current assets	1,211,877	842,316	794,963	762,870	2,339,588	1,402,688
Total non-current liabilities	-	-	-	-	-	-
Total current liabilities	1,686,575	976,137	643,744	527,920	2,004,138	1,124,233

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

39. BORROWINGS – GROUP AND COMPANY

(a) GROUP

	2023 KShs'000	2022 KShs'000
1 January	4,571,600	4,363,600
New loans	112,078	-
Principal repayment	(94,973)	-
Interest repayment	(7,993)	(200,000)
Interest accrued	488,243	408,000
Effect of translation	12,209	-
31 December	5,081,164	4,571,600

(b) COMPANY

	2023 KShs'000	2022 KShs'000
1 January	4,571,600	4,363,600
Principal repayment	(94,973)	-
Interest repayment	(2,912)	(200,000)
Interest accrued	482,176	408,000
31 December	4,955,891	4,571,600

The borrowings relate to a bank loan of Kshs 3.4 Billion (2022: Kshs 3.4 Billion) from Co-operative Bank at a fixed interest rate of 12% with a tenure of 5 years and is due for repayment on 30th September 2024. The loan was structured as single draw-down with a bullet repayment of principal sum at end of the tenure. Interest repayment is on tri – annual basis. A principal and interest repayment of Kshs 95 million and 2.9 million respectively was made during the year. The loan is secured by Kiambu land; LR No 28800/951, an investment property held by the Group whose fair value at 31 December 2023 was Kshs 4.05 Billion (Note 15(b)).

The new loan was advanced to CIC Africa Uganda Limited during the year, an amount of KShs 112 million and is repayable within a year.

The Company is in the process of disposing the Kiambu land which is an investment property held for sale. At 31 December 2023, deposits amounting to Kshs 83 million had been received and are included within other payables until revenue recognition criteria is met. Proceeds from sale of the land will be used to settle outstanding loan referred to above.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

40. OTHER PAYABLES

	2023 KShs'000	2022 KShs'000
(a) GROUP		
Sundry payables	809,761	746,428
Restructuring costs payable*	76,961	-
Payroll creditors	215,111	156,640
Premiums received in advance	237,838	258,187
Staff annual leave pay provision	108,710	93,876
Payroll related accruals	68,192	117,980
Service providers creditors	91,381	203,932
Other deposits***	229,934	71,358
Life agents' bond	12,704	11,145
Deposits on sale of land**	183,633	35,800
	2,034,225	1,695,346
(b) COMPANY		
Deposits on sale of land**	183,633	35,800
Sundry payables	76,825	63,499
Service providers creditors	28,933	6,514
Withholding tax payable	(215)	1,043
	289,176	106,856

*Restructuring costs payable relates to severance pay for employees who opted to retire/exit under the voluntary early retirement/exit programme in the year, and their payments are due in the subsequent year.

**Deposits on sale of land relate to deposit received from the sale of Kiambu land (Note 39). The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

***Other deposits relate to rent deposits from CIC General Insurance and CIC Life Assurance tenants, deposit on the National Police Service (NPS) Medical scheme to cater for Ex-Gratia claims and funds held to facilitate claims payments to service providers on behalf of the NPS capitator.

Movement in restructuring costs payable

	2023 KShs'000	2022 KShs'000
Balance at 1 January 2023	-	-
Additional provisions recognized in profit or loss	198,688	-
Paid in the year	(121,727)	-
Balance at 31 December	76,961	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

41. DIVIDENDS

	2023 KShs'000	2022 KShs'000
Declared and paid during the year	345,000	-
Proposed for approval at the annual general meeting (not recognised as a liability)	345,000	345,000

Dividend on ordinary shares

a) Dividend per share is arrived at by dividing the total dividends by the weighted average number of shares in issue during the year.

b) Payment of dividend is subject to withholding tax at the rate of 5% for resident and 10% for non-resident shareholders respectively.

42. COMPOSITION OF THE BALANCE SHEET - INSURANCE CONTRACTS

An analysis of the amounts presented on the balance sheet for insurance contracts is included in the table below:

	2023		2022	
	Insurance contract liabilities KShs'000	Reinsurance contract assets KShs'000	Insurance contract liabilities *Restated KShs'000	Reinsurance contract assets *Restated KShs'000
Non-medical	7,998,087	2,402,096	7,976,134	3,089,155
Medical	3,064,351	69,608	2,506,869	36,178
Total non-life insurance contract liabilities	11,062,438	2,471,704	10,483,003	3,125,333
Ordinary life	4,007,320	-	4,127,956	-
Group life	8,286,933	1,262,289	6,562,546	602,488
Total life insurance contract liabilities	12,294,253	1,262,289	10,690,502	602,488
Direct participating	10,870,586	-	7,862,607	-
Total investment contract liabilities	10,870,586	-	7,862,607	-
Total insurance contract liabilities	34,227,277	3,733,993	29,036,112	3,727,821

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent notes.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

42. COMPOSITION OF THE BALANCE SHEET - INSURANCE CONTRACTS *(Continued)*

SUMMARY OF THE LIABILITY FOR INCURRED CLAIMS – GENERAL INSURANCE CONTRACTS

	2023			2022		
	Liability for incurred claims	Risk adjustment	Total	Liability for incurred claims *Restated	Risk adjustment *Restated	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Insurance contract liabilities						
Non-medical	5,253,205	106,990	5,360,195	6,026,238	77,905	6,104,143
Medical	1,204,992	7,713	1,212,705	934,469	5,197	939,666
Total	6,458,197	114,703	6,572,900	6,960,707	83,102	7,043,809
Reinsurance contract assets						
Non-medical	(1,632,036)	(37,001)	(1,669,037)	(1,791,171)	(35,840)	(1,827,011)
Medical	(65,679)	(181)	(65,860)	(35,496)	(82)	(35,578)
Total	(1,697,715)	(37,182)	(1,734,897)	(1,826,667)	(35,922)	(1,862,589)
Net	4,760,482	77,521	4,838,003	5,134,040	47,180	5,181,220

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

42. COMPOSITION OF THE BALANCE SHEET - INSURANCE CONTRACTS *(Continued)*

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Combined non-life and life insurance contracts

Combined	2023						
	Liability for remaining coverage (LRC)		LIC for contracts not measured under PAA	LIC for contracts measured under PAA		Assets for acquisition cash flows	Total
	LRC excl. loss component	Loss component		PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	20,128,550	331,096	220,334	8,899,244	129,771	(672,883)	29,036,112
Insurance revenue	(25,400,902)	-	-	-	-	-	(25,400,902)
Insurance service expenses:							
Incurred claims and other directly attributable expenses	-	-	1,322,900	19,231,457	-	-	20,554,357
Losses on onerous contracts	-	86,711	-	-	-	-	86,711
Changes in risk adjustment	-	-	-	-	63,530	-	63,530
Amortisation of insurance acquisition cash flows	(250,951)	-	-	-	-	2,096,153	1,845,202
Insurance service expenses	(250,951)	86,711	1,322,900	19,231,457	63,530	2,096,153	22,549,800
	(25,651,853)	86,711	1,322,900	19,231,457	63,530	2,096,153	(2,851,102)
Insurance finance expenses	414,545	21,343	18,554	434,812	(960)	-	888,294
Translation differences	(35,547)	(8,005)	745	(43,625)	129	12,837	(73,466)
Total changes in the comprehensive income	(25,272,855)	100,049	1,342,199	19,622,644	62,699	2,108,990	(2,036,274)
Cash flows:							
Premiums received	30,777,001	-	-	-	-	-	30,777,001
Claims and other expenses paid	-	-	(1,277,344)	(18,952,461)	-	-	(20,229,805)
Insurance acquisition cash flows	(1,459,380)	-	-	-	-	(1,990,856)	(3,450,236)
Total cash flows	29,317,621	-	(1,277,344)	(18,952,461)	-	(1,990,856)	7,096,960
Other movements:							
Investment component	675,400	-	-	(675,400)	-	-	-
Liability for guarantee	130,479	-	-	-	-	-	130,479
Net insurance contract liabilities /(assets) at 31 Dec	24,979,195	431,145	285,189	8,894,027	192,470	(554,749)	34,227,277

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

42. COMPOSITION OF THE BALANCE SHEET - INSURANCE CONTRACTS *(Continued)*

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Combined non-life and life insurance contracts

Combined							2022
	Liability for remaining coverage (LRC)		LIC for contracts not measured under PAA	LIC for contracts measured under PAA		Assets for acquisition cash flows	Total
	LRC excl. loss component	Loss component		PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	16,768,642	282,417	111,082	8,083,987	106,148	(707,235)	24,645,041
Insurance revenue	(20,734,133)	-	-	-	-	-	(20,734,133)
Insurance service expenses:							
Incurred claims and other directly attributable expenses	-	-	934,662	16,096,449	-	-	17,031,111
Losses on onerous contracts	-	55,507	-	-	-	-	55,507
Changes in risk adjustment	-	-	-	-	24,894	-	24,894
Amortisation of insurance acquisition cash flows	(232,444)	-	-	-	-	1,726,466	1,494,022
Insurance service expenses	(232,444)	55,507	934,662	16,096,449	24,894	1,726,466	18,605,534
	(25,022,580)	86,711	1,322,900	18,556,057	63,530	2,096,153	(2,897,229)
Insurance finance expenses	512,851	7,230	12,922	393,035	(47)	-	925,991
Translation differences	(228,714)	(14,058)	1,488	(51,437)	(1,224)	4,286	(289,659)
Total changes in the comprehensive income	(20,682,440)	48,679	949,072	16,438,047	23,623	1,730,752	(1,492,267)
Cash flows:							
Premiums received	24,944,760	-	-	-	-	-	24,944,760
Claims and other expenses paid	-	-	(839,820)	(15,115,839)	-	-	(15,955,659)
Insurance acquisition cash flows	(1,632,063)	-	-	-	-	(1,696,400)	(3,328,463)
Total cash flows	23,312,697	-	(839,820)	(15,115,839)	-	(1,696,400)	5,660,638
Other movements:							
Investment component	506,951	-	-	(506,951)	-	-	-
Liability for guarantee	222,700	-	-	-	-	-	222,700
Net insurance contract liabilities /(assets) at 31 Dec	20,128,550	331,096	220,334	8,899,244	129,771	(672,883)	29,036,112

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

Non-medical	2023						2022 Restated					
	Liability for remaining coverage (LRC)		Liability for incurred claims		Assets for acquisition cash flows	Total	Liability for remaining coverage (LRC)		Liability for incurred claims		Assets for acquisition cash flows	
	LRC excl. loss component	Loss component	PV of future cash flows	Risk ad-justment		Total	LRC excl. loss component	Loss component	PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'						
Net insurance contract liabilities / (assets) at 1 Jan	2,252,772	108,547	6,026,238	77,905	(489,328)	7,976,134	2,204,796	75,562	5,582,411	73,459	(574,007)	7,362,221
Insurance revenue	(10,145,279)	-	-	-	-	(10,145,279)	(9,081,520)	-	-	-	-	(9,081,520)
Insurance service expenses	169,103	5,846	5,591,452	27,624	1,347,065	7,141,090	167,596	38,975	5,423,897	5,059	1,181,612	6,817,139
	(9,976,176)	5,846	5,591,452	27,624	1,347,065	(3,004,189)	(8,913,924)	38,975	5,423,897	5,059	1,181,612	(2,264,381)
Insurance finance expenses	-	-	336,989	(732)	-	336,257	-	-	313,737	(37)	-	313,700
Translation differences	58,821	(7,520)	(9,485)	2,193	11,660	55,669	(8,963)	(5,990)	(25,282)	(576)	2,944	(37,867)
Total changes in the comprehensive income	(9,917,355)	(1,674)	5,918,956	29,085	1,358,725	(2,612,263)	(8,922,887)	32,985	5,712,352	4,446	1,184,556	(1,988,548)
Cash flows:												
Premiums received	10,546,362	-	-	-	-	10,546,362	8,970,863	-	-	-	-	8,970,863
Claims and other expenses paid	-	-	(6,691,989)	-	-	(6,691,989)	-	-	(5,268,525)	-	-	(5,268,525)
Insurance acquisition cash flows	-	-	-	-	(1,220,157)	(1,220,157)	-	-	-	-	(1,099,877)	(1,099,877)
Total cash flows	10,546,362	-	(6,691,989)	-	(1,220,157)	2,634,216	8,970,863	-	(5,268,525)	-	(1,099,877)	2,602,461
Net insurance contract liabilities /(assets) at 31 Dec	2,881,779	106,873	5,253,205	106,990	(350,760)	7,998,087	2,252,772	108,547	6,026,238	77,905	(489,328)	7,976,134

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

Medical	2023						2022 Restated					
	Liability for remaining coverage (LRC)		Liability for incurred claims		Assets for acquisition cash flows	Total	Liability for remaining coverage (LRC)		Liability for incurred claims		Assets for acquisition cash flows	
	LRC excl. loss component	Loss component	PV of future cash flows	Risk adjustment		Total	LRC excl. loss component	Loss component	PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'						
Net insurance contract liabilities / (assets) at 1 Jan	1,708,716	42,042	934,469	5,197	(183,555)	2,506,869	1,246,690	81,774	610,735	5,022	(133,228)	1,810,993
Insurance revenue	(7,634,142)	-	-	-	-	(7,634,142)	(5,564,020)	-	-	-	-	(5,564,020)
Insurance service expenses	-	(4,748)	7,424,730	2,751	749,088	8,171,821	-	(30,872)	5,332,122	471	544,854	5,846,575
	(7,634,142)	(4,748)	7,424,730	2,751	749,088	537,679	(5,564,020)	(30,872)	5,332,122	471	544,854	282,555
Insurance finance expenses	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	(10,578)	(8,718)	(23,604)	(235)	1,177	(41,958)	(10,554)	(8,860)	(23,170)	(296)	1,342	(41,538)
Total changes in the comprehensive income	(7,644,720)	(13,466)	7,401,126	2,516	750,265	495,721	(5,574,574)	(39,732)	5,308,952	175	546,196	241,017
Cash flows:												
Premiums received	7,963,063	-	-	-	-	7,963,063	6,036,600	-	-	-	-	6,036,600
Claims and other expenses paid	-	-	(7,130,603)	-	-	(7,130,603)	-	-	(4,985,218)	-	-	(4,985,218)
Insurance acquisition cash flows	-	-	-	-	(770,699)	(770,699)	-	-	-	-	(596,523)	(596,523)
Total cash flows	7,963,063	-	(7,130,603)	-	(770,699)	61,761	6,036,600	-	(4,985,218)	-	(596,523)	454,859
Net insurance contract liabilities / (assets) at 31 Dec	2,027,059	28,576	1,204,992	7,713	(203,989)	3,064,351	1,708,716	42,042	934,469	5,197	(183,555)	2,506,869

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Expected timing of derecognition of assets for insurance acquisition cash flows

The expected timing of when assets for insurance acquisition cash flows will be derecognised and included in the measurement of the group of insurance contracts to which they are allocated is disclosed in the table below:

Non-medical

Number of years until expected derecognition	1 year	2 years	More than 2 years	Total
	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2023	213,964	94,705	42,091	350,760
31 December 2022	293,597	141,905	53,826	489,328

Medical

Number of years until expected derecognition	1 year	2 years	More than 2 years	Total
	KShs'000	KShs'000	KShs'000	KShs'000
31 December 2023	124,433	55,077	24,479	203,989
31 December 2022	110,133	53,231	20,191	183,555

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Gross claims development table

The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the Incurred But Not Reported (IBNR) provision. Chain-ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development considering when the earliest material claim arose, factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claim cost for each accident year.

2023

Accident Year	2019 and prior	2020	2021	2022	2023	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Estimated ultimate claims cost						
at end of accident year	14,001,004	2,814,085	3,381,567	4,008,511	11,476,274	35,681,441
one year later	7,239,863	980,954	1,009,301	1,661,885	-	10,892,003
two years later	1,776,550	239,560	439,370	-	-	2,455,480
three years later	1,247,090	181,370	-	-	-	1,428,460
four years later	851,065	-	-	-	-	851,065
five years later	464,506	-	-	-	-	464,506
Current estimate of cumulative claims	25,580,078	4,215,969	4,830,238	5,670,396	11,476,274	51,772,955
Less: cumulative payments to date	(25,556,877)	(4,097,429)	(4,438,465)	(4,713,423)	(5,894,778)	(44,700,972)
Gross outstanding claims notified provision	7,433	37,979	125,522	306,608	2,570,970	3,048,512
Liability incurred but not reported claims	15,768	80,561	266,251	650,365	3,010,526	4,023,471
Gross undiscounted liabilities for incurred claims	23,201	118,540	391,773	956,973	5,581,496	7,071,983
Effect of discounting	(2,946)	(15,054)	(49,753)	(121,531)	(424,502)	(613,786)
Effect of the risk adjustment margin for non-financial risk	280	1,432	4,733	11,563	96,695	114,703
Total gross liabilities for incurred claims	20,535	104,918	346,753	847,005	5,253,689	6,572,900

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Gross claims development table *(Continued)*

2022

Accident Year	2018 and prior	2019	2020	2021	2022	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Estimated ultimate claims cost						
at end of accident year	15,746,720	3,884,735	4,145,258	5,324,320	8,731,814	37,832,847
one year later	8,751,545	1,388,259	1,444,985	1,589,158	3,359,384	16,533,331
two years later	2,083,008	406,365	352,881	691,794	-	3,534,048
three years later	1,443,791	304,031	267,165	-	-	2,014,987
four years later	1,019,164	172,978	-	-	-	1,192,142
five years later	648,909	-	-	-	-	648,909
Current estimate of cumulative claims	29,693,137	6,156,368	6,210,289	7,605,272	12,091,198	61,756,264
Less: cumulative payments to date	(29,674,830)	(6,038,131)	(5,725,712)	(6,202,273)	(6,586,497)	(54,227,443)
Gross outstanding claims notified provision	7,772	50,196	205,719	595,620	2,069,944	2,929,251
Liability incurred but not reported claims	10,535	68,041	278,858	807,379	3,434,757	4,599,570
Gross undiscounted liabilities for incurred claims	18,307	118,237	484,577	1,402,999	5,504,701	7,528,821
Effect of discounting	(1,507)	(9,735)	(39,898)	(115,518)	(401,456)	(568,114)
Effect of the risk adjustment margin for non-financial risk	154	999	4,095	11,858	65,996	83,102
Total gross liabilities for incurred claims	16,954	109,501	448,774	1,299,339	5,169,241	7,043,809

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON - LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Net claims development table

2023

Accident Year	2019 and prior	2020	2021	2022	2023	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Estimated ultimate claims cost						
at end of accident year	14,001,004	2,814,085	3,381,567	4,008,511	8,481,432	32,686,599
one year later	7,239,863	980,954	1,009,301	1,661,885	-	10,892,003
two years later	1,776,550	239,560	439,370	-	-	2,455,480
three years later	1,247,090	181,370	-	-	-	1,428,460
four years later	851,065	-	-	-	-	851,065
five years later	464,506	-	-	-	-	464,506
Current estimate of cumulative claims	25,580,078	4,215,969	4,830,238	5,670,396	8,481,432	48,778,113
Less: cumulative payments to date	(25,556,877)	(4,097,429)	(4,438,465)	(4,713,423)	(4,597,651)	(43,403,845)
Gross outstanding claims notified provision	7,433	37,979	125,522	306,608	1,070,970	1,548,512
Liability incurred but not reported claims	15,768	80,561	266,251	650,365	2,812,811	3,825,756
Gross undiscounted liabilities for incurred claims	23,201	118,540	391,773	956,973	3,883,781	5,374,268
Effect of discounting	(2,946)	(15,054)	(49,753)	(121,531)	(424,502)	(613,786)
Effect of the risk adjustment margin for non-financial risk	280	1,432	4,733	11,563	59,513	77,521
Total gross liabilities for incurred claims	20,535	104,918	346,753	847,005	3,518,792	4,838,003

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

43. NON -LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Net claims development table *(Continued)*

2022

Accident Year	2018 and prior KShs'000'	2019 KShs'000'	2020 KShs'000'	2021 KShs'000'	2022 KShs'000'	Total KShs'000'
Estimated ultimate claims cost						
at end of accident year	14,001,004	2,814,085	3,381,567	4,008,511	8,854,990	33,060,157
one year later	7,239,863	980,954	1,009,301	1,661,885	-	10,892,003
two years later	1,776,550	239,560	439,370	-	-	2,455,480
three years later	1,247,090	181,370	-	-	-	1,428,460
four years later	851,065	-	-	-	-	851,065
five years later	464,506	-	-	-	-	464,506
Current estimate of cumulative claims	25,580,078	4,215,969	4,830,238	5,670,396	8,854,990	49,151,671
Less: cumulative payments to date	(25,556,877)	(4,097,429)	(4,438,465)	(4,713,423)	(4,597,651)	(43,403,845)
Gross outstanding claims notified provision	7,433	37,979	125,522	306,608	1,070,970	1,548,512
Liability incurred but not reported claims	15,768	80,561	266,251	650,365	3,186,369	4,199,314
Gross undiscounted liabilities for incurred claims	23,201	118,540	391,773	956,973	4,257,339	5,747,826
Effect of discounting	(2,946)	(15,054)	(49,753)	(121,531)	(424,502)	(613,786)
Effect of the risk adjustment margin for non-financial risk	280	1,432	4,733	11,563	29,172	47,180
Total gross liabilities for incurred claims	20,535	104,918	346,753	847,005	3,862,009	5,181,220

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

Ordinary life				2023				2022 Restated
	Liability for remaining coverage (LRC)		Liability for incurred claims		Liability for remaining coverage (LRC)		Liability for incurred claims	
	LRC excl. loss component	Loss component	PV of future cash flows	Total	LRC excl. loss component	Loss component	PV of future cash flows	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'				
Net insurance contract liabilities / (assets) at 1 Jan	3,997,209	107,572	23,175	4,127,956	3,817,983	13,999	12,934	3,844,916
Insurance revenue	(456,375)	-	-	(456,375)	(378,060)	-	-	(378,060)
Insurance service expenses	(1,022,949)	19,238	1,459,051	455,340	(829,389)	86,669	1,165,843	423,123
	(1,479,324)	19,238	1,459,051	(1,035)	(1,207,449)	86,669	1,165,843	45,063
Insurance finance expenses	(2,999)	13,012	-	10,013	206,704	6,365	-	213,069
Translation differences	17,952	3,484	21	21,457	1,931	539	4	2,474
Total changes in the comprehensive income	(1,464,371)	35,734	1,459,072	30,435	(998,814)	93,573	1,165,847	260,606
Cash flows:								
Premiums received	1,435,512	-	-	1,435,512	1,265,361	-	-	1,265,361
Claims and other expenses paid	-	-	(1,451,415)	(1,451,415)	-	-	(1,155,606)	(1,155,606)
Insurance acquisition cash flows	(135,168)	-	-	(135,168)	(87,321)	-	-	(87,321)
Total cash flows	1,300,344	-	(1,451,415)	(151,071)	1,178,040	-	(1,155,606)	22,434
Net insurance contract liabilities /(assets) at 31 Dec	3,833,182	143,306	30,832	4,007,320	3,997,209	107,572	23,175	4,127,956

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Reconciliation of the measurement components of insurance contract balances

Ordinary life				2023				2022
	PV of future cash flows	Risk adjustment	CSM	Total	PV of future cash flows	Risk adjustment	CSM	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	3,672,198	62,031	393,727	4,127,956	3,576,508	47,151	221,257	3,844,916
Changes that relate to current service								
CSM recognised in profit or loss for the services provided	-	-	(91,508)	(91,508)	-	-	(49,185)	(49,185)
Change in the risk adjustment for non- financial risk	-	(17,378)	-	(17,378)	-	(14,873)	-	(14,873)
Experience adjustments	65,689	-	-	65,689	15,059	-	-	15,059
	65,689	(17,378)	(91,508)	(43,197)	15,059	(14,873)	(49,185)	(48,999)
Changes that relate to future service								
Changes in estimates that adjust the CSM	(133,347)	54,824	78,523	-	(94,908)	57,028	37,880	-
Changes in estimates that do not adjust the CSM	9,174	16,648	-	25,822	(9,024)	3,338	-	(5,686)
Experience adjustments	48,747	(76,671)	-	(27,924)	45,108	(52,950)	-	(7,842)
Contracts initially recognised in the period	(202,453)	22,679	224,038	44,264	(54,598)	16,256	145,932	107,590
	(277,879)	17,480	302,561	42,162	(113,422)	23,672	183,812	94,062
Changes that relate to past service	-	-	-	-	-	-	-	-
Total changes	(212,190)	102	211,053	(1,035)	(98,363)	8,799	134,627	45,063
Insurance finance expenses	(66,766)	9,057	67,722	10,013	169,592	5,970	37,507	213,069
Translation differences	15,450	611	5,396	21,457	2,027	111	336	2,474
Total changes in the comprehensive income	(263,506)	9,770	284,171	30,435	73,256	14,880	172,470	260,606
Cash flows:								
Premiums received	1,435,512	-	-	1,435,512	1,265,361	-	-	1,265,361
Claims and other expenses paid	(1,451,415)	-	-	(1,451,415)	(1,155,606)	-	-	(1,155,606)
Insurance acquisition cash flows	(135,168)	-	-	(135,168)	(87,321)	-	-	(87,321)
Total cash flows	(151,071)	-	-	(151,071)	22,434	-	-	22,434
Net insurance contract liabilities /(assets) at 31 Dec	3,257,621	71,801	677,898	4,007,320	3,672,198	62,031	393,727	4,127,956

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Impact of contracts recognised in the year

Ordinary life Insurance contracts issued	Non-onerous contracts originated KShs'000	Onerous contracts originated KShs'000	2023 Total KShs'000	Non-onerous contracts originated KShs'000	Onerous contracts originated KShs'000	2022 Total KShs'000
Estimates of the PV of future cash outflows						
- Insurance acquisition cash flows	127,130	57,572	184,702	80,351	61,239	141,590
- Claims and other attributable expenses	187,134	122,306	309,440	130,057	190,006	320,063
Estimates of the PV of future cash outflows	314,264	179,878	494,142	210,408	251,245	461,653
Estimates of the PV of future cash inflows	(555,674)	(140,921)	(696,595)	(368,793)	(147,458)	(516,251)
Risk adjustment for non-financial risk	17,372	5,307	22,679	12,453	3,803	16,256
CSM	224,038	-	224,038	145,932	-	145,932
Increase in insurance contract liabilities	-	44,264	44,264	-	107,590	107,590

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method

Ordinary life Insurance contracts issued	2023 Contracts under the full retrospective approach at transition KShs'000	2023 Contracts under the fair value approach at transition KShs'000	2023 Total KShs'000	2022 Contracts under the full retrospective approach at transition KShs'000	2022 Contracts under the fair value approach at transition KShs'000	2022 Total KShs'000
Insurance revenue	418,460	37,915	456,375	359,763	18,297	378,060
CSM as at 1 January	302,425	91,302	393,727	180,222	41,035	221,257
Changes that relate to current service						
CSM recognised in profit or loss	(73,510)	(17,998)	(91,508)	(41,647)	(7,538)	(49,185)
Changes that relate to future service						
Changes in estimates that adjust the CSM	26,865	51,658	78,523	(15,043)	52,923	37,880
Contracts initially recognised in the period	224,038	-	224,038	145,932		145,932
Total changes	177,393	33,660	211,053	89,242	45,385	134,627
Insurance finance expenses	61,198	6,524	67,722	32,625	4,882	37,507
Translation differences	5,396	-	5,396	336	-	336
Total amounts recognised in comprehensive income	243,987	40,184	284,171	122,203	50,267	172,470
CSM as at 31 December	546,412	131,486	677,898	302,425	91,302	393,727

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

Group life	2023						2022 Restated					
	Liability for remaining coverage (LRC)		LIC for contracts not measured under PAA	LIC for contracts measured under PAA		Total	Liability for remaining coverage (LRC)		LIC for contracts not measured under PAA	Liability for incurred claims		
	LRC excl. loss component	Loss component		PV of future cash flows	Risk adjustment	Total	LRC excl. loss component	Loss component		PV of future cash flows	Risk adjustment	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	4,307,246	72,935	220,334	1,915,362	46,669	6,562,546	2,901,097	111,082	111,082	1,877,907	27,667	5,028,835
Insurance revenue	(6,535,833)	-	-	-	-	(6,535,833)	(5,285,507)	-	-	-	-	(5,285,507)
Insurance service expenses	602,895	66,375	1,322,900	4,080,824	33,155	6,106,149	429,349	(39,265)	934,662	3,667,636	19,364	5,011,746
	(5,932,938)	66,375	1,322,900	4,080,824	33,155	(429,684)	(4,856,158)	(39,265)	934,662	3,667,636	19,364	(273,761)
Insurance finance expenses	417,544	8,331	18,554	97,823	(228)	542,024	306,147	865	12,922	79,298	(10)	399,222
Translation differences	16,518	4,749	745	(10,557)	(1,829)	9,626	(3,196)	253	1,488	(2,989)	(352)	(4,796)
Total changes in the comprehensive income	(5,498,876)	79,455	1,342,199	4,168,090	31,098	121,966	(4,553,207)	(38,147)	949,072	3,743,945	19,002	120,665
Cash flows:												
Premiums received	7,151,726	-	-	-	-	7,151,726	6,471,915	-	-	-	-	6,471,915
Claims and other expenses paid	-	-	(1,277,344)	(3,678,454)	-	(4,955,798)	-	-	(839,820)	(3,706,490)	-	(4,546,310)
Insurance acquisition cash flows	(593,507)	-	-	-	-	(593,507)	(512,559)	-	-	-	-	(512,559)
Total cash flows	6,558,229	-	(1,277,344)	(3,678,454)	-	1,602,421	5,959,356	-	(839,820)	(3,706,490)	-	1,413,046
Net insurance contract liabilities / (assets) at 31 Dec	5,366,589	152,390	285,189	2,404,998	77,767	8,286,933	4,307,246	72,935	220,334	1,915,362	46,669	6,562,546

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Reconciliation of the measurement components of insurance contract balances

Group life	2023				2022			
	PV of future cash flows	Risk adjustment	CSM	Total	PV of future cash flows	Risk adjustment	CSM	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	2,450,573	82,542	1,043,357	3,576,472	2,040,243	80,982	60,537	2,181,762
Changes that relate to current service								
CSM recognised in profit or loss for the services provided	-	-	(387,000)	(387,000)	-	-	(158,153)	(158,153)
Change in the risk adjustment for non- financial risk	-	(61,686)	-	(61,686)	-	(70,110)	-	(70,110)
Experience adjustments	(170,621)	-	-	(170,621)	(239,331)	-	-	(239,331)
	(170,621)	(61,686)	(387,000)	(619,307)	(239,331)	(70,110)	(158,153)	(467,594)
Changes that relate to future service								
Changes in estimates that adjust the CSM	(35,624)	59,842	(24,218)	-	(29,543)	53,181	(23,638)	-
Changes in estimates that do not adjust the CSM	2,259	55,440	-	57,699	46,032	29,938	-	75,970
Experience adjustments	46,843	(92,523)	-	(45,680)	43,366	(70,548)	-	(27,182)
Contracts initially recognised in the period	(1,050,090)	54,884	1,034,217	39,011	(1,082,774)	46,674	1,058,111	22,011
	(1,036,612)	77,643	1,009,999	51,030	(1,022,919)	59,245	1,034,473	70,799
Total changes	(1,207,233)	15,957	622,999	(568,277)	(1,262,250)	(10,865)	876,320	(396,795)
Insurance finance expenses	151,954	16,786	234,886	403,626	184,565	12,616	110,879	308,060
Translation differences	(34,864)	2,276	(29,721)	(62,309)	3,574	(191)	(4,379)	(996)
Total changes in the comprehensive income	(1,090,143)	35,019	828,164	(226,960)	(1,074,111)	1,560	982,820	(89,731)
Cash flows:								
Premiums received	2,423,692	-	-	2,423,692	2,456,433	-	-	2,456,433
Claims and other expenses paid	(1,071,979)	-	-	(1,071,979)	(688,415)	-	-	(688,415)
Insurance acquisition cash flows	(141,561)	-	-	(141,561)	(283,577)	-	-	(283,577)
Total cash flows	1,210,152	-	-	1,210,152	1,484,441	-	-	1,484,441
Net insurance contract liabilities /(assets) at 31 Dec	2,570,582	117,561	1,871,521	4,559,664	2,450,573	82,542	1,043,357	3,576,472

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

44. LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Impact of contracts recognised in the year

Group life Insurance contracts issued	2023 Non-onerous contracts originated KShs'000	Onerous contracts originated KShs'000	Total KShs'000	2022 Non-onerous contracts originated KShs'000	Onerous contracts originated KShs'000	Total KShs'000
Estimates of the PV of future cash outflows						
- Insurance acquisition cash flows	170,977	121,782	292,759	182,555	88,237	270,792
- Claims and other attributable expenses	865,874	381,159	1,247,033	954,010	267,059	1,221,069
Estimates of the PV of future cash outflows	1,036,851	502,941	1,539,792	1,136,565	355,296	1,491,861
Estimates of the PV of future cash inflows	(2,102,752)	(487,130)	(2,589,882)	(2,221,288)	(353,347)	(2,574,635)
Risk adjustment for non-financial risk	31,684	23,200	54,884	26,612	20,062	46,674
CSM	1,034,217	-	1,034,217	1,058,111	-	1,058,111
Increase in insurance contract liabilities	-	39,011	39,011	-	22,011	22,011

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method

Group life Insurance contracts issued	2023 Contracts under the full retrospective approach at transition KShs'000	Contracts under the fair value approach at transition KShs'000	Total KShs'000	2022 Contracts under thefull retrospective approachat transition KShs'000	Contracts under the fair value approach at transition KShs'000	Total KShs'000
Insurance revenue	1,259,176	639,620	1,898,796	964,015	402,238	1,366,253
CSM as at 1 January	1,043,357	-	1,043,357	60,537	-	60,537
Changes that relate to current service						
CSM recognised in profit or loss	(387,000)	-	(387,000)	(158,153)	-	(158,153)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(24,218)	-	(24,218)	(23,638)	-	(23,638)
Contracts initially recognised in the period	1,034,217	-	1,034,217	1,058,111	-	1,058,111
Total changes	622,999	-	622,999	876,320	-	876,320
Insurance finance expenses	234,886	-	234,886	110,879	-	110,879
Total amounts recognised in comprehensive income	857,885	-	857,885	987,199	-	987,199
Translation differences	(29,721)	-	(29,721)	(4,379)	-	(4,379)
CSM as at 31 December	1,871,521	-	1,871,521	1,043,357	-	1,043,357

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

45. DIRECT PARTICIPATING FEATURES CONTRACTS

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

Direct participating	2023			2022		
	Liability for remaining coverage (LRC)	Liability for incurred claims	Total	Liability for remaining coverage (LRC)	Liability for incurred claims	Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Net insurance contract liabilities / (assets) at 1 Jan	7,862,607	-	7,862,607	6,457,896	-	6,457,896
Insurance revenue	(629,273)	-	(629,273)	(425,026)	-	(425,026)
Insurance service expenses:						
Incurred claims and other attributable expenses	-	675,400	675,400	-	506,951	506,951
Insurance service expenses	-	675,400	675,400	-	506,951	506,951
	(629,273)	675,400	46,127	(425,026)	506,951	81,925
Insurance finance expenses	-	-	-	-	-	-
Translation differences	(118,260)	-	(118,260)	(207,932)	-	(207,932)
Total changes in the comprehensive income	(747,533)	675,400	(72,133)	(632,958)	506,951	(126,007)
Other movements:						
Investment component	(675,400)	675,400	-	(506,951)	506,951	-
Liability for guarantee	130,479	-	130,479	222,700	-	222,700
Cash flows:						
Contributions received	2,927,070	-	2,927,070	1,805,565	-	1,805,565
Interest received	753,268	-	753,268	534,636	-	534,636
Withdrawals and other expenses paid	(730,705)	-	(730,705)	(1,032,183)	-	(1,032,183)
Total cash flows	2,949,633	-	2,949,633	1,308,018	-	1,308,018
Net insurance contract liabilities /(assets) at 31 Dec	10,870,586	-	10,870,586	7,862,607	-	7,862,607

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

46. REINSURANCE CONTRACT ASSETS

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

Non-medical	2023						2022					
	Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium		Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium	
	ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment		Total	ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'						
Net reinsurance contract assets/ (liabilities) at 1 Jan	1,514,358	13,681	1,791,171	35,840	(265,895)	3,089,155	1,528,550	7,608	1,334,622	25,576	(420,139)	2,476,217
Reinsurance expenses	3,331,252	-	-	-	-	3,331,252	3,197,396	-	-	-	-	3,197,396
Incurred claims recovery	-	-	(196,006)	-	-	(196,006)	-	-	(527,567)	-	-	(527,567)
Losses recovery	-	3,064	-	-	-	3,064	-	(5,921)	-	-	-	(5,921)
Changes to recoveries	-	-	-	380	(948,342)	(947,962)	-	-	-	(10,051)	(914,727)	(924,778)
Net income / (expense) from reinsurance contracts held	3,331,252	3,064	(196,006)	380	(948,342)	2,190,348	3,197,396	(5,921)	(527,567)	(10,051)	(914,727)	1,739,130
Reinsurance finance income	-	-	(109,309)	223	-	(109,086)	-	-	(86,746)	7	-	(86,739)
Translation differences	(175,658)	(1,684)	22,058	(1,764)	7,300	(149,748)	(30,497)	(152)	20,106	(220)	(3,810)	(14,573)
Total changes in the comprehensive income	3,155,594	1,380	(283,257)	(1,161)	(941,042)	1,931,514	3,166,899	(6,073)	(594,207)	(10,264)	(918,537)	1,637,818
Cash flows:												
Reinsurance premiums paid	(2,375,580)	-	-	-	-	(2,375,580)	(3,152,707)	-	-	-	-	(3,152,707)
Reinsurance receipts	-	-	442,392	-	688,733	1,131,125	-	-	137,658	-	764,293	901,951
Total cash flows	(2,375,580)	-	442,392	-	688,733	(1,244,455)	(3,152,707)	-	137,658	-	764,293	(2,250,756)
Net reinsurance contract assets/ (liabilities) at 31 Dec	734,344	12,301	1,632,036	37,001	(13,586)	2,402,096	1,514,358	13,681	1,791,171	35,840	(265,895)	3,089,155

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

46. REINSURANCE CONTRACT ASSETS *(Continued)*

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

Medical	2023						2022					
	Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium	Total	Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium	Total
	ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment			ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment		
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'						
Net reinsurance contract assets/ (liabilities) at 1 Jan	701	-	35,496	82	(101)	36,178	62,539	762	13,032	97	(1,786)	74,644
Reinsurance expenses	355,499	-	-	-	-	355,499	202,085	-	-	-	-	202,085
Incurred claims recovery	-	-	(242,902)	-	-	(242,902)	-	-	(69,113)	-	-	(69,113)
Losses recovery	-	-	-	-	-	-	-	762	-	-	-	762
Changes to recoveries	-	-	-	(99)	(5,697)	(5,796)	-	-	-	15	(1,335)	(1,320)
Net income / (expense) from reinsurance contracts held	355,499	-	(242,902)	(99)	(5,697)	106,801	202,085	762	(69,113)	15	(1,335)	132,414
Reinsurance finance income	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	639	-	4,007	-	20	4,666	11,974	-	2,907	-	(350)	14,531
Total changes in the comprehensive income	356,138	-	(238,895)	(99)	(5,677)	111,467	214,059	762	(66,206)	15	(1,685)	146,945
Cash flows:												
Reinsurance premiums paid	(353,609)	-	-	-	-	(353,609)	(152,221)	-	-	-	-	(152,221)
Reinsurance receipts	-	-	208,712	-	-	208,712	-	-	43,742	-	-	43,742
Total cash flows	(353,609)	-	208,712	-	-	(144,897)	(152,221)	-	43,742	-	-	(108,479)
Net reinsurance contract assets/ (liabilities) at 31 Dec	(1,828)	-	65,679	181	5,576	69,608	701	-	35,496	82	(101)	36,178

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

46. REINSURANCE CONTRACT ASSETS *(Continued)*

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

Group life	2023						2022					
	Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium		Assets for remaining coverage (ARC)		Amounts recoverable on incurred claims		Liability for unamortised premium	
	ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment		Total	ARC excl. loss recovery component	Loss recovery component	PV of future cash flows	Risk adjustment		Total
	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'						
Net reinsurance contract assets/ (liabilities) at 1 Jan	267,499	2,928	330,858	1,203	-	602,488	174,215	45,447	1,537,667	8,641	-	1,765,970
Reinsurance expenses	1,313,011	-	-	-	-	1,313,011	1,448,840	-	-	-	-	1,448,840
Incurred claims recovery	-	-	(1,518,015)	-	-	(1,518,015)	-	-	(693,250)	-	-	(693,250)
Losses recovery	-	(15,401)	-	-	-	(15,401)	-	41,114	-	-	-	41,114
Changes to recoveries	-	-	-	(17,128)	-	(17,128)	-	-	-	7,410	-	7,410
Net income / (expense) from reinsurance contracts held	1,313,011	(15,401)	(1,518,015)	(17,128)	-	(237,533)	1,448,840	41,114	(693,250)	7,410	-	804,114
Reinsurance finance income	(15,335)	2,177	(30,311)	73	-	(43,396)	(12,251)	1,405	(32,159)	22	-	(42,983)
Translation differences	(2,376)	(518)	(4,341)	(152)	-	(7,387)	765	-	86	6	-	857
Total changes in the comprehensive income	1,295,300	(13,742)	(1,552,667)	(17,207)	-	(288,316)	1,437,354	42,519	(725,323)	7,438	-	761,988
Cash flows:												
Reinsurance premiums paid	(1,629,462)	-	-	-	-	(1,629,462)	(1,857,406)	-	-	-	-	(1,857,406)
Reinsurance receipts	473,282	-	784,695	-	-	1,257,977	326,768	-	1,932,132	-	-	2,258,900
Total cash flows	(1,156,180)	-	784,695	-	-	(371,485)	(1,530,638)	-	1,932,132	-	-	401,494
Net reinsurance contract assets/ (liabilities) at 31 Dec	128,379	16,670	1,098,830	18,410	-	1,262,289	267,499	2,928	330,858	1,203	-	602,488

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

47. NOTES TO THE STATEMENT OF CASH FLOWS

(a) GROUP Reconciliation of profit before taxation to cash generated from operations:	Notes	2023 KShs'000	2022 KShs'000
Profit before income tax		2,543,993	823,337
Expected credit losses	9(d)	5,399	(1,064)
Interest income	6	(2,630,218)	(1,887,250)
Dividend income	6	(48,177)	(59,220)
Amortisation of government securities and accrued interest	21	(74,443)	(55,323)
Interest expense	39	488,799	408,000
Depreciation on property and equipment	13 (a)	80,066	63,685
Elimination of depreciation on disposal	13 (a)	(34,622)	(3,145)
Elimination of depreciation on revaluation	13 (a)	(5,850)	-
Interest on leases	14(a)	29,023	32,305
Interest receivable on mortgage and other loans		(6,135)	(5,826)
Fair value gains on revaluation on investment property	15	(132,383)	(281,833)
Share of profits of associate	18	3,035	(4,670)
Amortisation of intangible assets	16(a)	57,589	56,634
Amortisation of corporate bond	20	(460)	(92)
Fair value loss on equity investment at fair value through profit or loss	25	134,364	84,152
Fair value gain on collective investment schemes	26(a)	(15,874)	(75,782)
Amortisation of right of use assets	14(a)	76,426	77,136
Working capital changes;			
Increase in insurance contract liabilities		5,191,165	4,391,071
Increase in other receivables		(226,179)	(157,967)
(Increase)/decrease in loan receivables		(34,532)	1,937
Increase in other payables		338,879	268,713
Increase in investment contract liabilities		4,252	4,297
Decrease in reinsurance contract assets		(6,172)	1,236,255
Movement in related party balances		(37,889)	(42,915)
Cash generated from operations		5,700,056	4,872,435

*ECL - Expected Credit Losses

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

47. NOTES TO THE STATEMENT OF CASH FLOWS *(Continued)*

(b) Company

Reconciliation of profit before taxation to cash generated from operations:

	Notes	2023 KShs'000	2022 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before income tax		(186,292)	(11,158)
Adjustments for:			
Expected credit losses (note 8(d))		201	628
Interest income	6	(7,646)	(10,964)
Interest expense	10	482,176	408,000
Depreciation on property and equipment	13(b)	19,246	13,577
Related party loan interest expenses		35,060	31,165
Interest receivable on mortgage and other loans		(1,319)	(1,227)
Fair value gain on collective investment schemes	26 (b)	(2,246)	(1,417)
Fair value gain on investment properties		-	(246,000)
Share of profits of associate		10,230	(4,670)
Gain on disposal of property and equipment		-	2,162
Amortisation of intangible assets	16(b)	26,046	24,575
Appropriation of profits		(16,151)	-
Dividend income	6	(465,000)	(340,000)
Working capital changes;			
Increase in other receivables		(19,013)	21,599
Increase/(decrease) in related party balances		22,466	27,092
Increase in other payables		182,320	76,728
Cash generated from / (used in) operations		80,078	(9,910)

(a) Net debt reconciliation

This section sets out an analysis of net debt:

Group			
Cash and cash equivalents	48	4,865,824	3,803,964
Gross debt - Lease liability	14 (a)	(309,577)	(263,183)
Gross debt – Borrowings	39	(5,081,164)	(4,571,600)
Net debt		(524,917)	(1,030,819)
Company			
Cash and cash equivalents	48	41,527	42,452
Gross debt – related party loan	28	(273,076)	(238,016)
Gross debt – Borrowings	39	(4,955,891)	(4,571,600)
Net debt		(5,187,440)	(4,767,164)

The movements in net debt for each of the periods presented have been included in note 39.

The Company has started selling of the investment properties it holds to generate cashflows for repayment of its outstanding debt. Refer to note 39.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

48. CASH AND CASH EQUIVALENTS

	Notes	2023	2022
Cash and cash equivalents comprise of:		**KShs'000**	**KShs'000**
GROUP			
Cash and bank balances		281,765	416,570
Deposits with banks – original maturity; maturing within 3 months	29	4,584,059	3,387,394
		4,865,824	3,803,964
COMPANY			
Cash and bank balances		41,527	42,452
Deposits with banks – original maturity; maturing within 3 months	29	-	-
		41,527	42,452

The cash and cash equivalents disclosed above and in the statement of cash flows include KShs 83,046,000 which are held by CIC Group. These deposits relate to amounts received into an escrow account with Co-operative Bank of Kenya for the ongoing sale of the Kiambu land and are therefore not available for general use by the other entities within the group.

49. INVESTMENT CONTRACT LIABILITIES

a) GROUP	**Liability for remaining coverage (LRC)**	
	2023	**2022**
	KShs'000'	**KShs'000'**
Net investment contracts liabilities at 1 January	(137,021)	(132,724)
Cash flows:		
Contributions received	(4,252)	(4,297)
Total cash flows	(4,252)	(4,297)
Net investment contracts liabilities at 31 December	(141,273)	(137,021)

There was a material error is accounting for unit linked contracts liabilities relating to prior years. The restatement is disclosed here below.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

49. INVESTMENT CONTRACT LIABILITIES *(Continued)*

b) Correction of a material error in calculating carrying value of unit-linked contracts

The benefits offered under unit-linked contracts are based on the return of a portfolio of financial instruments. The maturity value of these liabilities is determined by the fair value of the linked assets. When a policy matures or the contracts are terminated, settlements are done against the unit-linked liability.

In 2023, a subsidiary discovered an error in calculating the carrying value of unit-linked contracts. Material unit-linked contracts were settled in the prior years, but the settlements were not reflected in the unit-linked liabilities. Instead, the settlements were erroneously charged through claims expense in the statement of profit or loss account. The error resulted in a material overstatement of claims expenses recognised for 2022 and prior financial years and a corresponding overstatement of unit-linked liabilities.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position as at 31 December 2021 (extract)

	As previously reported 31 December 2021	IFRS 17 measurement adjustments (Note 1)	Correction of prior year error	Restated 31 December 2021
	KShs '000	KShs '000	KShs '000	KShs '000
Investment contract liabilities (previously unit-linked contracts)	546,552	-	(413,828)	132,724
Statutory reserves	1,128,818	(403,465)	289,679	1,015,032
Deferred income tax	485,042	(172,915)	124,149	436,276

Impact on the statement of profit or loss

Statement of profit or loss (extract)

	As previously reported 31 December 2022	Increase	Restated 31 December 2022
	KShs '000	KShs '000	KShs '000
Insurance service expenses	(4,956,689)	2,103	(4,954,586)
Other gains	(11,374)	25,471	14,097
Profit before income tax	(396,171)	27,574	(368,597)
Income tax	203,515	-	203,515
Profit after tax	(599,686)	27,574	(572,112)

Basic earnings per share for the prior year have also been restated. The amount of the correction for basic earnings per share was an increase of KShs 0.01 per share.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

50. WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

The table below summarises the weighted average effective interest rates realised during the year on the principal interest-bearing investments:

GROUP	Interest	2023	2022
		%	%
Government securities	Fixed	13.03	12.50
Corporate bonds	Fixed	12.57	12.50
Mortgage loans	Fixed	6.00	6.00
Staff loans	Fixed	6.00	6.00
Policy loans	Fixed	8.00	8.00
Deposits with financial institutions	Fixed	13.05	9.95
Cash and cash equivalents	Fixed	7.00	6.84

51. CONTIGENCIES AND COMMITMENTS

a. Legal proceedings and regulations

The group operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The group is also subject to insurance solvency regulations and has complied with all the solvency regulations except CIC Life Uganda which was below the minimum capital requirement as per the insurance regulatory commission of Uganda. There are no contingencies associated with the Group and the Company's compliance or lack of compliance with such regulations.

b. Commitments, operating leases and bank guarantees

Commitments

Capital expenditure committed at the end of the reporting period but not recognised in the financial statements is as follows:

	2023 KShs'000	2022 KShs'000
Committed but not contracted for	459,119	689,456

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

51. CONTIGENCIES AND COMMITMENTS *(Continued)*

b. Commitments, operating leases and bank guarantees *(Continued)*

Operating leases

The group has entered into commercial property leases on its investment property portfolio, consisting of the group's surplus office buildings. These non–cancellable leases have remaining terms of between two and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions

Future minimum lease rentals receivable under non–cancellable operating leases as at 31 December are as follows:

	2023 KShs '000	2022 KShs '000
Within one year	90,524	91,324
After one year but not more than two years	80,855	87,435
After two year but not more than five years	41,805	92,345
Total operating lease rentals receivable	213,184	271,104

The group has entered into commercial leases on certain property and equipment. These leases have an average life of between three and five years, with no renewal option included in the contracts. There are no restrictions placed upon the group by entering into the leases.

Bank Guarantees

Bank guarantees	1,347,213	215,890

In common practice with the insurance industry in general, the Group tenders for business. Such tenders require that a guarantee or performance bond is placed with a bank.

52. RISK MANAGEMENT FRAMEWORK

a. Governance framework

The primary objective of the group's risk and financial management framework is to protect the group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a group policy framework which sets out the risk profiles for the group, risk management, control and business conduct standards for the group's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the group.

The board of directors approves the group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the group's identification of risk and its interpretation, limit its structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

52. RISK MANAGEMENT FRAMEWORK *(Continued)*

b. Capital management objectives, policies and approach

The group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders' value

The operations of the group are also subject to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy at 100%) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise. The Group has met all of these requirements throughout the financial year. All the subsidiaries met the capital adequacy provisions.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Kenyan Insurance Regulatory Authority (IRA). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.
The group's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the IRA directives, including any additional amounts required by the regulator.

Approach to capital management

The group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the group in the light of changes in economic conditions and risk characteristics. An important aspect of the group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the group is focused on the creation of value for shareholders.

The primary source of capital used by the group is total equity and borrowings. The group also utilises, where it is efficient to do so, sources of capital such as reinsurance and securitisation, in addition to more traditional sources of funding.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

52. RISK MANAGEMENT FRAMEWORK *(Continued)*

b. Capital management objectives, policies and approach *(Continued)*

Approach to capital management (continued)

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The group has made no significant changes, from previous years, to its policies and processes for its capital structure.

	2023 KShs'000	2022 KShs'000
Share capital	2,615,578	2,615,578
Share premium	162,179	162,179
Statutory reserve	1,487,294	621,290
Contingency reserve	138,692	110,828
Revaluation surplus	367,956	279,701
Translation reserve	(573,927)	(496,295)
Fair value reserve	(1,522,605)	(648,279)
Retained earnings	5,017,650	4,758,568
Equity attributable the owners of the parent	7,692,817	7,403,570
Non-controlling interest	(80,639)	(32,085)
Total equity	7,612,178	7,371,485

The Group had external borrowings at 31 December 2023 of KShs 5.1 Billion (2022 – Kshs 4.6 Billion).

Group			
Cash and cash equivalents	48	4,865,824	3,803,964
Gross debt - Lease liability	14 (a)	(309,577)	(263,183)
Gross debt - Borrowings	39	(5,081,164)	(4,571,600)
Net debt		(524,917)	(1,030,819)
Total equity		7,612,178	7,371,485
Net debt to equity ratio		7%	14%
Company			
Cash and cash equivalents	48	41,527	42,452
Gross debt – related party loan	28	(273,076)	(238,016)
Gross debt - Borrowings	39	(4,955,891)	(4,571,600)
Net debt		(5,187,440)	(4,767,164)
Total equity		3,604,898	4,183,638
Net debt to equity ratio		144%	114%

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

52. RISK MANAGEMENT FRAMEWORK *(Continued)*

c. Regulatory framework *(Continued)*

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the group are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The group is also subject to insurance solvency regulations and has complied with all the solvency regulations except CIC General Uganda Limited which did not meet the minimum capital requirement at 31 December 2023 as per the insurance regulatory commission of Uganda. The Group is taking remedial action to ensure this is cured in 2024.

d. Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the group faces, due to the nature of its investments and liabilities, is interest rate risk. The group manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group's ALM is:

- 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
- As an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

53. INSURANCE AND FINANCIAL RISK

53.1 Insurance

The principal risk the group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by frequency of the claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance arrangements.

The group purchases reinsurance as a part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and a non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance *(Continued)*

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

1. Life insurance contracts

Life insurance contracts offered by the group include: whole life and term assurance. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Few contracts have a surrender value. This includes group life and ordinary life premiums.

Pensions are contracts where retirement benefits are expressed in the form of an annuity payable at retirement age. If death occurs before retirement, contracts generally return the value of the fund accumulated or premiums. Most contracts give the policyholder the option at retirement to take a cash sum at guaranteed conversion rates allowing the policyholders the option of taking the more valuable of the two. Provision of additional death benefits may be provided by cancellation of units or through supplementary term assurance contracts. This includes the direct participating contracts.

Guaranteed annuities are single premium products which pay a specified payment to the policyholder whilst they and/or their spouse are still alive. Payments are generally either fixed or increased each year at a specified rate or in line with the rate of inflation. Most contracts guarantee an income for a minimum period, usually of five years, irrespective of death.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets. For contracts with DPF, the guaranteed minimum may be increased by the addition of bonuses. These are set at a level that takes account of expected market fluctuations, such that the cost of the guarantee is generally met by the investment performance of the assets backing the liability. However, in circumstances where there has been a significant fall in investment markets, the guaranteed maturity benefits may exceed investment performance and these guarantees become valuable to the policyholder.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance risk *(Continued)*

1. Life insurance contracts *(Continued)*

The main risks that the Group is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

The group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. 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 fraudulent claims. Insurance contracts also entitle the group to pursue third parties for payment of some or all costs. The group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the group.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Groupwide reinsurance limits of Kshs. 3,000,000 on any single life insured insured are in place.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party. For contracts without DPF, the Group charges for death and disability risks on a yearly basis. Under these contracts the group has the right to alter these charges to take account of death and disability experience, thereby mitigating the risks to the group

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behavior.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance risk *(Continued)*

1. Life insurance contracts *(Continued)*

The following tables show the concentration of life insurance contract liabilities and investment contract liabilities by type of contract

	Gross			Reinsurance*	
31 December 2023	Insurance contract liabilities	Direct participating	Total insurance contract liabilities	Reinsurance assets	Net liabilities
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Ordinary life	4,007,320	-	4,007,320	-	4,007,320
Group life	8,286,933	-	8,286,933	(1,262,289)	7,024,644
Total insurance liabilities	12,294,253	-	12,294,253	(1,262,289)	11,031,964
Deposit administration	-	10,870,586	10,870,586	-	10,870,586
Total	12,294,253	10,870,586	23,164,839	(1,262,289)	21,902,550

	Gross			Reinsurance*	
31 December 2022	Insurance contract liabilities	Direct participating	Total insurance contract liabilities	Reinsurance assets	Net liabilities
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Ordinary life	4,127,956	-	4,127,956	-	4,127,956
Group life	6,562,546	-	6,562,546	(602,488)	5,960,058
Total insurance liabilities	10,690,502	-	10,690,502	(602,488)	10,088,014
Deposit administration	-	7,862,607	7,862,607	-	7,862,607
Total	10,690,502	7,862,607	18,553,109	(602,488)	17,950,621

*The direct participating contracts (deposit administration) are not reinsured.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance risk *(Continued)*

1. Life insurance contracts *(Continued)*

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

- **Mortality and morbidity rates**
  Assumptions are based on standard industry and national tables, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- **Longevity**
  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

- **Investment return**
  The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

- **Expenses**
  Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

- **Lapse and surrender rates**
  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the group's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

- **Discount rate**
  Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the group's own risk exposure. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance risk *(Continued)*

1. Life insurance contracts *(Continued)*

Key Assumptions *(Continued)*

The assumptions that have the greatest effect on the statement of financial position and statement of profit or loss of the group are listed below:

	Mortality and Morbidity rates		Discount rates/ Investment return				
	2023	2022	2023 and 2022			2021	2020
Insurance contracts			YR1 LAPSE	YR2 LAPSE	YR3 LAPSE		
Annuities*	KE 2007 – 2010 Tables for Assured Lives	KE 2007 – 2010 Tables for Assured Lives	-	-	-	13.2%	13.2%
Life assurance*	KE 2007 – 2010 Tables for Assured Lives	KE 2007 – 2010 Tables for Assured Lives	15%	10%	5%	Yield curve	Yield curve

Valuation age is taken as the number of complete years of age "curtate age" at the date of valuation. The period of valuation has been taken as the original term to maturity less curtate duration at the valuation date
*The Annuities and life assurance balances are included in the life insurance contract liabilities.

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivity analysis is presented in note 2 (B).

2. Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: motor, household, commercial and business interruption. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed as renewable. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, {the most significant risks arise when there is fire, motor accidents, property losses or medical claims for longer tail claims that take some years to settle, there is also inflation risk. For healthcare contracts, the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements. These risks do not vary significantly in relation to the location of the risk insured by the group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.1 Insurance risk *(Continued)*

2. Non-life insurance contracts *(Continued)*

The group uses commercially available proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an unmodelled event are greater than those arising from a modelled event.

The group has also Limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the group's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

The table below sets out the concentration of insurance contract liabilities by type of contract:

			31 December 2023			31 December 2022
	Insurance contract liabilities	Reinsurance contract assets	Net liabilities	Insurance contract liabilities	Reinsurance contract assets	Net liabilities
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Non-medical	7,998,087	(2,402,096)	5,595,991	7,976,134	(3,089,155)	4,886,979
Medical	3,064,351	(69,608)	2,994,743	2,506,869	(36,178)	2,470,691
Total	11,062,438	(2,471,704)	8,590,734	10,483,003	(3,125,333)	7,357,670

Key Assumptions

The principal assumption underlying the liability estimates is that the group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period. The sensitivity analysis is presented in note 2 (B).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 Financial risks

a. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the group's exposure to credit risk:

- A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's audit and risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or group of counterparties, and industry segment (i.e., limits are set for investments and cash deposits, and minimum credit ratings for investments that may be held).
- The Group maintains strict control limits by amount and terms on net open derivative positions. The amounts subject to credit risk are limited to the fair value of "in the money" financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period of 120 days specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2023 and 2022 is the carrying amounts as presented in the statement of financial position.

The Group issues unit–linked investment policies in several its operations. In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no credit risk on unit–linked financial assets.

The group actively manages its product mix to ensure that there is no significant concentration of credit risk.

The Group's internal rating process

The Group's investment team prepares internal ratings for financial instruments (Financial assets at amortised cost-Government securities, Financial Assets at amortised cost- Corporate Bonds, Financial Assets at amortised cost-Loan and Receivables, Financial Assets at amortised cost-Commercial Papers, Due from related party, Deposits with financial institutions, and Cash and bank balances) in which counterparties are rated using internal grades. The ratings are determined incorporating both qualitative and quantitative information from external party ratings supplemented with information specific to the counterparty and other external information that could affect the counterparty's behavior. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 Financial risks *(Continued)*

a. Credit risk *(Continued)*

The Group's internal credit rating grades for the above assets with exception of staff loans is as described below.

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

For staff loans, the credit rating is based on whether the staff is still in employment. The loan is given a 'high grade' rating if the staff is still in employment, and a 'past due but not impaired' rating in instances where the staff is no longer employed with the Group.

The Group's internal credit rating grades is as follows:

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Receivables arising from direct and reinsurance arrangements	30 days past due	Company closure, significant decline in the industry which the client operates, listing on credit reference bureau, inability to service debt, loss of income, among others.
Cash at bank and deposits with financial institutions	Downgrade to tie four	Bank closure, bank run, default on debt, credit rating downgrade, material adverse mention or investigation, change in bank tier, negative change in debt ratios, debt covenant breach, regulator actions among others.
Government Securities	Downgrade from investment grade to non-investment grade as per the external ratings	Credit rating downgrade, adverse political instability, military coup / attempt / civil turmoil, hyper inflationary trajectory, external war, significant fall in tax collection rates, significant natural disaster events, warnings from Bretton Woods Institutions, debt restructure, currency devaluation, unemployment rate growth among others.
Corporate Debt	Default in contractual cash flows	Credit rating downgrades, significant adverse political turmoil in country of major operations, significant fall in revenue collection, significant natural disaster events, debt restructure, material Adverse change (Change in business model; significant change in priority staff), significant court process interference on business model, insolvency, government agency takeover, financial covenant breach, material representation inaccuracy or warranty breach, material adverse mention, investigation among others.
Equities - Dividend Income	Default in contractual cash flows	Company closure, default on debt, credit rating downgrade, adverse material mention, change in balance sheet debt composition, debt covenant breach, adverse change in business model, company insolvency among others.
Staff/ Non-Staff Loans	Default in contractual cashflows	Listing on credit reference bureau, inability to service debt, loss of income, death, permanent disability, imprisonment, number of months in arrears among others.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

(a) Credit risk *(Continued)*

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Company performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Significant increase in credit risk, default and cure

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments (Financial assets at amortised cost- Government securities, Financial Assets at amortised cost- Corporate Bonds, Financial Assets at amortised cost-Loans, Due from related party, Deposits with financial institutions, Other receivables and Cash and cash equivalents) is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeness to pay by assessing whether there has been a significant increase in credit risk. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. The Group considers a financial asset in default when contractual payments are 90 days past due. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL. This more applicable to financial assets arising from investments with financial institution. Such events include:

- Internal rating of the counterparty indicating default or near default for all asset classes
- The counterparty having past due liabilities to public creditors or employees for all asset classes except for staff loans.
- The counterparty filing for bankruptcy application for all asset classes
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties for all asset classes except for staff loans.

The Group considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

The group actively manages its product mix to ensure there is no significant concentration of credit risk.

Collaterals and other credit enhancements

The amount and type of collateral required depends on assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each collateral, which applies only to staff loan advances. The main type of collaterals are as follows:
- For mortgages, legal charge over property to the extent of loan advanced.
- For car loans, the value of the motor vehicle.

Management monitors the market value of the collateral and may request additional collateral in accordance with underlying agreement.

The Group does not physically repose properties but engages its legal department in collaboration with external agents to recover funds to settle outstanding debt. Because of this practice, the properties or motor vehicles are not recorded in the balance sheet and not treated as non-current asset held for sale.

The fair values of the collaterals equal to the outstanding loan balances at the end of each financial reporting period since the Group is only interested in recovering the loan balance.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)* FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

Impairment losses on financial investments subject to impairment assessment.

i) Debt instruments measured at FVOCI

(a) Group

The table below shows the fair values of the group's debt instruments at FVOCI by credit risk, based on the group's internal credit rating system.

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
High grade	13,582,244			13,582,244	11,389,365
Standard grade	-	-	-	-	-
Total gross amount	13,582,244	-	-	13,582,244	11,389,365
ECL	(2,870)			(2,870)	-
Total net amount	13,579,374	-	-	13,579,374	11,389,365

Movement of ECL:	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
ECL at start of year	-	-	-	-	3,882
Charge/(credit through P&L)	(2,870)	-	-	(2,870)	(3,882)
Movement between 12m ECL and LTECL	-	-	-	-	-
ECL at end of year	(2,870)	-	-	(2,870)	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

Debt instruments at amortised cost*

The table below shows the credit quality and maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances.
Details of the Group's grading system are explained above.

ii) Financial assets at amortised cost: Corporate bonds

Group

	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
Internal rating grade	**Kshs'000**	**KShs'000**	**Kshs'000**	**KShs'000**	
Performing					
High grade	6,222	-	-	6,222	97,732
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	7,258	7,258	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	82,615	82,615	82,707
Total Gross	6,222	-	89,873	96,095	180,439
ECL	-	-	(449)	(449)	(83,408)
Total Net Amount	6,222	-	89,424	95,646	97,031

An analysis of changes in ECLs is, as follows:

	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ECL as at 1 January	(701)	-	(82,707)	(83,408)	(105,387)
Charge /(credit) through profit or loss	701	-	(357)	344	7,279
Write off	-	-	82,615	82,615	14,700
Movement between 12m ECL and LTECL	-	-	-	-	-
	-	-	(449)	(449)	(83,408)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK (CONTINUED)53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

iii) Financial assets at amortised cost: Government securities

Group

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	10,754,066	-	-	10,754,066	8,279,230
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	10,754,066	-	-	10,754,066	8,279,230
ECL	(847)	-	-	(847)	(375)
Total Net Amount	10,753,219	-	-	10,753,219	8,278,855

Management assessed that there is low probability of default on these financial instruments as they are sovereign debts and there has been no history of default from the Government of Kenya. The movement in ECL is as follows:

	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
ECL as at 1 January	(375)	-	-	(375)	(378)
Charge/(credit) through profit or loss	(472)	-	-	(472)	3
Movement between 12m ECL and LTECL	-	-	-	-	-
	(847)	-	-	(847)	(375)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK (CONTINUED)53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

iv) Financial Assets at amortised cost-Loan receivables

Group

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	124,966	-	-	124,966	90,322
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	124,966	-	-	124,966	90,322
ECL	(11,575)	-	-	(11,575)	(11,463)
Total Net Amount	113,391	-	-	113,391	78,859

	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
ECL at start of year	(11,463)	-	-	(11,463)	(6,765)
Charge/(credit) through P&L	(112)	-	-	(112)	(4,698)
Movement between 12m ECL and LTECL	-	-	-	-	-
	(11,575)	-	-	(11,575)	(11,463)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk(continued)

v) Financial Assets at amortised cost-Loan Receivables

(b) COMPANY

Internal rating grade	STAGE 1 Kshs'000	STAGE 2 Kshs'000	STAGE 3 Kshs'000	Total 2023 Kshs'000	Total 2022 Kshs'000
Performing					
High grade	15,907	-	-	15,907	12,669
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total Gross	15,907	-	-	15,907	12,669
ECL	(288)	-	-	(288)	(288)
Total Net Amount	15,619	-	-	15,619	12,381

Analysis of the ECL is as follows:

	STAGE 1 Kshs'000	STAGE 2 Kshs'000	STAGE 3 Kshs'000	Total 2023 Kshs'000	Total 2022 Kshs'000
ECL as at 1 January	(288)	-	-	(288)	(171)
Charge through profit or loss	-	-	-	-	(117)
Movement between 12m ECL and LTECL	-	-	-	-	-
	(288)	-	-	(288)	(288)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

vi) Deposits with financial institutions

(a) Group

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	7,600,907	-	-	7,600,907	5,940,111
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total Gross	7,600,907	-	-	7,600,907	5,940,111
ECL	(27,617)	-	-	(27,617)	(32,007)
Total Net Amount	7,573,290	-	-	7,573,290	5,908,104

An analysis of changes in the ECLs is, as follows:

	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 Kshs'000
ECL at start of year	(32,007)	-	-	(32,007)	(34,546)
Additional impairment	4,390	-	-	4,390	2,539
Unwind of discount	-	-	-	-	-
Movement between 12m ECL and LTECL	-	-	-	-	-
ECL at end of year	(27,617)	-	-	(27,617)	(32,007)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

(b) Deposits with financial institutions - Company

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	117,638	-	-	117,638	94,658
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total Gross	117,638	-	-	117,638	94,658
ECL	(70)	-	-	(70)	(82)
Total Net Amount	117,568	-	-	117,568	94,576

An analysis of changes in ECLs is, as follows:

	STAGE 1 Kshs'000	STAGE 2 Kshs'000	STAGE 3 Kshs'000	Total 2023 Kshs'000	Total 2022 Kshs'000
ECL at start of year	(82)	-	-	(82)	(73)
Additional impairment	12	-	-	12	(9)
Movement between 12m ECL and LTECL	-	-	-	-	-
ECL at end of year	(70)	-	-	(70)	(82)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK (CONTINUED)53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

vii) Financial assets at amortised cost -Receivables from related parties

(a) Group

Internal rating grade	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Performing					
High grade	188,620	-	-	188,620	147,699
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	188,620	-	-	188,620	147,699
ECL	(5,573)	-	-	(5,573)	(2,541)
Total net Amount	183,047	-	-	183,047	145,158

An analysis of changes in ECLs is, as follows:

	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ECL as at 1 January	(2,541)	-	-	(2,541)	(3,652)
Charge/(credit) through profit or loss	(3,032)	-	-	(3,032)	1,111
Movement between 12m ECL and LTECL	-	-	-	-	-
	(5,573)	-	-	(5,573)	(2,541)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK (CONTINUED)53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

vii) Financial assets at amortised cost -Receivables from related parties

(b) Company

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	401,976	-	-	401,976	312,197
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	401,976	-	-	401,976	312,197
ECL	(1,996)	-	-	(1,996)	(1,783)
Total Net Amount	399,980	-	-	399,980	310,414

An analysis of changes in ECLs is, as follows:

	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
ECL as at 1 January	(1,783)	-	-	(1,783)	(1,281)
Charge/(credit) through profit or loss	(213)	-	-	(213)	(502)
Movement between 12m ECL and LTECL	-	-	-	-	-
	(1,996)	-	-	(1,996)	(1,783)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

viii) Financial assets at amortised cost - Other receivables

(a) Group

Internal rating grade	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
Performing					
High grade	864,827	-	-	864,827	635,001
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	864,827	-	-	864,827	635,001
ECL	(12,393)	-	-	(12,393)	(8,746)
Total Net Amount	852,434	-	-	852,434	626,255

An analysis of changes in ECLs is, as follows:

	STAGE 1 KShs'000	STAGE 2 KShs'000	STAGE 3 KShs'000	Total 2023 KShs'000	Total 2022 KShs'000
ECL at start of year	(8,746)	-	-	(8,746)	(6,752)
Charge through profit or loss	(3,647)	-	-	(3,647)	(1,994)
Movement between 12m ECL and LTECL	-	-	-	-	-
ECL at end of year	(12,393)	-	-	(12,393)	(8,746)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

ix) Financial assets at amortised cost – Cash and bank balances

(a) Group

Internal rating grade	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Performing					
High grade	282,777	-	-	282,777	417,582
Standard grade	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total Gross	282,777	-	-	282,777	417,582
ECL	(1,012)	-	-	(1,012)	(1,012)
Total Net Amount	281,765	-	-	281,765	416,570

An analysis of changes in ECLs is, as follows:

	STAGE 1	STAGE 2	STAGE 3	Total 2023	Total 2022
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
ECL as at 1 January	(1,012)	-	-	(1,012)	(1,718)
Charge/(credit) through profit or loss	-	-	-	-	706
Movement between 12m ECL and LTECL	-	-	-	-	-
	(1,012)	-	-	(1,012)	(1,012)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

The table below indicates the maximum exposure of assets bearing credit risk:

Group

	2023 KShs'000	2022 KShs'000
Corporate bonds at amortised cost	95,646	97,031
Government securities at amortised cost	10,753,219	8,278,855
Loans receivable	113,391	78,859
Government securities at fair value through OCI	13,579,374	11,389,365
Investment in collective Schemes	1,368,501	1,210,502
Reinsurance contract assets	3,733,993	3,727,821
Other receivables	852,434	626,255
Due from related parties	183,047	145,158
Deposits with financial institutions	7,573,290	5,908,104
Cash and cash equivalents	281,765	416,570
Total	38,534,660	31,878,520

Company

Loans receivable	15,619	12,381
Other receivables	61,535	64,867
Due from related parties	399,980	310,414
Investment in collective Schemes	14,501	37,255
Deposits with financial institutions	117,568	94,576
Cash and cash equivalents	41,527	42,452
Total	650,730	561,945

Short term business

Impaired financial assets

At 31 December 2023, there are no impaired insurance assets.

For assets to be classified as" past–due and impaired" contractual payments must be in arrears for more than 120 days. No collateral is held as security for any past due or impaired assets.

The group records impairment allowances for receivables arising out of direct insurance arrangements and reinsurance arrangements in a separate impairment allowance account.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK (CONTINUED)53.2FINANCIAL RISKS *(Continued)*

a. Credit risk *(Continued)*

Short term business

Impaired financial assets

Collateral

No collateral is held in respect of the receivables that are past due but not impaired.

Financial assets neither past due nor impaired

There were no financial assets that are neither impaired nor past due as at 31 December 2023.

b. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the group's exposure to liquidity risk:

- A group liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The group's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

Maturity profiles

The following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the group based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

b. Liquidity risk *(Continued)*

The table below provides a contractual maturity analysis of the group's financial assets and liabilities:

	31 December 2023					
	No stated maturity KShs '000	6 months or on demand KShs '000	6 months and 1 year KShs '000	1 year and 5 years KShs '000	More than 5 years KShs '000	Total KShs '000
Financial assets						
Financial assets at amortised cost- Corporate Bonds	-	-	-	102,875	24,429	127,304
Financial assets at amortised cost -Government securities	-	-	455,550	6,647,527	9,099,799	16,202,876
Financial assets at amortised cost -Loans receivable	-	99,075	246	4,224	27,332	130,877
Financial assets at fair value through other comprehensive income -Government securities	-	-	20,315	4,548,500	14,035,456	18,604,271
Investments in collective investment schemes at fair value through Profit or loss	-	135,767	1,232,734	-	-	1,368,501
Equity investments at fair value through profit or loss	647,506	-	-	-	-	647,506
Equity investments at fair value through other comprehensive income	22,796	-	-	-	-	22,796
Reinsurance contract assets	-	1,719,043	1,438,721	-	-	3,157,764
Other receivables	-	843,416	9,018	-	-	852,434
Due from related parties	-	183,047	-	-	-	183,047
Deposits with financial institutions	-	4,117,372	2,579,393	876,525	-	7,573,290
Cash and cash equivalents	-	281,765	-	-	-	281,765
Total financial assets	670,302	7,379,485	5,735,977	12,179,651	23,187,016	49,152,431
Financial liabilities						
Borrowings	-	-	5,081,164	-	-	5,081,164
Lease Liability	-	42,823	79,237	265,978	-	388,038
Other payables	-	2,034,225	-	-	-	2,034,225
Insurance contract liabilities	-	16,565,080	9,767,950	-	-	26,333,030
Bank guarantees	-	-	-	1,347,213	-	1,347,213
Total financial liabilities	-	18,642,128	14,928,351	1,613,191	-	35,183,670
Net liquidity (gap)	670,302	(11,262,643)	(9,192,374)	10,566,460	23,187,016	13,968,761

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 FINANCIAL RISKS *(Continued)*

b. Liquidity risk *(Continued)*

The table below provides a contractual maturity analysis of the group's financial assets and liabilities:

	31 December 2022					
	No stated maturity KShs '000	6 months or on demand KShs '000	6 months and 1 year KShs '000	1 year and 5 years KShs '000	More than 5 years KShs '000	Total KShs '000
Financial assets						
Financial assets at amortised cost- Corporate Bonds	-	-	-	117,341	43,351	160,692
Financial assets at amortised cost -Government securities	-	108,248	296,765	2,302,909	5,768,605	8,476,527
Financial assets at amortised cost -Loans receivable	-	3,300	29	-	95,556	98,885
Financial assets at fair value through other comprehensive income -Government securities	-	30,014	108,001	2,521,361	10,263,467	12,922,843
Investments in collective investment schemes at fair value through Profit or loss	-	285,123	684,352	241,027	-	1,210,502
Equity investments at fair value through profit or loss	1,052,923	-	-	-	-	1,052,923
Equity investments at fair value through other comprehensive income	15,337	-	-	-	-	15,337
Reinsurance contract assets	-	3,341,727	-	-	-	3,341,727
Other receivables	-	397,441	228,814	-	-	626,255
Due from related parties	-	145,158	-	-	-	145,158
Deposits with financial institutions	-	4,637,339	562,809	739,963	-	5,940,111
Cash and cash equivalents	-	417,582	-	-	-	417,582
Total financial assets	1,068,260	9,365,932	1,880,770	5,922,601	16,170,979	34,408,542
Financial liabilities						
Borrowings	-	-	-	4,571,600	-	4,571,600
Lease Liability	-	29,919	116,785	245,211	-	391,915
Other payables	-	1,695,346	-	-	-	1,695,346
Insurance contract liabilities	-	18,092,700	1,147,822	593,019	4,365,890	24,199,431
Bank guarantees	-	-	-	235,352	-	235,352
Total financial liabilities	-	19,817,965	1,264,607	5,645,182	4,365,890	31,093,644
Net liquidity (gap)	1,068,260	(10,452,033)	616,163	277,419	11,805,089	3,314,898

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 Financial risks *(Continued)*

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The group's market risk policy sets out the assessment and determination of what constitutes market risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The group stipulates diversification benchmarks by type of instrument, as the group is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds as the policy benefits are directly linked to the value of the assets in the fund. The group's exposure to market risk on this business is Limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Kenya Shilling and its exposure to foreign exchange risk arise primarily with respect to US Dollar (USD), Uganda Shillings (UGSH), Malawian Kwacha (MK) and South Sudan Pound (SSP).

The group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk for the overseas operations. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The group has no significant concentration of currency risk.

		31st December 2023		31st December 2022	
	Increase/(decrease) in variables	Impact on PBT	Impact on Equity	Impact on PBT	Impact on Equity
		KShs'000'	KShs'000'	KShs'000'	KShs'000'
Currency					
SSP	10%	(29,456)	(75,678)	(29,456)	(75,678)
SSP	-10%	35,787	84,346	35,787	84,346
UGSH	10%	3,985	(2,567	3,985	(2,567
UGSH	-10%	(4,092)	(42,784)	(4,092)	(42,784)
MK	10%	(15,678)	((30,234)	(15,678)	((30,234)
MK	-10%	20,567	33,869	20,567	33,869

The holding's s financial assets are primarily denominated in the same currencies as its liabilities hence not exposed to the currency risks.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

53. INSURANCE AND FINANCIAL RISK *(Continued)*

53.2 Financial risks *(Continued)*

(c) Market Risk *(Continued)*

ii. Interest rate risk *(Continued)*

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is re–priced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

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. The Financial assets at amortised cost- Deposits and commercial papers and staff loans are not affected by interest rate risk because the rates are agreed at the beginning of the contract financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the former, 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 movement monthly by assessing the expected changes in the different portfolios due to a parallel movement in all yield curves of financial assets and financial liabilities. The Group is not exposed to interest rate risk as all financial assets are at fixed interest rates.

Government securities at fair value through other comprehensive income represents 56% of total government securities investments. If the bond market interest rate had increased/ decreased by 1%, with all other variables held constant, and all the other factors held constant, the comprehensive income for the year would increase/decrease by KShs 629,370,000.

iii. Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by 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, classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income investments. Exposure to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange Limited (NSE).

The Group has a defined investment policy which sets limits on the Group's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the Group's price risk arising from its investments in equity securities.

Investment management meetings are held monthly. At these meetings, senior managers meet to discuss investment return and concentration of the equity investments.

Equity investment through profit or loss represent 97% (2022: 98%) of total equity investments. If equity market indices had increased/ decreased by 5%, with all other variables held constant, and all the Group's equity investments moving according to the historical correlation with the index, the profit for the year would increase/decrease by KShs 32,375,000 (2022: KShs 53,000,000).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

54. FAIR VALUE MEASUREMENT

The group specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi securities exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components, property, equipment and investment property.

This hierarchy requires the use of observable market data when available. The group considers relevant and observable market prices in its valuations where possible.

There were no transfers between Level 1 and level 2 during the year.

The table below shows an analysis the fair value of assets by level in the fair value hierarchy. However, it does not include instruments whose fair value approximates the carrying amount.

GROUP

31-Dec-23	Level 1	Level 2	Level 3	Total	Carrying amounts
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Recurring fair value Measurements					
Equity investments classified:					
-at fair value through profit or loss	647,506	-	-	647,506	647,506
- at fair value through OCI	-	22,796	-	22,796	22,796
Government securities classified at fair value through OCI	13,579,374	-	-	13,579,374	13,579,374
Investments in collective investment schemes at fair value through profit or loss	-	1,368,501	-	1,368,501	1,368,501
Owner occupied property and equipment	-	-	821,883	821,883	821,883
Investment properties	-	-	7,761,640	7,761,640	7,761,640
Non-recurring fair value Measurements – fair value of assets not measured at fair value					
Corporate bonds	-	129,644	-	129,644	95,646
Government securities at amortised cost	11,396,415	-	-	11,396,415	10,753,219
Loan receivables	-	-	113,391	113,391	113,391
Total assets at fair value	25,623,295	1,520,941	8,696,914	35,841,150	35,163,956
Liabilities					
Investment contract liabilities	-	141,273	-	141,273	141,273
Total liabilities at fair value	-	141,273	-	141,273	141,273

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

54. FAIR VALUE MEASUREMENT *(Continued)*

GROUP *(Continued)*

31-Dec-22	Level 1	Level 2	Level 3	Total	Carrying amounts
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Recurring fair value Measurements					
Equity investments classified:					
-at fair value through profit or loss	1,060,004	-	-	1,060,004	1,060,004
- at fair value through OCI	-	21,647	-	21,647	21,647
Government securities classified at fair value through OCI	11,389,365	-	-	11,389,365	11,389,365
Investments in collective investment schemes at fair value through profit or loss	-	1,210,502	-	1,210,502	1,210,502
Owner occupied property and equipment	-	-	830,823	830,823	830,823
Investment properties	-	-	7,761,640	7,761,640	7,761,640
Non-recurring fair value Measurements – fair value of assets not measured at fair value					
Corporate bonds	-	132,498	-	132,498	97,031
Government securities at amortised cost	8,560,203	-	-	8,560,203	8,278,855
Loan receivables	-	-	78,859	78,859	78,859
Total assets at fair value	21,009,572	1,364,647	8,671,322	31,045,541	30,728,726
Liabilities					
Investment contract liabilities	-	137,021	-	137,021	137,021
Total liabilities at fair value	-	137,021	-	137,021	137,021

COMPANY

	Level 1	Level 2	Level 3	Total	Carrying amounts
2023	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Recurring fair value measurements					
Investment properties held for sale	-	-	4,046,000	4,046,000	4,046,000
Fair value of assets not measured at fair value					
Loan receivables	-	-	15,619	15,619	15,619
Total assets at fair value	-	-	4,061,619	4,061,619	4,061,619
2022					
Recurring fair value measurements					
Investment properties	-	-	4,046,000	4,046,000	4,046,000
Fair value of assets not measured at fair value					
Loan receivables	-	-	12,381	12,381	12,381
Total assets at fair value	-	-	4,058,381	4,058,381	4,058,381

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

54. FAIR VALUE MEASUREMENT *(Continued)*

Valuation methods used in determining the fair value of assets and liabilities

Instrument	Applicable Level	Valuation methods	Inputs
Loans and receivables at amortised cost	2	Discounted cash flow model (DCF)	Average Market interest rates 13%
Corporate bonds at amortised cost	2	Discounted cash flow model (DCF)	Interest rates
Equity investments classified as fair value through OCI	2	Net Asset Value	Current unit price of underlying unitised assets and interest rates.
Investments in collective investment schemes at fair value through profit or loss	2	Net Asset Value	Current unit price of underlying unitised assets and interest rates.
Deposits and commercial paper	2	Net Asset Value and Discounted Cash Flow (DCF)	Current unit price of underlying unitised assets and interest rates.

The significant unobservable inputs used in the fair value measurements categorised in level 3 of the fair value hierarchy as at 31 December 2023 are as shown below.

Group

Instrument	Level	Valuation basis	Rate	Significant unobservable Inputs	Sensitivity of input to the fair value
Investment properties	3	Discounted cash flow model (DCF)	16	Discount rate used, Net Annual Rent, Annual rent growth rate	Increase/(decrease) in discount by 5% would decrease/(increase) fair value by KShs 80.1 million
Owner occupied property and equipment	3	Discounted Cash Flow (DCF)	16	Discount rate used, Net Annual Rent, Annual rent growth rate	Increase/(decrease) in discount of 5% would decrease/(increase) fair value by KShs 1.9 million.
Direct participating contracts	3	Deposits, withdrawals and investment returns from the fund.	N/A	Market value of assets of the fund	Increase/(decrease) in the market price of the assets in the fund would increase/(decrease) fair value by KShs 536 million.

Company

Instrument	Level	Valuation basis	Rate	Significant unobservable Inputs	Sensitivity of input to the fair value
Investment properties	3	Discounted cash flow model (DCF)	16	Discount rate used, Net Annual Rent, Annual rent growth rate	Increase/(decrease) in discount by 5% would decrease/(increase) fair value by KShs 80.1 million

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

55. GAIN ON MONETARY POSITION (CIC AFRICA SOUTH SUDAN)

IAS 29 Financial reporting in hyperinflationary economies requires financial statements that are prepared in the currency of a hyper-inflationary economy to be stated in terms of the value of money at the end of the reporting period. The IAS 29 approach is to restate all non-monetary balances recognised in the financial statements to the year-end general purchasing power of the functional currency and requires the use of a general price index to reflect changes in purchasing power.

CIC Africa Insurance (South Sudan) was considered to operate in hyperinflationary economy until 31 December 2022. In 2023, South Sudan ceased being hyperinflationary and the subsidiary discontinued the preparation and presentation of the financial statements in accordance to the IAS 29 standard. It treated the carrying amounts expressed in the measuring current unit at 31 December 2022 as the basis for opening carrying amounts for the 2023 financial statements.

The analysis of the cumulative inflation rate over three years resulted in the Group considering whether South Sudan's economy was hyperinflationary. Based on the available information, the Group concluded that the economy is currently not hyperinflationary for the period ending 31 December 2023.

Subsequent to year end, there has been a significant change in the inflation data; the World Economic Outlook report issued in April 2024 shows that three-year cumulative inflation is expected to increase significantly, to 137% in 2024 and 198% in 2025. It is therefore expected that entities with the currency of South Sudan as their functional currency will be hyper-inflationary in 2024, and they should continue applying IAS 29 in 2024. The Group will consider this change going forward.

Statement showing the net monetary result on account of price level changes:	**2023** **KShs'000**	**2022** **KShs'000**
Monetary liabilities at 1 January	-	786,828
Increase in net monetary liabilities in the year	-	185,960
Effects of exchange rate changes	-	(257,195)
Monetary liabilities at 31 December	-	715,593
Expressed in purchasing power at 31 December	-	(798,680)
Loss on monetary liabilities (a)	-	(83,087)
Monetary assets at 1 January	-	922,968
Increase in net monetary assets in the year	-	168,162
Effects of exchange rate changes	-	(296,292)
Monetary assets at 31 December	-	794,838
Expressed in purchasing power at 31 December	-	890,820
Gain on monetary assets (b)	-	95,982
Net gain on monetary position (c=a+b)	-	12,895

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2023

56. GOING CONCERN STATUS OF THE SUBSIDIARIES AND THE COMPANY

The directors have assessed the going concern of the subsidiaries and are confident that they will continue as going concern.

57. INCORPORATION

The Company is incorporated in Kenya under the Companies Act 2015 and is domiciled in Kenya.

58. HOLDING COMPANY

The holding entity is Co-operative Insurance Society Limited which is incorporated and domiciled in Kenya.

59. CURRENCY

The financial statements are presented in Kenya shillings thousands (KShs '000') which is also the functional currency of the Company.

60. EVENTS AFTER REPORTING DATE

Other than the matter disclosed in note 55, there are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

NOTICE OF ANNUAL GENERAL MEETING OF THE CIC INSURANCE GROUP PLC

NOTICE IS HEREBY GIVEN that the Forty Fifth (45th) Annual General Meeting of the shareholders of the CIC INSURANCE GROUP PLC ("the Company") will be held via electronic means, on Friday 7th June 2024 at 10.00am to transact the business as set out below.

AGENDA

Constitution of the Meeting

1. The Company Secretary to read the notice convening the meeting and determine if a quorum is present.

Ordinary Business

2. To receive, consider and if thought fit, adopt the Annual Report and Financial Statements for the year ended 31st December 2023 together with the Directors' and Auditors Reports thereon.

3. To declare a first and final dividend of Kshs 0.13 per share in respect of the year ended 31st December 2023, to be paid on or before 8th July 2024, to shareholders appearing on the Register of Members at the close of business on 4th June 2024.

4. **Election, Rotation and Retirement of Directors.**
   a. **Appointment of Director:**
   Lydia Rono being an Independent Non-Executive Director appointed by the Board on 16th June 2023 to fill a casual vacancy in accordance with Article 132 of the Company's Articles of Association retires and being eligible offers herself for election.

   b. **Rotation of Director:**
   Julius Mwatu retires by rotation in accordance with Article 127 of the Company's Articles of Association, and being eligible offers himself for re-election.

   c. That Pursuant to paragraph 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the shareholders approve the continuation in office of Mr. Nelson Kuria, who as at the date of this meeting will have attained the age of seventy (70), until he next comes up for retirement by rotation.

   d. To note the retirement of Mr. Peter Nyigei having served his full tenure as a Non-Executive Director.

5. **Board Audit Committee**
   In accordance with the provisions of section 769 (1) of the Companies Act 2015, the following Directors, being members of the Audit Committee of the Board, be elected to continue serving as members of the said Committee:
   a. Julius Mwatu
   b. Rogers Kinoti
   c. Johnson Kegohi

6. **Directors Remuneration Report**
   To approve the Directors Remuneration Report thereof for the year ended 31st December 2023 and to authorize the directors to fix their remuneration for the year ending 31st December 2024.

7. **Appointment of Messrs. PriceWaterhouseCoopers, Certified Public Accountants.**
   To receive, consider and if thought fit appoint Messrs. PriceWaterhouseCoopers, Certified Public Accountants, having expressed their willingness to continue in office as auditors of the company in accordance with section 721 (2) of the Companies Act. No 17 of 2015 and to authorize Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING OF THE CIC INSURANCE GROUP PLC *(Continued)*

Special Business

8. As ordinary resolutions
To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

a. Establishment of Subsidiaries.

i. THAT the incorporation and establishment of CIC Microinsurance Limited as a wholly-owned subsidiary of CIC Insurance Group Plc, having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.

ii. THAT subject to making applications for and obtaining all necessary consents, approvals, authorizations and permissions, the incorporation and establishment of CIC Pharmacy Limited (or such other names as may be approved) as a wholly-owned subsidiary of CIC Insurance Group Plc having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.

iii. THAT subject to making applications for and obtaining all necessary consents, approvals, authorizations and permissions, the incorporation and establishment of CIC Asset Management (Uganda) Ltd (or such other names as may be approved) as a wholly-owned subsidiary of CIC Africa (Uganda) Ltd (a subsidiary of CIC Insurance Group Plc) having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.

iv. THAT the Board of Directors of the Company be and is hereby mandated to take all actions, to prepare all documents and to do all such things as may be necessary to give effect to the above resolutions.

9. Any Other Business.
To transact any other business for which due notice has been received.

Dated at Nairobi this 15th day of May 2024
By Order of the Board,

GAIL ODONGO
GROUP COMPANY SECRETARY

NOTES:

1. In accordance with the Articles of Association and the Companies, Act, 2015, the Forty Fifth Annual General Meeting (AGM) of the CIC Insurance Group PLC (“the Company”) will be held virtually on Friday 7th June 2024 at 10.00am.

2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:

i. Dialing *483*484# for all networks and follow the various prompts regarding the registration process; or
ii. Sending an email request to be registered to cicgroupagm@image.co.ke; or
iii. Shareholders with email addresses will receive a registration link via email through which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders (whether in Kenya or outside) should dial the following helpline number: (+254) 709 170 015/0709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. A Shareholder domiciled outside of Kenya can send an email to Image Registrars via cicgroupagm@image.co.ke.

NOTICE OF ANNUAL GENERAL MEETING OF THE CIC INSURANCE GROUP PLC *(Continued)*

3. Registration for the AGM opens on 16th 2024 at 9:00 am and will close on 5th June 2024 at 10.00 am.

4. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website *www.cicinsurancegroup.com* (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 31st December 2023.

   The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   a. sending their written questions by email to cicgroupagm@image.co.ke
   b. shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts
   c. to the extent possible, physically delivering their written questions with a return physical address or email address to Image Registrars Limited, Absa Towers, 5th Floor (formerly Barclays plaza), Loita Street, Nairobi, or
   d. sending their written questions with a return physical address or email address by registered post to the Company's address at P. O. Box 58485-00200 Nairobi.

   Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

   All questions and clarification must reach the Company on or before Thursday 6th June, 2024 at 11:00 am.

   Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the general meeting.

6. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. A proxy form is available on the Company's website via this link: *www.cicinsurancegroup.com* Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, Absa Towers, 5th Floor (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to cicgroupagm@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers, Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 5th June, 2024 at 10:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 5th June 2024 at 10.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 6th June, 2024 to allow time to address any issues.

7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.

8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts.

9. A poll shall be conducted for all the resolutions put forward in the notice.

10. The results of the AGM shall be published on the Company's website within 24 hours following conclusion of the Annual General Meetings.

PROXY FORM

THE GROUP COMPANY SECRETARY
CIC INSURANCE GROUP PLC
CIC PLAZA, MARA ROAD, UPPERHILL NAIROBI
P. O. BOX 59485 - 00200
NAIROBI, KENYA

I/WE ____

of ____

Being a shareholder of CIC Insurance Group Plc hereby appoint the Chairman of the Meeting or (see notes 3 and 5)

______________________________ Name of proxy) in respect of my ______________________________

(Number of shares). Please indicate here if you are appointing more than one proxy ______________________________

(see note 5) as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held electronically on 7th June, 2024 at 10.00 am and at any adjournment thereof.

Signed this ______________ day of ______________ , 2024

Signature(s)

____

____

I/WE direct my/our proxy to vote on the following resolutions as I/WE have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/WE authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matte which is properly put before the Meeting.

PROXY FORM *(Continued)*

Please clearly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	WITHHELD
Approval of the Annual Report and Financial Statements for the Year ended 31st December, 2023			
Declaration of a first and final dividend of Kshs. 0.13 per share for the year ended 31st December 2023			
Board Appointment /Rotation of Directors			
Board Appointment Appointment of **Mrs. Lydia Rono** as an Independent Non-Executive Director of the Group.			
Board Rotation of Director Rotation of Director Julius Mwatu in accordance with Article 127 of the Company's Articles of Association.			
Pursuant to paragraph 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, approve the continuation in office of Mr. Nelson Kuria, who as at the date of this meeting will have attained the age of seventy (70), until he next comes up for retirement by rotation.			
Board Audit Committee Election of the following Directors, as members of the Audit Committee of the Board. **a.** Julius Mwatu **b.** Rogers Kinoti **c.** Johnson Kegohi			
Approval of the Directors' Remuneration Report for the year ended 31st December 2023, and authorize directors to fix their remuneration for the year ending 31st December 2024.			
Appointment of Messrs. PriceWaterhouseCoopers, Certified Public Accountants, as the Auditors of the Company and authorize Directors to fix their remuneration.			
Special Business **As ordinary resolutions**			
a. Approval of the following resolutions. i. THAT the incorporation and establishment of CIC Microinsurance Limited as a wholly-owned subsidiary of CIC Insurance Group Plc, having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.			
ii. THAT subject to making applications for and obtaining all necessary consents, approvals, authorizations and permissions, the incorporation and establishment of CIC Pharmacy Limited (or such other names as may be approved) as a wholly-owned subsidiary of CIC Insurance Group Plc having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.			

PROXY FORM *(Continued)*

iii. THAT subject to making applications for and obtaining all necessary consents, approvals, authorizations and permissions, the incorporation and establishment of CIC Asset Management (Uganda) Ltd (or such other names as may be approved) as a wholly-owned subsidiary of CIC Africa (Uganda) Ltd (a subsidiary of CIC Insurance Group Plc) having such authorized, issued and paid up capital as the Board may determine from time to time, be and is hereby ratified, confirmed and approved.			
iv. THAT the Board of Directors of the Company be and is hereby mandated to take all actions, to prepare all documents and to do all such things as may be necessary to give effect to the above resolutions. Take all actions, to prepare all documents and to do all such things as may be necessary to give effect to the above resolutions			

PROXY FORM *(Continued)*

ELECTRONIC COMMUNICATIONS PREFERENCE FORM

Please complete in BLOCK CAPITALS

Full name of member(s): ______________________________

____

____

Address: ______________________________

____

____

CDSC No (if known) ______________________________

(This can be found on your CDSC Statement)

Mobile Number [ ]

Date: ______________________________

Signature: ______________________________

Please tick **ONE** of the boxes below and return to Image Registrars at P.O. Box 9287-00100 Nairobi,5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration
I/WE approve to register to participate in the virtual Annual General Meeting to be held on 7th June, 2024. ☐

Consent for use of the Mobile Number provided
I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM ☐

PROXY FORM *(Continued)*

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned to reach the Company's share registrar, **Image Registrars Limited**, 5th Floor, Barclays Plaza, Loita Street, P.O. Box 9287, GPO 00100, Nairobi, or via email to **CICGROUPAGM@image.co.ke** to arrive not later than **10:00 a.m.** on **5th June, 2024** i.e. 48 hours before the meeting or any adjournment thereof.

2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.

3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company

4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

5. To be valid the form of proxy should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to Image Registrars, Barclays Plaza, 5th Floor, Loita Street and address P.O.Box 9287-00100 Nairobi not later than 10.00 am on 5th June 2024 or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.

6. In the case of a company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorized attorney for that company.

7. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

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CIC OFFICES

KENYA: NAIROBI BRANCHES

TOWN OFFICE
Reinsurance Plaza
Mezzanine Floor, Aga Khan Walk
Mobile: 0703 099 500
townoffice@cic.co.ke

BURU BURU BRANCH
Mesora Centre, 1st Floor
Mumias Road
Mobile: 0703 099 564
buruburubranch@cic.co.ke

WESTLANDS BRANCH
Pamstech House
2nd Floor, Woodvale Grove
Mobile: 0703 099 727
westlandsbranch@cic.co.ke

KENYA: OTHER OFFICES

THIKA BRANCH
Thika Bazaar, 1st Floor
Mobile: 0703 099 641
Kenyatta Highway
thika@cic.co.ke

KITENGELA BRANCH
Kitengela Mall, 4th Floor
Mobile: 0703 099 740
kitengela@cic.co.ke

NANYUKI BRANCH
Pearl Place, 1st Floor
Mobile: 0703 099 770
nanyuki@cic.co.ke

NAIVASHA BRANCH
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Mbariu Kaniu Road
Mobile: 0703 099 763
naivasha@cic.co.ke

NYAHURURU BRANCH
Kimwa Centre, 2nd Floor
Kenyatta Avenue
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nyahururu@cic.co.ke

MACHAKOS BRANCH
Kiamba mall, 2nd Floor
Tel: 0703 099 960
machakosbranch@cic.co.ke

KIAMBU BRANCH
Bishop Ranji Cathedral Plaza,
2nd & 3rd Floor
Tel: 0703 099 630
kiambu@cic.co.ke

NYERI BRANCH
Co-operative Union Building
3rd Floor,
Tel: 0703 099 680
nyeri@cic.co.ke

NAKURU BRANCH
Mache Plaza, 2nd Floor
Geoffrey Kamau Road
Tel: 0703 099 775
nakuru@cic.co.ke

KISUMU BRANCH
Wedco Centre, Mezzanine Floor
Oginga Odinga Road
Tel: 0703 099 600
kisumu@cic.co.ke

HOMABAY BRANCH
Cold Springs Plaza, Ground Floor
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homabay@cic.co.ke

EMBU BRANCH
Sparko Building, 3rd Floor
above Family Bank
Tel: 0703 099 900
embubranch@cic.co.ke

MERU BRANCH
Alexander House, 1st Floor
Ghana Street
Tel: 0703 099 930
merubranch@cic.co.ke

ELDORET BRANCH
Co-operative Building, 1st Floor
Ronald Ngala Street
Tel: 0703 099 660
eldoret@cic.co.ke

KAKAMEGA BRANCH
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kakamega@cic.co.ke

KISII BRANCH
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Kisii-Kisumu Highway
Mobile: 0703 099 700,
0703 099 701
kisii@cic.co.ke

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1st Floor, Moi Avenue
Tel: 0703 099 870
bungomabranch@cic.co.ke

KERICHO BRANCH
Imarisha Building, Ground Floor
Tel: 0703 099 650
kerichobranchstaff@cic.co.ke

KILIFI BRANCH
Al Madina Plaza, 1st Floor
Mobile: 0703 099 718
kilifibranch@cic.co.ke

MOMBASA BRANCH
MTC North Tower
Mezzanine Floor, Nkrumah Road
Tel: 0703 099 751
mombasabranch@cic.co.ke

KITALE BRANCH
Mega Center, 1st Floor
Mobile: 0703 099 951
kitale@cic.co.ke

BOMET BRANCH
Isenya Building, 2nd Floor
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bomet@cic.co.ke

REGIONAL OFFICES

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info@ss.cicinsurancegroup.com

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CIC Uganda HQ, Block A,
Plot 7-11 Buganda Road,
Next to Magistrates Court
Mobile: +256 200 900 100
uganda@ug.cicinsurancegroup.com

CIC MALAWI
MHM Building,
Ground Floor & 1st Floor
Off M1 Road, Opposite Game complex
Mobile: +265(1) 751 026
malawi@mw.cicinsurancegroup.com

THE CIC INSURANCE GROUP PLC

KENYA • SOUTH SUDAN • UGANDA • MALAWI

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CICGroupPLC

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