ICEA LION
LIFE ASSURANCE

OUR INTEGRATED REPORT 2017

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

FOREWORD

ICEA LION's inaugural integrated report aims to provide a comprehensive overview of how we create shared value for our stakeholders. It is founded upon our relentless pursuit of best practice with regard to corporate governance and indeed to our corporate mission to sustainably protect and create wealth for our stakeholders while considering the triple bottom line (TBL) of people, planet and profit.

This report builds on our 2016 annual report and financial statements, as well as our pioneering 2016 sustainability report; which was the first ever published by an insurance company in East and Central Africa. With this report we hope to further demonstrate how we are committed to delivering an insightful and illustrative integrated report. We expect to provide all interested parties with the information needed to understand the vital role ICEA LION plays in corporate citizenship within the socio-economic sphere. We aim to share our approach to dealing with the real contemporary issues affecting the insurance market including the evolution and in some cases revolution of demographics, climate change, the role of innovative technology, our social impact and essentially, our outlook on the future.

It is our belief that revealing our vulnerabilities will not only boost our bid to scale the heights of best practice with regards to relational thinking and corporate governance, but also increase our social licence to operate as we showcase the heart and soul of ICEA LION.

Our Past Reports

In the past, ICEA LION reports were prepared from the limited perspective of financial reporting with a brief highlight on governance issues. In 2016, we built on this and developed the East African insurance industry's inaugural sustainability report, having been the first insurance company in East and Central Africa to sign onto the United Nations Environment Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI).

Proud as we were of this achievement, in 2017 we embarked on an even more enlightened path. Inspired by the International Integrated Reporting Council Framework, we have embraced the innovative concept of Integrated Thinking and Reporting.

Team members responsible for the development of Company reports came together and formed ICEA LION's Integrated Reporting Lab, with the objective of developing the Company's first Integrated Report that describes our value creation process from various perspectives. Indeed, going forward, ICEA LION plans to invest in a Value Manager to lead and manage the value creation agenda for the first and only Growth and Innovation Centre (GIC) for an insurance company in East Africa.

Our Integrated Reporting Journey

This inaugural integrated report provides an overview of ICEA LION's value creation process. It reports on current and future financial and non-financial information, highlighting the interconnections between the environment we operate in, the 6 Capitals Model, our strategy and our corporate governance stance. Long-term sustainability is at the heart of ICEA LION, anchored on our internally adopted and award-winning best practice corporate governance initiatives. As such, this report is a demonstration of our quest to be more accountable and understood by our stakeholders.

Purpose

The purpose of this report is to provide our stakeholders with concise information about ICEA LION in the context of the internal and external environment, as well as our ability to create value over the short-, medium- and long-term. This engagement with stakeholders will enable us to further manage, measure and represent relevant topics within our materiality matrix.

Materiality

This report regards material aspects as those which are likely to impact the Company's ability to achieve its strategy; remain commercially viable; environmentally and socially relevant; and to substantively influence the assessment and decisions of our stakeholders. In pursuing our strategy, we will continue to carefully use the range of capitals available to us as we consider their interconnectedness. This will in turn help us create value for our internal and external stakeholders. Active engagement with them will also enable us to further manage, measure and represent relevant topics within our materiality matrix.

Frameworks Used

This report has been prepared in compliance with the International Integrated Reporting Council (IIRC) Framework.

The ICEA LION Integrated Report Lab and Leadership Team have considered the IIRC guiding principles, key elements and concepts; and with the guidance of the Board of Directors applied these to the preparation of this report. This report is aligned with the parameters of the Kenya Companies Act, 2015, The Corporate Governance Code for the Private Sector, as well as guidance issued by the Insurance Regulatory Authority on Corporate Governance. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). ICEA LION Life Assurance's financial statements contained in this report were audited by PricewaterhouseCoopers (PwC).

Reporting Period and Responsibility of the Integrated Report

The Integrated Report has been prepared for the period 1 January 2017 to 31 December 2017 and covers the activities of ICEA LION Life Assurance Company Limited and its subsidiaries. The ICEA LION Board is responsible for the Integrated Report.

Future Outlook

ICEA LION continues to stand by our commitment to recognise and abide by voluntary standards such as Principles of Sustainable Insurance. Going forward, we intend to sign onto the United Nations Global Compact and its 'Ten Principles'. These voluntary principles will be the cornerstones of our corporate social investment activities.

Table of *Contents*

1 - WHO WE ARE

About ICEA LION Group 7
Vision, Mission, Core Values & Brand Promise 9-10
Company History 11
Regional Operations & Organogram 12-13
Our 2017 Awards & Accolades 14
Statements from Chairman & CEO 15-20
Board of Directors Profiles 22-29
Leadership Team Profiles 30-44

2 - WHERE & HOW WE OPERATE

Operating Context 46-48
Stakeholder Context 49-54
Business Model 55
2013 - 2017 Strategic Plan & Performance 56

3 - GOVERNANCE STATEMENTS

Board Chairman 58-73
Board Finance & Investment Committee 74
Board Audit & Risk Committee 75-78
Board ICT Committee 79
Board Nomination & Remuneration Committee 80-81

4 - OUR RISK LANDSCAPE

Risks & Opportunities - External & Internal 83-91

5 - OUR VALUE CREATION

Our Approach: The 6 Capitals Model 93-95
Human Capital 96-106
Intellectual Capital 107-113
Natural Capital 114-116
Social & Relationship Capital 117-126
Manufactured Capital 127-128
Financial Capital 129-132
CFO Statement 133-139

2017 Audited Financial Statements: 140-220

- *Report of directors* 141-142
- *Statement of directors' responsibilities* 143
- *Report of parent company consulting actuary* 144
- *Independent auditor's report* 145-149
- *Financial Statements:*

Consolidated Statement of Comprehensive Income *150*
Company Statement of Comprehensive Income *151*
Consolidated Statement of Financial Position *152*
Company Statement of Financial Position *153*
Consolidated Statement of Changes in Equity *154*
Company Statement of Changes in Equity *155*
Consolidated & Company Statement of Cash Flows *156*
Notes to the Financial Statements *157-216*
Supplementary Information:
- Group Long Term Business Revenue Account *217*
- Company Long Term Business Revenue Account *218*
- General Business Consolidated Revenue Account *219-220*

6 - APPENDICES

Corporate Information 222
CSR/CSI Initiatives Listing 2013 - 2017 223
Awards & Accolades 2012 - 2016 224-225
GCR Rating 225
International Integrated Reporting Council (IIRC) Index 226
Our Integrated Report Lab Team 227

01
Who We Are

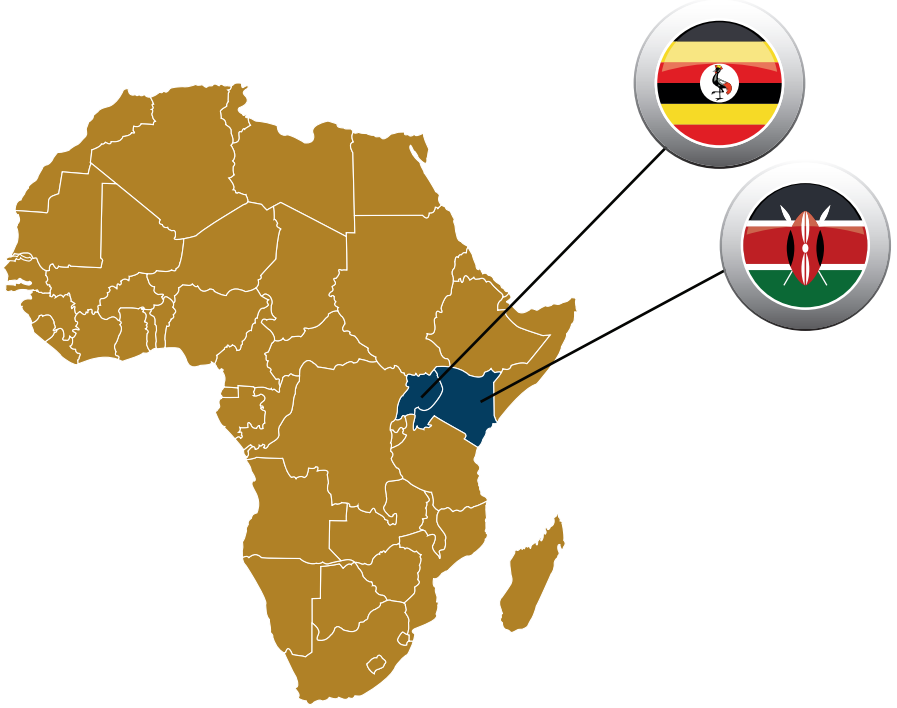
About The *ICEA LION* Group

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

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

We are one of the largest providers of insurance and financial services in East Africa with well-established operations in Kenya, Uganda and Tanzania. True to our Group's mission to protect and create wealth, we pride ourselves in having one of the strongest balance sheets in East Africa empowering all our stakeholders.

With roots dating back to 1895, ICEA LION was integral to the dawn of commercial progress and opportunity in East Africa and we have continued to shape the region's financial landscape since then. As such, we have decades of experience in helping discerning individuals protect and create their wealth. We have done so by keeping an eye firmly on the future and embracing innovation to craft financial products and services that we know meet our clients' diverse and dynamic needs in today's constantly changing world.



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

Our life and non-life companies are ICEA LION Life Assurance Company Ltd. and the ICEA LION General Insurance Company Ltd. ICEA LION Asset Management Ltd. and ITSL Trust Company Ltd. are our investment and individual and corporate trusteeship companies. The insurance and investment subsidiaries in Uganda and Tanzania, previously controlled separately by ICEA and Lion of Kenya respectively, also form part of the ICEA LION Group.

Our Staff Complement Across East Africa

ICEA LION GROUP
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

ICEA LION LIFE ASSURANCE 129

ICEA LION GENERAL INSURANCE 162

Subsidiaries

ICEA LION ASSET MANAGEMENT 30

ITSL TRUST COMPANY LIMITED 11

ICEA LION GENERAL INSURANCE 37

ICEA LIFE ASSURANCE 36

ICEA GENERAL INSURANCE 42

ICEA ASSET MANAGEMENT 5

OUR MISSION

To Protect & Create Wealth

OUR VISION

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

OUR CORE VALUES

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

Our *Brand* Promise

For every life-changing moment, we're better together

Company *History*

1964

Insurance Company of East Africa (ICEA) was established in 1964 by Eagle Star Insurance Company and Welfare Insurance Company, both of the UK, and the New Zealand Insurance Company. The company was incorporated on 10th November 1964.

1965

Insurance Company of East Africa (ICEA) starts writing general business on 1st January 1965

1966

Insurance Company of East Africa (ICEA) starts writing life business in 1966

1976

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

2000

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

2012

Business reorganisation between Insurance Company of East Africa (ICEA) and Lion of Kenya (LOK) gave birth to ICEA LION Life Assurance & ICEA LION General Insurance respectively. Both form ICEA LION Group

Our Regional *Footprint*

KENYA

HEAD OFFICE
ICEA LION Centre - Riverside Park - Chiromo Road, Westlands
PO Box 30190 - 00100 Nairobi
Tel: +254 (0) 20 2750000
Mobile: 0719 071000 | 0730 151000
Contact Centre: 0719 071999
Email: info@icealion.com

CBD Branch
JKUAT Towers, 15th & Ground Floors
Tel: +254 (0) 20 2750000
Mobile: +254 719 071167
+254 730 151302

Westlands Branch
Unga House, 3rd Floor
Tel: +254 (0) 20 2750000
Mobile: +254 719 071880
+254 730 151880

Mombasa Road Branch
Tulip House 1st Floor
Tel: +254 (0) 20 2750000
Mobile: +254 719 071850
+254 730 151850

University Way Branch
Ambank House, 9th Floor
Tel: +254 (0) 20 2750000
Mobile: +254 719 071814
+254 730 151814

Upper Hill Branch
Williamson House, 7th Floor
Tel: +254 (0) 20 2750000
Mobile: +254 719 071771
+254 730 151771

Karen Branch
Karen Office Park, 1st Floor
Tel: +254 (0) 20 2750000
Mobile: +254 719 071101
+254 730 151101

Nakuru Branch
Seguton Building, 1st Floor
Kenyatta Avenue
PO Box 3066 - 20100 Nakuru
Mobile: +254 719 071600
+254 730 151600

Eldoret Branch
Sakong House - Kenyatta Street
PO Box 4807- 00100 Eldoret
Mobile: +254 719 071551
+254 730 151551

Kisumu Branch
Al Imran Plaza - Oginga Odinga Street
PO Box 3122 - 40100 Kisumu
Mobile: +254 719 071512
+254 730 151512

Thika Branch
Zuri Centre, 4th Floor
Kenyatta Highway
PO Box 46143 - 00100 Nairobi
Mobile: +254 719 071824
+254 730 151824

Mombasa Town Office Branch
Standard Chartered Building, 2nd Floor
PO Box 90101 - 80100 Mombasa
Mobile: +254 719 071712
+254 730 151712

Mombasa Nyali Office Branch
K.K. Security Building, 1st Floor
PO Box 90101 - 80100 Mombasa
Mobile: +254 719 071894
+254 730 151894

Nyeri Branch
Konahauthi Building
Kimathi Way
PO Box 1803- 10100 Nyeri
Mobile: +254 719 071651
+254 730 151651

Meru Branch
Tuskys Building
Mwendanto Road
Mobile: +254 719 071901
+254 730 151901

UGANDA

HEAD OFFICE
Rwenzori Courts Building, 2nd Floor
Plot 2 & 4A Nakasero Road
P. O. Box 33953, Kampala.
Tel:+256 414 347535 /232 337 /250 719
Email: info@icea.co.ug. Website: www.icea.co.ug

Mbarara
Standard Chartered Bank Building, 1st Floor
Bananuka Drive
Tel: 0382 280 501, 0414 692 184

Jinja Road
Prime Plaza, 3rd Floor Plot 23 – 27, Jinja Road
Tel: 0414 598 959

Arua
KKT Plaza, Block A Room A115
Plot 16-22 Duka Road

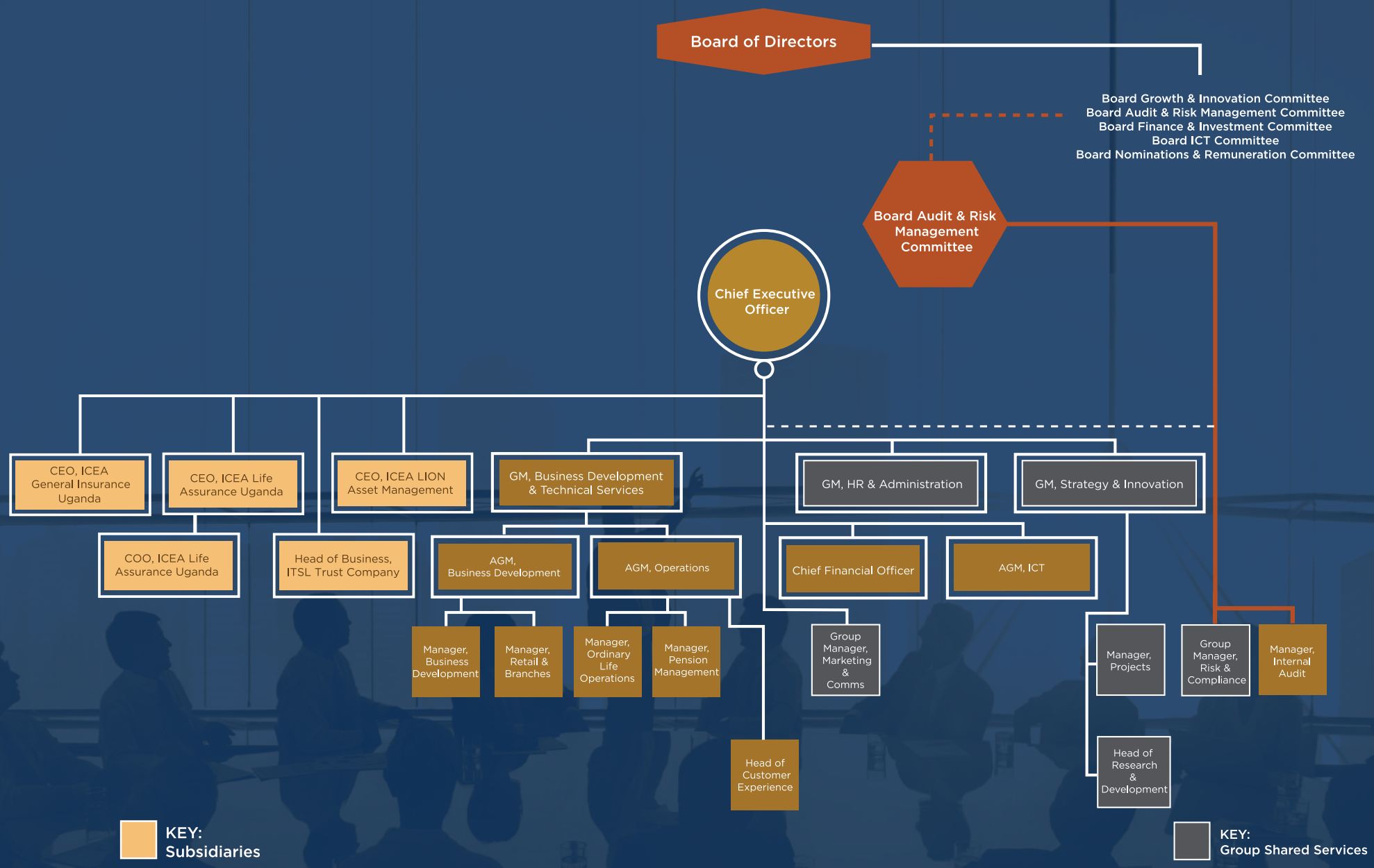
Buganda Road
Mukwano Courts, 3rd Floor Plot 13, Buganda Road Tel: 0417 706 711

Gulu
Housing Finance Bank Building, 1st Floor
Acholi Road
Tel: 0372 280 562

Mbale
Ssaima Complex, 1st Floor
Plot 37, Market Street/Cathedral Avenue
Tel: 0392 178 402

Kabale
NSSF Building, 2nd Floor Plot 143, Kabale Road
Tel: 0790 912 119

Leadership *Structure*



Our 2017 Awards & Accolades

THE 2017 KENYA INSTITUTE OF MANAGEMENT (KIM) COMPANY OF THE YEAR (COYA) AWARDS

Winner — Customer Orientation & Marketing Determinant

THE 2017 THINK BUSINESS INSURANCE AWARDS

Winner - Life Assurer of the Year - 2013 - 2017
Winner - Best Insurance in Product Marketing
Winner - Corporate Risk Manager of the Year - Dorothy Maseke
1st Runners Up - Customer Service
1st Runners Up - Claims Settlement
1st Runners Up - Best Company in Sustainable CSR

THE 2017 INSTITUTE OF CERTIFIED PUBLIC SECRETARIES OF KENYA (ICPSK) CHAMPIONS OF GOVERNANCE (COG) AWARDS

Winner - CEO of the Year - Justus Mutiga
1st Runners Up - Insurance Sector
2nd Runners Up - Company Secretary of the Year - Kennedy Ontiti
2nd Runners Up - Finance & Investments Sector

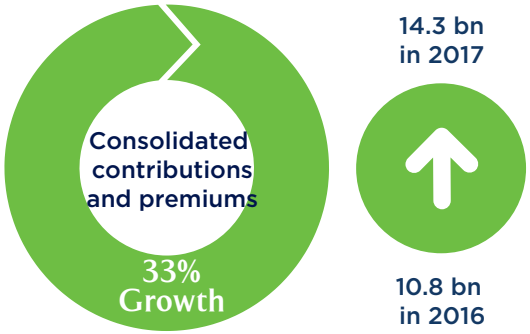
The Chairman's *Statement*

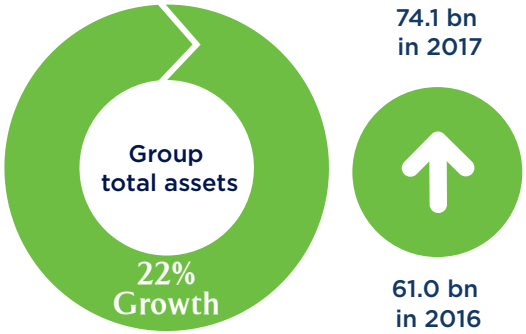
It is my pleasure, on behalf of the Board of Directors, to present ICEA LION Life Assurance Company's first-ever Integrated Report. This report gives a comprehensive overview of how the Group creates value in relation to all the resources and relationships collectively referred to as the **6 Capitals Model**. It highlights the connections between the environment in which we carry out our business, our strategy and our corporate governance structure. We are indeed delighted to be at the forefront of best practice and good governance in this regard; a true testament to the trailblazing spirit that resides here at ICEA LION.

THE ECONOMY

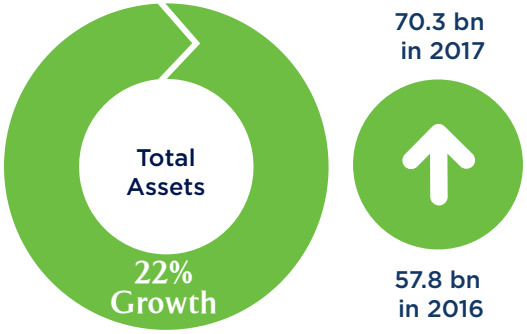
Kenya's economy grew by 4.7% in 2017, its weakest performance in five years and compared to 5.8% in 2016. This was due to a series of events including drought experienced early in the year, and lower private sector credit growth, particularly with the implementation of interest rate capping introduced by the Banking (Amendment) Act of 2016 that further dampened economic activities. The 2017 general election uncertainty and the repeat presidential election undermined business confidence resulting in slow economic growth.

Group Performance

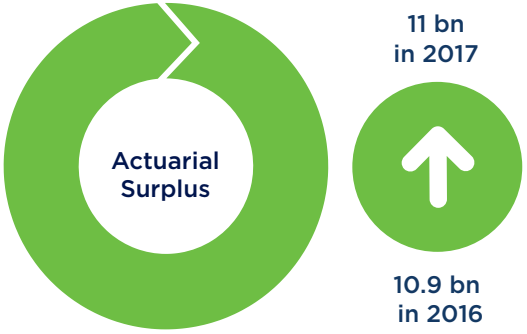




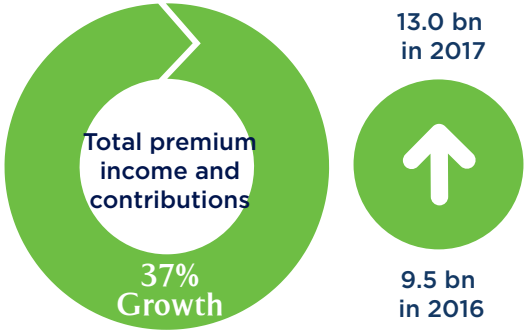
Company Performance



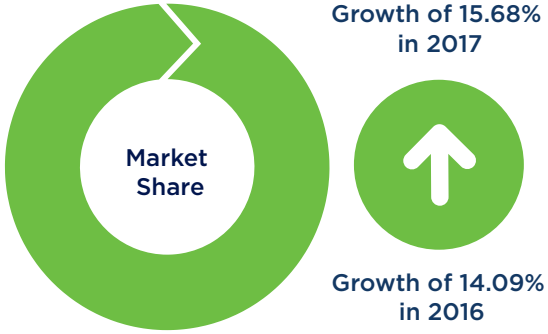
Growth is attributed to impressive performance in contributions and premiums as well as prudent management of mortality, expenses and investments.



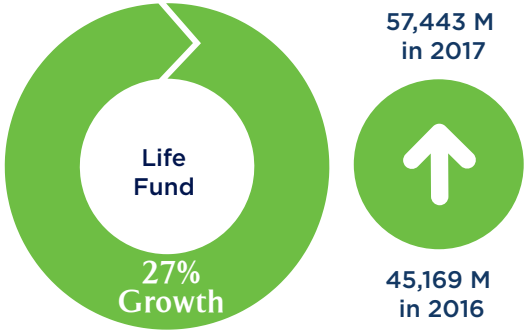
Company declared competitive rates of interest and bonus to group and personal retirement schemes under management and to the "with profits" ordinary life policies as a result of this strong performance.



The commendable growth at the top-line was achieved through improved retention, persistency and acquisition of new business.



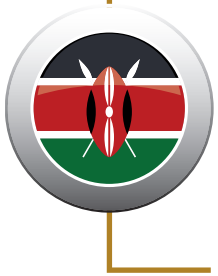
The impressive performance is attributed to high growth in contributions and premiums as well as prudent management of mortality, expenses and investments.



The commendable growth is on account of prudent management of profit drivers.

OUR SUBSIDIARIES

ICEA LION Life Assurance Company Limited has four wholly owned subsidiaries in Kenya and Uganda.



• ICEA LION Asset Management Limited (ILAM)
ILAM is a major fund management and investment company that generates value and competitive returns for clients through proven performance and investment strategies. In 2017 ILAM performed well in a very competitive environment. Income grew from Kshs 259m in 2016 to Kshs 298m in 2017, a growth of 15%. ILAM participated in 2017 Institute of Certified Public Secretaries of Kenya (ICPSK) – Champions of Governance Awards for the first time and was ranked Second Runners Up for the Finance and Investments Sector.

• ITSL Trust Company Limited (ITSL)
ITSL offers scheme administration and trust services to the Group and external clients. In 2017 the company acquired more clients under scheme administration and trusteeship which resulted in profit before tax growing by 28%.

• ICEA Life Assurance Company Limited
In 2017 the gross premiums and contributions grew by 25% while the assets grew by 22%. The Life Fund generated sufficient surplus to allow the declaration of competitive interest and bonus rates to retirement schemes under management and "with profits" ordinary life policies.

• ICEA General Insurance Company Limited
The company's gross premium dropped by 1% to close at Ushs 9.8 billion, while net earned premium decreased by 11% to close the year at Ushs 9.2 billion. Premium income growth was hampered by the highly competitive nature of corporate business in the market.

NEW STRATEGIC PLAN

The year marked an end of the Company's 2013–2017 Strategic Plan. Key successes of the strategic period include:

- building our new headquarters, ICEA LION Centre;
- developing and patenting our core business system, ICEA LION Management Information System;
- implementing our electronic document management system; and
- exceeding all strategic plan targets and developing new unique products including the first and only Qualified Recognised Overseas Pensions Scheme (QROPS), available outside South Africa.

The 2018–2022 Strategic Plan builds on the success of the 2013–2017 strategic plan. It was put together after a thorough review of the Company and market dynamics and was developed with input from our Directors, management, staff and highly knowledgeable experts.

I would like to thank all involved for their invaluable contribution that led to the successful development of a strategy that will steer the Company to a sustainable growth trajectory in the future.

Strengthening our Retail Business

The retail business is a valuable contributor to the Company's performance. The retail earnings are less volatile and more profitable, once adjusted for investment returns, than group business. We will seek to strengthen our retail position in personal pensions and ordinary life by differentiating ourselves in customer experience and relationship building. We will focus on our core retail customer segments and strengthen our digital capabilities across the value chain to better address the needs of our target customers. In addition, we plan to introduce and track new customer metrics to enhance our understanding of their needs. We will continue to focus on new and alternative distribution channels as well as new product development for this market segment.

Innovation

Innovation is essential for any organisation that wishes to differentiate itself and remain relevant in a rapidly evolving consumer market. The Company has adopted and embraced technology in order to: know and understand its customers well enough to develop products and services relevant to their needs as well as to be able to then underwrite risks accurately; make operations seamless; exploit opportunities emerging due to developments in technology; and better inform decision making.

To support the innovation journey and take it to the next level, the Company is setting up a Growth and Innovation Centre. The Centre will draw on expertise from a wide variety of disciplines and sectors to establish a strong creative pool of talent dedicated to meet the needs and aspirations of tomorrow's customers free from other operational responsibilities.

Empowering our People

It is important not just to achieve good results, but to do so in a way that treats all our stakeholders in a fair and transparent way. Indeed, this links to yet another of our core values: "our people are important to us." We are committed to holding ourselves to account in meeting that aim, and to being answerable to our stakeholders for our actions. As part of our commitment, the Board is determined to ensure that ICEA LION Life remains a place where all our people have the opportunity to fulfil their potential in a conducive environment that encourages the right behavior. Our stakeholders expect honesty and integrity and we will continue to promote a culture in which people do the right thing.

AWARDS & ACCOLADES

The Company has over the years been recognised for innovation, professionalism and customer excellence and 2017 was no exception. Our focus on business excellence and market leadership saw ICEA LION win the 11 awards highlighted on page 14.

OUTLOOK

The strength of our 2017 results was achieved by the successful execution of our strategy and an ability to deliver profitable growth in a challenging business environment. We believe the life insurance sector will continue to be stable and strong in 2018 and beyond. Going forward into 2018, our strategy to deliver long-term competitive advantage focusses on increasing profitability and consolidating the Company's position as a leading long-term business underwriter. The Company will expand customer relationships, simplify business processes and enhance offerings to our retail and corporate clients. We will continue to focus on our strategic goals to ensure we deliver a strong performance in 2018 and beyond as well as generate sustainable returns to our stakeholders. We will continue to focus on best practice management and appropriate risk selection so as to balance our entrepreneurial approach to business opportunities. The Company is focussed on sustaining resilience by enhancing reputation and performance. We will further refine our strategy to deliver value to all our stakeholders within a governance framework that provides stability, prudence and effective oversight.

APPRECIATION

The contribution of ICEA LION Life Assurance's various stakeholders has been essential to the Company's continued strong performance. These include our customers, brokers, intermediaries, regulators, fund managers, scheme administrators and trustees, and I must thank all of them for their sustained valuable support. I also assure them that their confidence in the Company is never taken for granted and that we strive to continually earn and be worthy of the same.

On behalf of the Board, I would also wish to extend great appreciation to our staff and management for their commitment and dedication to the Company and their service to our customers. We are grateful to them for delivering exemplary results in 2017. Finally I would like to recognise my colleagues on the Board and those on the boards of our subsidiaries for their guidance, engagement, diligence and support that has ensured we achieve excellent results during the year.

James P. M. Ndegwa - Chairman

The Chief Executive Officer's *Statement*

It has been a busy and exciting time for our business. We set ourselves a big challenge and I am delighted with our performance for this year, as well as the delivery of our key strategic initiatives. We have learned a lot along the way and we have taken on board these learnings as we prepare for the future. In 2017, we witnessed significant improvement in our strategic customer experience excellence (CXX) survey results and complaints index. Our ambition is to turn customer experience into a competitive differentiator. This can only happen through sincere commitment from the entire ICEA LION Life team.

Our promises to customers need to be fulfilled in every interaction seamlessly through all touch points, every single day. This requires us to treasure a culture where both the customer and employee experience are equally valued and their indisputable correlation recognised. We have observed the following trends which we will need to deal with to be competitive:

Simplification in design of products and processes:

We must address the demands of the consumer by simplifying products and processes, to attract more buyers, by demonstrating real understanding of customer needs and design products that directly address those needs.

Underwriting advancements and streamlining:

The present underwriting process is cumbersome; companies need to think of modern ways of underwriting by relying on the data and analytics available; underwriting enhancements are a crucial step for the industry if it is not to be left behind.

Technology:

The insurance industry has become very competitive with the introduction of new technologies and insurers are vying for the best technological tools and implementation of customers focused distribution channels like mobile and internet distribution for expanding the customer reach and to reduce iterations in the insurance value chain.

The internet economy is transforming industries and has become a powerful driver of economic growth; this will affect the life insurance sector. The younger generation is using the internet and we need to tap this sector of the demographic.

The Company has identified key strategic pillars for implementation in order to address these prevailing market trends. These trends require game-changing innovations, new business models as well as collaborations with customers.

TOWARDS GREATER CUSTOMER EXPERIENCES

Customer value and experience are indisputably amongst key success metrics for the daily work of our over 130 employees and about 1,000 sales agents. Every interaction counts in creating a seamless experience for our customers. As part of our Company renewal, we have set up mechanisms and processes to keep up to date with our customers' sentiments. This includes feeding the insights from our customers back to the Company to foster understanding and ambitions for continuous improvement.

DATA DRIVEN OPPORTUNITIES

In this environment, emerging services based on new technologies such as cloud computing, artificial intelligence and software robotics are expected to increase and accelerate innovation. ICEA LION Life will play a bigger role in customers' businesses through our growth and innovation agenda; and seeks a pivotal role in this change and aims to remain a trusted customers' first choice for their protection and wealth creation needs.

OUTLOOK

The improved global economic growth of 2017 will likely be sustained in 2018. The improved economic outlook is expected to boost demand for insurance. The non-life insurance sector, global premiums are forecast to grow by at least 3% in 2018 and 2019 in real terms, and possibly more, depending on the magnitude of the expected price increases. Global life premiums are forecast to increase by close to 4% annually, after-inflation, over the next two years.

Profitability in the life sector remains challenging due to low interest rates. In this environment, insurers continue to reconfigure their investment portfolios in search of higher returns. Persistency management is increasingly being recognised as an effective tool to improve profitability.

OUR EXCITING FUTURE

The road ahead is clear and our determination to succeed absolute. By continuing to execute our 2018–2022 Strategic Plan, we will serve our customers better and compete more effectively in the coming years. We will improve operational excellence in everything we do, enhance our capabilities and review our operating models to make us a simpler, more agile company, while also improving operational efficiency. Looking ahead we have more to do, but I am confident that we are on track to fulfil our ambitious targets by making continuous improvements throughout our business to achieve growth, profitability and stability.

Justus M. Mutiga - Chief Executive Officer

Our Board of *Directors*

Front and centre: Justus Mutiga, CEO

Seated at the front row: James Ndegwa, Chairman | Dr. Peter Kamau, Director

Standing at the back row from left to right: Patrick Mugambi, Alternate Director | David Hutchison, Director | Andrew Ndegwa, Director | Kennedy Ontiti, Company Secretary

Seated at the back row from left to right: Steven Oluoch, Director | Robin Ndegwa, Alternate Director

Our Board of Directors *Profiles*

JAMES NDEGWA, Chairman

James is the Chairman of ICEA LION Life Assurance Company Limited as well as the Chairman of First Chartered Securities Group, a private investment holding group with interests in financial services, logistics, property and agriculture among others.

James holds a MA (Hons) degree from Oxford University, UK. He has over 30 years' experience in the insurance sector starting out at Hogg Robinson Insurance Brokers in 1986 where he rose through the ranks to become a Senior Manager. In 1993, he joined Lion of Kenya Insurance Company as the Technical Manager, rising to Assistant General Manager, Deputy Managing Director and finally as the Managing Director from 1997 to 2003.

He joined the Boards of First Chartered Securities, Insurance Company of East Africa and Lion of Kenya in 1996. In 2003, he was appointed Chairman of First Chartered Securities.

James is also the Chairman of NIC Bank Group and Mitchell Cotts Kenya Group. In 2015 he was appointed Chairman of the Board of the Capital Markets Authority.

ANDREW NDEGWA

Andrew is the Executive Director of First Chartered Securities, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture. He holds a Bachelor of Arts (Hons) degree in Philosophy, Politics and Economics from Oxford University.

Andrew began his career in the banking industry, and between 1990 and 1994 worked at Mercantile Finance Company, its affiliate The African Mercantile Banking Company and at Citibank Nairobi. He joined First Chartered Securities in 1994 as the Group Planning Manager and in 2000 was appointed to the Board as Executive Director. He is also a Non-Executive Director of several other companies, including NIC Group Plc and Unga Group Plc, both of which are quoted on the Nairobi Securities Exchange. Andrew is a trustee of Faraja Cancer Support Trust.

PATRICK MUGAMBI

Patrick is the Planning and Projects Director of First Chartered Securities Limited, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture.

Patrick holds a BSc in Business Administration from USIU and is a Certified Public Accountant and alumnus of IESE Business School. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Overseas Technical Scholarship (AOTS) Japan.

He previously worked for PricewaterhouseCoopers and Shell Exploration and Production Kenya BV between 1988 and 1992. Prior to his present position, he was the Executive Director and Chief Operating Officer of Mitchell Cotts Kenya Group until January 2006.

Patrick is also a Non-Executive Director of Mitchell Cotts Group Limited and a director of several other companies.

DUNCAN NDERITU NDEGWA

Duncan was born in 1925 in Nyeri, Kenya. He commenced his secondary school education in 1944 and rose to become the Captain at Alliance High School. He attended Makerere College in Uganda before proceeding to University of St. Andrews in the U.K where he graduated with a M.A. (Hons) in Economics and History. He started off his career in 1956 as an Economist/Statistician at the East Africa High Commission before joining the Kenya Treasury as a Deputy Secretary in 1959. At independence in 1963 he was appointed the Permanent Secretary in the office of the President before becoming the Secretary to the Cabinet later that year. He was Head of Civil Service and Advisor to President and Cabinet in charge of co-ordination and monitoring of government functions.

Between 1967 and 1983, he was appointed the Governor of the Central Bank of Kenya four times. He was also the Alternate Governor of IMF and served in the Interim Committee of World Bank and IMF. Between 1970 and 1971, Duncan was the Chairman of the Commission of Enquiry (Public Service Structure and Remuneration), Sessional Paper 1973. Mr. Ndegwa was cited by the President with the award of Elder of the Golden Heart (EGH) and in 1983, he retired as the Governor of Central Bank.

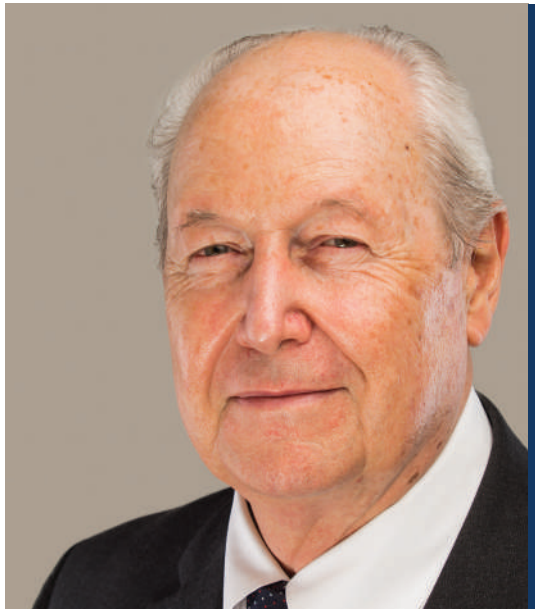
Mr. Ndegwa served as the Chairman of Alliance High School between 1977 and 1987 and was the Chairman of Unga Group Limited between 1984 and 1998. He is the Chair, Director and Trustee of numerous organisations. He is also a member of the Bretton Woods Committee. He has been involved in numerous philanthropic activities over the years. Mr. Ndegwa has written various papers and articles in the field of Banking, Economics and Finance and is the author of "*Walking in Kenyatta Struggles.*"

DR. PETER WAINAINA KAMAU

Dr. Kamau is a Family Physician and has been a practicing medicine for over 56 years. Dr. Kamau attained his Cambridge School Certificate from St. Leos College, Virika, Uganda in 1953. He proceeded to attain an L.M.S (EA) from the University College Makerere in 1962 and his M.B., ChB (E.A) from the University of East Africa in 1964. He proceeded with his post graduate training and attained a Diploma in Public Health (Royal College of Surgeons & Physicians) from the Royal Institute of Public Health and Hygiene.

Between 1962 and 1966, he was a Medical Officer for the Government of Kenya and the Nairobi City Council. Between 1966 and 1969, he was the Deputy Medical Officer of Health and the Acting Medical Officer of Health for the Nairobi City Council. In 1969, he went into Private Practice as a Family Physician. He has been a Member of numerous institutions including the Medical Practitioner & Dentists Board, Kenya Medical Association, Medical Protection Society, United Nations Examining Physician and Nairobi Hospital Management Board.

He is the Chairman of Karirana Tea Estates, Diagnostic Centre Limited and Upper Hill Medical Centre Limited. He is also a Director of Asset Managers Limited, First Chartered Securities and Pema Investments Limited.



DAVID HUTCHISON

David is the current Chairman of The Banda Group Education and Property Groups.

David is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK). He has over 40 years professional experience and has been involved in the audits of banks and financial institutions, manufacturing companies, hotels and tourism, aviation companies, agricultural and insurance companies. He was a partner at Ernst & Young, East Africa from 1970 to 2006; he was Chairman in 1988 and Senior Partner in 2002.

David was a member of the Panel of Experts of the UN appointed Mediator of the East African Community involved in the evaluation of assets and distribution of liabilities for Kenya, Uganda and Tanzania.

David is the Chairman, Non-Executive Chairman and Non-Executive Director of numerous organisations spanning advertising and communications, manufacturing, education, properties and real estate, banking, insurance and reinsurance sectors.

ROBIN MURIUKI NDEGWA

Robin is the Executive Director of Upcountry Investments Division, and is in charge of strategic development at Nderitu Ndegwa Investment Company Limited. Robin attended York University in Ontario Canada between 1987 and 1990 and attained a Bachelor of Arts in Political Science. Between 1990 and 1991 he attended Atkinson College undertaking Administrative Studies.

In 1992, he joined Keremara Limited as a Management Trainee and rose through the ranks; by the time of his departure he had become the General Manager and Managing Director responsible for strategic direction, financial planning, marketing of produce, real-estate development and general administration matters. Between 2004 and 2009, he was the Director, Administration, Treasury and Finance at Duncan Nderitu Ndegwa (DNN) Trust Company Limited. Thereafter, from 2009 to 2012 Robin was the Director Administration at Kenga Equatorial Hotels Limited.

Robin has attained various professional qualifications including an Advanced Management Programme from Strathmore Business School as well as a Certificate from the Berkeley Executive Leadership Programme from Hass Business School, UCLA, Berkley, California, USA. In addition, he has attained a KPMG Certificate Course Accounts for Managers as well as a Corporate Governance Certificate from the Centre for Corporate Governance.

STEVEN OLUOCH

Steven is the CEO of ICEA LION General Insurance Company Limited. Steven holds a Bachelor of Commerce from the University of Nairobi and a Global Executive Master's Degree in Business Administration from USIU in collaboration with Columbia University, New York. Professionally, he is an Associate of the Chartered Insurance Institute of London and is a Chartered Insurer.

Steven's vast experience in the insurance sector spans 35 years, having worked at three reinsurance companies: Kenya Reinsurance Company where he commenced his career as a management trainee in 1983; PTA Reinsurance Company (ZEP-RE); and Tanzania National Reinsurance Corporation Ltd (TAN-RE). Steven rose through various ranks to the position of Managing Director & Chief Executive Officer of TAN-RE in Dar es Salaam, Tanzania between 2007 and 2010, before returning to Kenya to join the ICEA LION Group.

As a result of serving on numerous boards and their various committees, he has in addition to his previous long reinsurance practice and management experience, gained invaluable learning and hands-on experience in the management of non-life insurance operations, life assurance company operations, asset/fund management, investment operations, pensions administration and trustee services operations in all the three East African countries.

KENNEDY ONTITI - COMPANY SECRETARY

Kennedy is the Group Company Secretary for First Chartered Securities Group, ICEA LION Group and Mitchell Cotts Group.

Kennedy holds a Master of Laws in International Trade and Investment Law (LLM) and is a Certified Public Secretary of Kenya (CS-K).

Kennedy is a Council Member of the Chuka University and the Chairman Audit, Governance and Risk Management Council Committee of Chuka University. He is also an Advocate, Commissioner for Oaths & Notary Public and a Member, Law Society of Kenya (LSK). He is also a Member of the East Africa Law Society (EALS) and a Member of the Institute of Certified Public Secretaries of Kenya (ICPSK). Additionally, Kennedy is an Associate of the Chartered Institute of Arbitrators (ACIArb).

Prior to joining First Chartered Securities, Kennedy worked as Legal Counsel at Oil Libya Kenya Limited between 2008 and 2012. Between 2006 and 2007, he was an articled pupil engaged in civil litigation, conveyancing, commercial and corporate law at Ochieng', Onyango, Kibet & Ohaga Advocates (Now Triple OK Law Advocates).

Kennedy's professional achievements include being named the Winner of the Company Secretary of the Year Award at the Institute of Certified Public Secretaries (ICPSK) Champions of Governance (COG) Awards in 2015 and 2016. In 2017, he emerged Second Runners Up. In the same year Kennedy received a Commendation for Outstanding Contribution to the Activities of the Institute and the Profession at Large from the ICPSK.

JUSTUS MUTIGA, BOARD DIRECTOR & CEO - ICEA LION Life Assurance

Justus is a graduate of University of Nairobi, City University of London, Fellow Chartered Insurance Institute (FCII) – London, Fellow Insurance Institute of Kenya (FIIK) and is a Chartered Insurer.

Justus' has been involved in the financial services industry for over 30 years; his outstanding knowledge has greatly enriched ICEA LION. He has received a plethora of awards for his leadership including Life Assurer of the Year for the past 5 consecutive years (2013 – 2017) and Deloitte's Best Company To Work For Award for the insurance sector the past 3 years (2014 – 2016). He was also awarded first runners up for CEO of the Year for the Champions of Governance Awards ahead of over 800 CEOs and in 2015 and won the Overall CEO of the Year Award in the same category in 2017. He was also bestowed the Lifetime Achievement Award in recognition of his contribution to the industry in East Africa at the Think Business Insurance Awards in 2016.

A respected professional within the insurance circles, Justus is a mixture of the best of both worlds – academia and business, specifically the insurance industry. Specialising in life insurance and pension, Justus enjoys providing unparalleled professional service, working with clients to help them achieve their financial goals. He has contributed immensely to the development of the life insurance industry. A prolific mentor and tutor, Justus is regarded by the industry as a true innovator. Most of the life and pensions products sold in Kenya today have Justus' fingerprints. A great number of professionals within the life insurance industry can credit their growth and success to Justus' able tutelage.

He has served as Chairman of the Association of Kenya Insurers (AKI) and in various capacities at AKI, Insurance Institute of Kenya and Association of Retirement Benefit Schemes. He has been a member of Kenya National Insurance Examinations Board, a curriculum developer at the College of Insurance and Vice Chairman of Dedan Kimathi University. He is currently a Director at ICEA LION Asset Management and a Director of four SMEs.

Justus has written numerous publications and papers on the industry. He is a regular and noted speaker at regional insurance and financial services conventions.

One of Justus' crowning glories is ICEA LION Group's headquarters at the state-of-the-art ICEA LION Centre at Riverside Park in Westlands. He took great pride in delivering a modern facility for the ICEA LION Group family and customers to enjoy.

Our *Leadership* Team

GEORGE NYAKUNDI, GM - Business Development & Technical Services

George holds a Bachelor of Arts Degree in Economics from Napier University in Scotland, UK. He holds a Master's Degree in Business Administration from the Eastern and Southern Africa Management Institute (ESAMI). Professionally he is an Associate of the Chartered Insurance Institute of London and holds a Diploma in Life and Disability Underwriting (DLDU) from the Assurance Medical Society, London. He has over 30 years' experience in the life assurance sector. George started his career at Kenindia Assurance as a Management Trainee in 1988 before moving on to Occidental Insurance where he briefly worked as the Marketing and Administration Manager. He later joined Jubilee Insurance in 1999 as a Senior Underwriter for the Group's life insurance business in East Africa and left in 2006 to join Alliance Insurance Corporation in Tanzania as the Head of the Life Business. At the time, it was a composite insurance company and in 1999, he spearheaded the demerger of the life business to form Alliance Life Assurance Company, Tanzania, serving as the Assistant General Manager before taking over as the Chief Executive Officer in 2013. After working out of the country for 10 years, he voluntarily resigned to come back home and join the ICEA LION Group.

As the Chief Executive Officer of Alliance Life Assurance Limited Tanzania, George steered and led the Company to win numerous industry and commercial awards. At the time of his exit, the Company was ranked as the second largest private life insurance company in Tanzania, by market share and profitability.

EUNAH THINWA, Assistant General Manager, Operations

Eunah holds a Bachelor of Commerce (Insurance Option) from the University of Nairobi and is qualified as an Associate of Chartered Insurance Institute London (ACII). She is also a member of the Insurance Institute of Kenya (IIK). She has received further professional training by National Insurance Academy of India, Swiss Re Life and Health in South Africa and locally from the Insurance Institute of Kenya.

Eunah has over 30 years experience in the Life and Retirement Benefits sector having worked over the years at various financial institutions such as the Insurance Company of East Africa Limited, Kenya National Assurance Company, Standard Chartered Investment Services and Standard Chartered Bank.

Eunah currently serves as a member of the AKI Pensions Committee which is mandated to liaise between the Industry and various regulators such at Retirement Benefits Authority (RBA) and KRA for smooth operation of the Retirement Benefits sector in the Insurance Industry.

GLADYS MUSEMBI, Assistant General Manager, Group Business Development

Gladys holds a BA in Banking, Insurance and Finance from Sheffield Hallam University, UK and a Master's of Business Administration from Jomo Kenyatta University. Professionally she is a Fellow of the Chartered Insurance Institute, London and Chartered Insurer.

She has over 25 years' experience in insurance, banking and capital markets. She started her career at Kenya Reinsurance Corporation as a Reinsurance Officer and later moved to the Insurance Company of East Africa Limited in where she served for 11 years in various positions before joining Co-operative Bank of Kenya as Head of Custodial services. Gladys has also served at Liberty Life as Head of Deposit Administration and a General Manager Custodial Services at Equity Bank prior to joining ICEA LION in September 2017.

Gladys is an active member of the Association of Kenya Insurers and has served in various Technical Committees.

RONALD NYAMOSI, Assistant General Manager, Finance

Ronald holds a Master's Degree in Strategic Management and a First Class Bachelor of Commerce Degree (Accounting Option) from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA-K) and member of the Institute of Certified Public Accountants of Kenya (ICPAK). Ronald is currently pursuing a PhD in Entrepreneurship from the Jomo Kenyatta University of Agriculture & Technology.

He started his career at Jubilee Insurance joining straight out of university where he worked 5 years and grew to the position of Management Accountant before being transferred to their regional offices. He served as the Financial Controller for 3 years at Jubilee Insurance in Uganda and later as the Chief Financial Officer of Jubilee Insurance in Tanzania.

Ronald's 18 years experience in the East African insurance sector has resulted in a very rich background in financial management leading to a range of competencies in financial planning, cost, investment and people management. He was very instrumental in delivering the 2013–2017 ICEA LION strategy formulation and implementation.

CAROLINE MAINA, Assistant General Manager, ICT

Caroline has a Bachelor of Information Technology Degree from the University of Missouri, Kansas City and an MBA in Project Management from the Keller Graduate School of Management in Kansas City, Missouri. She holds a number of IT, Change Management and Project Management certifications.

She has over 15 years of progressive experience in Information Technology (IT). As an IT executive with proven skills in IT Strategy & Execution as well as management of IT Systems & Operations, she has led large technology-intensive teams to deliver internal and outsourced business solutions in the insurance, airline and city government sectors.

Prior to joining ICEA LION in 2013, she held various roles in IT in Kenya and the United States having worked for the City of Kansas City in Missouri, Highmark BlueCross Blue Shield in Pittsburgh, Pennsylvania, and Kenya Airways and UAP Holdings both in Nairobi, Kenya.

KENNEDY ODENYO, Manager, Group Business Development

Kennedy holds a Bachelor of Commerce Degree from the University of Nairobi and a Master's Degree in Business Administration from USIU. Professionally, he is a Fellow of the Chartered Insurance Institute of London, a Chartered Insurer and a Fellow of the Insurance Institute of Kenya (IIK). In addition, he holds a Diploma in Life and Disability claims from the Assurance Medical Society, UK.

He has over 16 years work experience having joined Insurance Company of East Africa Limited as a Management Trainee and rising through the ranks in different departments to his current position. He is in charge of new business acquisition and retention, relationship management, markets and product development for corporate business including deposit administration, annuities, personal retirement schemes and group risk business.

Kennedy has been an active participant at the Insurance Institute of Kenya (IIK) where he served in the Finance Committee and the Association of Kenya Insurers (AKI) where he is presently a member of the Microinsurance Committee.

PATRICIA KIHARA, Manager, Ordinary Life & Branches

Patricia holds a B.Ed. from Moi University and is currently pursuing a MA in Project Planning and Management from the University of Nairobi. She began her career as a teacher in 1996 before joining Barclays in 1997.

She has 19 years experience in the insurance sector having worked at Old Mutual as a Life Agent for two years before joining Insurance Company of East Africa (ICEA) in 2000 as a Market Outreach Executive. In 2007, she was appointed Assistant Manager, Business Development, where she successfully set up the intermediary channel for ordinary life retail clients. In 2011, she went on to serve as the Head of Bancassurance & Alternative Distribution Channels up until 2016 when she was appointed to her current post.

In 2017, Patricia was able to lead the agency network to deliver the highest number of qualifiers for the Association of Kenya Insurers Agents of the Year Awards (AAYA) in the company's history. Patricia is a member of Individual Life Committee at AKI.

MUIRI WAICHINGA, Manager, Ordinary Life Operations

Muiri is an Associate of the Chartered Insurance Institute of London and is also a Chartered Insurer. He started his career 28 years ago as a clerk with Insurance Company of East Africa (ICEA) and honed his skills in life insurance operations having worked in all related departments and rose through the ranks to his present position.

Muiri has been instrumental in the establishment of the ordinary life sales agency network as well as the growth of the retail business to what it is today.

FELIX CHOMBA, Manager, Pension, Deposit Administration & Actuarial

Felix holds a BSc Degree in Mathematics and Statistics from Kenyatta University and is currently undertaking Actuarial Exams from the Institute & Faculty of Actuaries in London.

Felix joined ICEA 27 years ago as a graduate actuarial trainee and rose through the ranks to his current position heading the Deposit Administration & Actuarial Services department. He has extensive experience in the administration of pensions, claims and actuarial services which includes life business actuarial valuations.

Felix is also an active member of the The Actuarial Society of Kenya (TASK) and has served in the Life Working Party that was instrumental in coming up with the Risk Based Capital Guidelines. He has also been involved in a number of committees at the AKI.

MARYANNE CHERUIYOT, Head of Customer Experience

Maryanne holds a BA in Education and Religious Studies from St. Mary's University of Minnesota, USA - Nairobi Campus. She is currently finalising her project for an Executive MBA from Jomo Kenyatta University of Agriculture and Technology. She further holds Diplomas in Religious Studies and Education from Tangaza College Nairobi.

She started off her career as the Assistant Public Relations Officer at Agricultural Finance Corporation in 2002 before moving to join Insurance Company of East Africa (ICEA) Asset Management as a Customer Service Executive. She then proceeded to ICEA in 2009 as a Customer Service Administrator. In January 2012, Maryanne was promoted to her current role where she heads up the Customer Experience function.

ENID OTIENO, Manager, Internal Audit

Enid holds a Bachelor of Commerce (Accounting Option) Degree from the University of Nairobi and a Master's Degree in Business Administration from Strathmore Business School. She is also a Certified Public Accountant (CPA - K).

She has 9 years external audit experience with Deloitte & Touche, Kenya and Tanzania. She worked with First Chartered Securities for seven years as an assistant group internal auditor after which she moved to ICEA LION Life Assurance Company Limited in June 2013.

Enid is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA Global), Association of Certified Fraud Examiners (ACFE), Association of Women Accountants of Kenya (AWAK), Women on Boards Network, Institute of Directors (IOD) Kenya and Business Ireland.

Shared *Services*

NAOMI MUNYI, General Manager, Strategy & Innovation

Naomi holds a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi as well as a MBA in Strategic Management. Naomi is also a Certified Public Accountant of Kenya (CPA-K) and a Certified Public Secretary (CPS) of good standing.

Naomi's experience in the industry spans 30 years with significant experience in finance, company secretarial duties, corporate governance as well as strategy formulation and implementation. Prior to the ICEA LION Group merger in 2012, Naomi was the General Manager in charge of Finance and Corporate Services for ICEA. Thereafter, Naomi was appointed General Manager, Finance and Strategy for ICEA LION Group and subsequently the General Manager Strategy and Innovation. Naomi has presided over the development of both the 2013–2017 and 2018–2022 Group business strategies.

MICAH MAHINDA, General Manager, Human Resources & Administration

Micah holds a BA in Political Science and Sociology as well as a Post Graduate Diploma in Education. Professionally, he is a pioneering member of the Institute of Personnel Management (Kenya); the precursor of the Institute of Human Resources Management (Kenya). He is a Fellow of IHRM (K). Micah is also a Certified Organisational Effectiveness Coach, Certified Group and Team Coach and a member of the International Coach Federation (ICF).

He has over 30 years of combined expertise in Human Resources Management gained from a broad range of backgrounds in the insurance, hospitality, manufacturing and educational sectors in Kenya.

During the ICEA LION business reorganisation process from 2010 – 2012, he successfully provided HR and administrative support as a member of the Steering Committee. He also played a major role in the successful change management and people integration process following the business reorganization.

Through Micah's stewardship, ICEA LION Group won the Deloitte Best Company To Work For award for the Insurance Industry for three years running: 2014, 2015 and 2016.

NKATHA GITONGA-KINUTHIA, Group Manager, Marketing & Communications

Nkatha holds a MBA in Leadership and Sustainability from the University of Cumbria, UK and a BA in Political Science and Sociology from the University of Nairobi. She has 20 years experience in the field of marketing and communications having worked both at leading advertising and communications agencies as well as on the client side of the relationship. Nkatha honed her skills in the sector having worked for progressive organisations spanning entertainment, advertising and media, aviation, ICT and financial sectors.

She has successfully delivered strategic marketing and communications projects for both Ayton Young & Rubicam and Scangroup Advertising agencies' wide-ranging clients, as well as being a key driver of the Kenya Airways and Access Kenya (now Internet Solutions) marketing and communications departments' agendas prior to joining ICEA LION Group in 2014.

Nkatha has been instrumental in driving ICEA LION's digital revolution on social media as well as championing the initiatives that have led ICEA LION to be the most awarded insurance and investments company since 2014.

JOHN WANJOGU, Group Manager, Projects

John holds a BSc in Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and a Masters of Information Systems from Queensland University in Australia. He is also an active fully qualified member of Association of Chartered Accountants (ACCA).

His career spans over 15 years having started out as a Technology Training Consultant at the Institute of Advanced Technology (IAT) and later as an ICT Solution Developer at Symphony Technologies Ltd. He then joined Insurance Company of East Africa (ICEA) as an Assistant Manager in ICT. He rose through the ranks and played a significant role during the merger of ICEA and Lion of Kenya. Eventually, building on his multidisciplinary skills and experience he now heads the Projects Management function for ICEA LION Group within the Strategy and Innovation unit.

John's dedication and enthusiasm has seen him garner extensive experience in managing large scale innovative initiatives with proven success in technology implementations, new product designs and process re-engineering using methodologies such as Lean Six Sigma, digital transformation and customer experience solutions. In professional circles, John was instrumental in the establishment of the Project Management Institute (PMI) Kenyan Chapter as the Founding Chair.

DOROTHY MASEKE, Group Manager, Risk & Compliance

Dorothy holds a First Class Honours Degree in Computer Science from the University of Nairobi. She holds an international post-graduate Diploma in Risk Management from the IRM UK, a Diploma in Business Continuity from Bucks New University, UK and a Diploma in Sustainability and Leadership from the Swedish Institute. She is certified in Environmental and Social Risk Analysis from INCAE Business School. She is also a Certified Anti-Money Laundering Specialist (CAMS), Certified in Risk and Information Systems Controls (CRISC), Certified in Management Information Systems (IMIS), Certified Environmental Auditor and Certified Internal Auditor 2.

Dorothy has a 12 year progressive career having started out at KPMG within the Risk Consulting department, later moving to UAP Holdings Internal Audit department. She holds senior leadership roles in a number of industry forums including the East Africa Regional Group Chair of the Institute of Risk Management (IRM UK) and Chair of the Association of Kenya Insurers Risk Management Committee. She is a Task Force member for the UNEP FI Sustainable Finance for Africa and Middle East. Dorothy is a Fellow of the Swedish Institute Management Programme (SIMP), a global programme on Leadership and Sustainability for Young African leaders. Dorothy was the Inaugural Risk Manager of Year at the 2017 Think Business Insurance Industry Awards.

JACQUELINE OCHIENG, Head of Research & Development

Jacqueline holds a Bachelor of Business Administration, Marketing Major from Kenya Methodist University and a MBA in Project Management from Kenyatta University. She also holds a Diploma in Business Management from Kenya Institute of Management.

She commenced her career as a Qualitative Research Executive at Ipsos Synovate (then Steadman Group) in 2004 before joining Strategic Research in 2007 as a Research Executive. In 2010 she moved to Transparency International to serve as a Deputy Programme Officer - Reseach, and then onto Kenya Institute of Management (KIM) in 2012 as the Manager in charge of the Business Intelligence and Research Department, prior to joining ICEA LION in 2016.

Jacqueline has published numerous articles related to business improvement in journals and various publications and is a regular contributor to KIM's 'Management' Magazine.

Subsidiaries

EINSTEIN KIHANDA, CEO - ICEA LION Asset Management

Einstein holds a Bachelor of Science Degree in Business Administration (Accounting & Finance Major) from the United States International University (USIU) and a Master of Science Degree in Management & Organizational Development (M.O.D) from the same university. Einstein also holds a Master of Science Degree in Finance from the University of Strathclyde in Scotland, UK.

His experience in Investment Analysis/Research and Fund Management spans 19 years, having joined Equity Stockbrokers as a Research Analyst in February 1999 followed by a brief stint as Research Manager at Barclaytrust Investment Services shortly before its acquisition by Old Mutual. Einstein started his career in Fund Management in January 2002 when he joined ICEA Investment Services as Head of Portfolio Management Services and thereafter Old Mutual Asset Managers, CFC Stanbic Financial Services, Sanlam Investment Management Kenya and back to ICEA LION Asset Management as Chief Investment Officer prior to being promoted to CEO in December 2015. Einstein also serves as a Director of ICEA Asset Management (Uganda).

Einstein is the current Chairman and immediate past Vice Chairman of the Fund Managers' Association (FMA). He has steered his organization to win 28 Think Business Investments Awards (2014 - 2016) and 2nd Runners Up Awards at the 2018 ICPSK Champions of Governance Awards for the Investment Sector.

JANE JUMA, Head of Business - ITSL Trust Company Limited

Jane is pursuing a Bachelor of Commerce Degree from the University of Nairobi and holds a Certificate from the Chartered Insurance Institute of London. She is also a Certified Trustee under the Law.

She joined Insurance Company of East Africa (ICEA) in January 1982 and in her 36 years at the organisation has worked in all departments save for life assurance claims for the group life business.

Since December 2008, Jane has led the corporate trusteeship team in the maintenance and custody of assets for beneficiaries in order to preserve and distribute their wealth as intended. In pension scheme administration, led the team to become one of the leading organisations that maintain client data, calculate and communicate benefit options, co-ordinate service providers, train trustees, offer retirement planning training and prepare scheme accounts.

While working under the life business, she represented the company at the Association of Kenya Insurers (AKI) Life Committee.

GABRIEL KURIA, CEO - ICEA General Insurance Uganda

Gabriel holds a Bachelor of Arts Degree in Economics & Public Administration from Punjab University in India and a Master's Degree (First Class Honours) in International Relations & Public Administration from Pondicherry University in India. He is an Associate of the Chartered Insurance Institute of London and an alumni of the Strathmore Business School having attended the Senior Management Leadership Program (SMLP Module). He also holds a Certificate in IT for Insurance Professionals (Distinction) from the British Computer Society/CII.

He began his 18 year career in the insurance sector at Occidental Insurance in Kenya as a Management Trainee in the Accounts department. He then moved on to set up the pioneer branch for REAL Insurance (now Britam General) in the Central Business District. Thereafter, he joined Kenya Orient Insurance as the Head of Marketing and Business Development before joining First Assurance as the Acting Principal Officer and Head of Business Development. In June 2017, he joined ICEA General Insurance as the team leader. Gabriel has acquired substantial insurance experience in claims management, underwriting with a special passion for business and product development. At the local industry level, he is an active member of the Uganda Insurers Association and serves as the Chair of the Association's Legal Affairs Committee.

EMMANUEL MWAKA, CEO - ICEA Life Assurance Company Uganda Limited

Emmanuel holds an Advanced Diploma in Accounting and Business from the ACCA and a Bachelors of Arts in Development Economics from Makerere University. He is also a member of the Association of Chartered Certified Accountants (ACCA UK), Institute of Certified Public Accountants Uganda (ICPAU) and the Insurance Institute of Uganda (IIU).

He has over 10 years experience in the finance, audit and insurance sector having steadily risen through the ranks at the organizations he worked for in the past. He joined ICEA Life Assurance Company Limited in 2013. His previous employers included AH Consulting where he cut his teeth in development economics consulting, USAID where he honed his skills in grants management and Ernst & Young where he specialized in life assurance and pension sector business audits.

Emmanuel's relentless pursuit of knowledge has seen him attend a number of professional and technical trainings in Life Assurance offered by leading reinsurance companies and professional firms. He has amassed a wealth of experience and knowledge in life insurance risk assessment and management, investments, financial planning, system deployment and reinsurance management, amongst others.

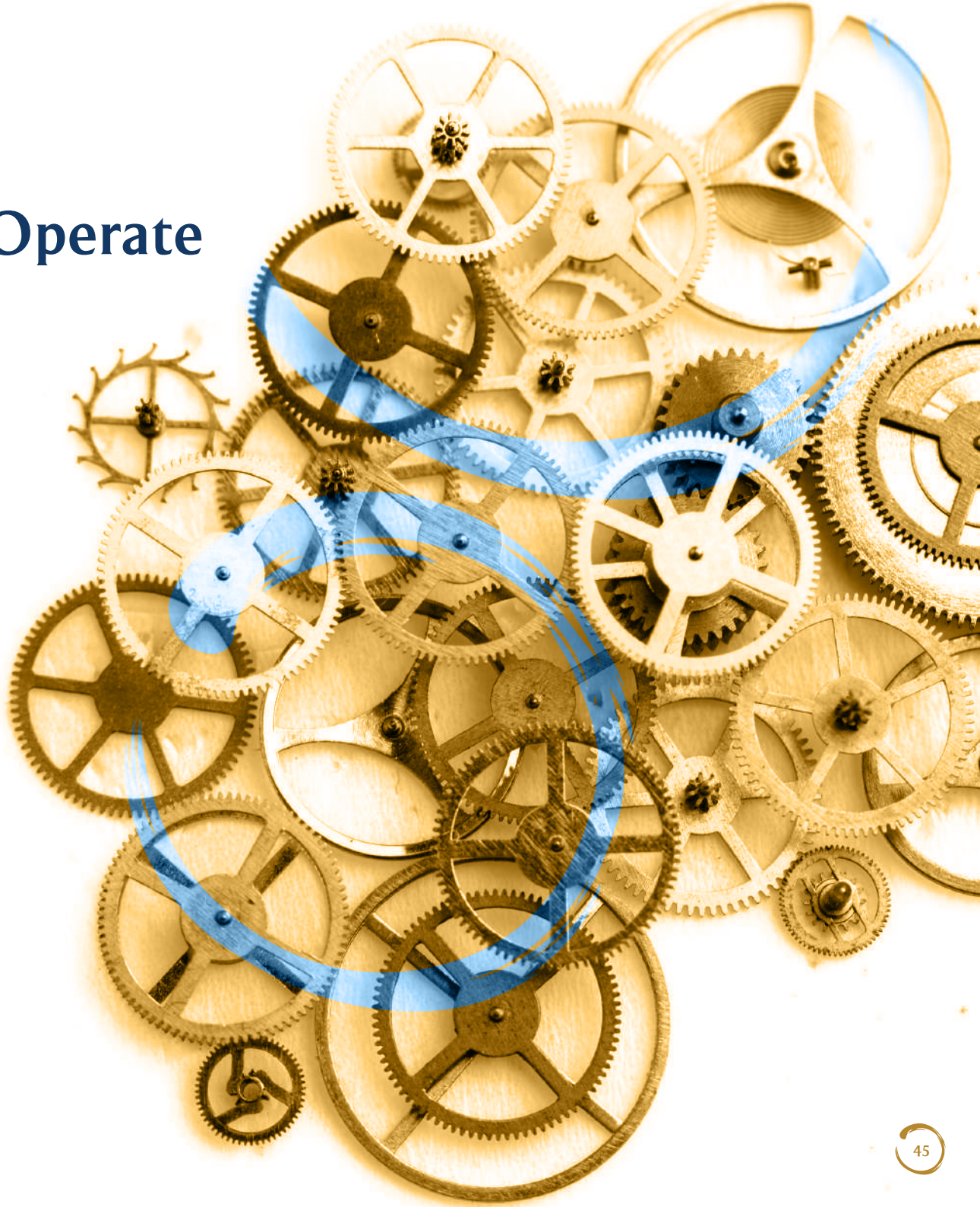
ANNE NJUGI, COO - ICEA Life Assurance Company Uganda Limited

Anne holds a Bachelor of Science in International Business Administration – Finance from United States International University Africa (USIU-A) and a Master of Business Administration – Finance from the University of Nairobi. She is a Certified Trustee (TDPK) and a Certified Public Accountant, Kenya (CPA-K) as well as a member of the Institute of Certified Public Accountants (ICPAK).

She started out her 20 year career in insurance at AON Kenya as an Accounts Assistant and rose through the various ranks to become the General Manager – Life & Pensions Division. During her time in the senior management team at AON, she honed her skills in strategy, finance, people development and operations within the finance, pension administration and life assurance departments. She developed and implemented financial and operating systems and was involved in formulation and implementation of operational policies as well as standard operating procedures. She is an expert in establishing accounting functions, budgeting and forecasting, financial reporting, management accounting, cost-reduction, tax strategies, and creating lasting business relationships to ensure goal-surpassing fiscal performance.

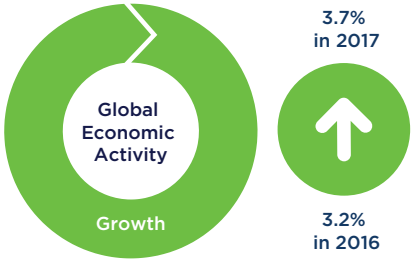
On the industry level, Anne is the past immediate Vice Chair of the Association of Retirement Benefit Schemes.

02
Where & How We Operate

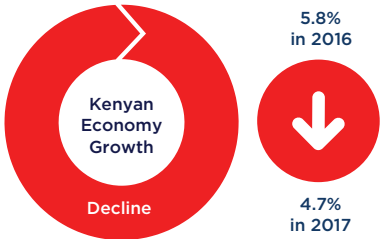


Operating *Context*

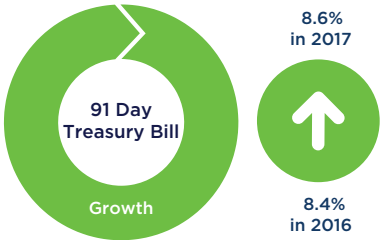
KENYA'S ECONOMY

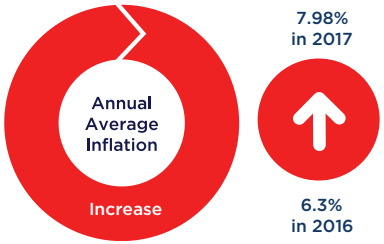


The growth has been supported by a rebound in investment boosted by favorable financial conditions, rising profits, and improved business sentiment across both advanced economies and emerging market and developing economies.



Weakest performance in 5 years

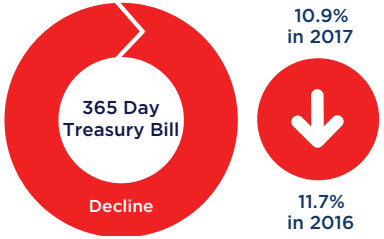


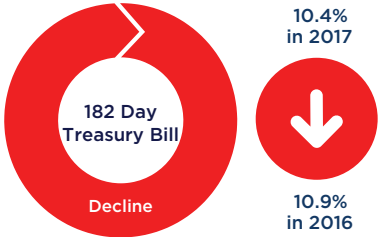


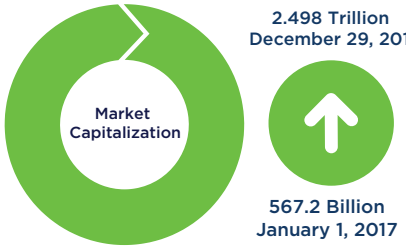
Nairobi Securities Exchange (NSE) All Share Index gain in 2017

27.2% ↑

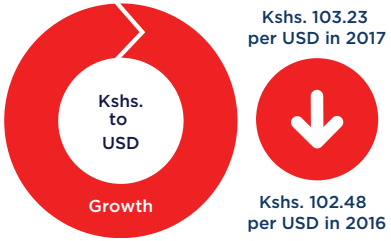
The stock market was the best performer in all the investment classes, outperforming real estate, treasury bills and treasury bonds. The NSE 20-Share Index, which tracks blue chip firms, went up by 16.5%.







Bringing to an end a two-year bear run that had eroded market value by Kshs. 745 Billion between March 2015 and March 2017



The foreign exchange market remained relatively steady in 2017, which was largely supported by resilient inflows from diaspora remittances and receipts from tourism, tea and horticulture exports

The Monetary Policy Committee (MPC) retained the Central Bank Rate (CBR) at 10.0% at its meeting in November 2017 in order to continue anchoring inflation expectations. The interest rates on government securities were largely stable in the fourth quarter of 2017, an indication that the implementation of the government domestic borrowing programme supported market stability.

The Kenya Shilling strengthened against the Japanese Yen but weakened against the Pound Sterling and the Euro. In the EAC region, the Kenya Shilling strengthened against all the currencies during the period during the year.

KENYA'S INSURANCE INDUSTRY

26 Insurance Companies

15 Pure Life Business and 11 Composite (transacting Life & Non-Life)

Premium Growth

Overall:
Slowed down during the year to 6.6% compared to an annual growth of 12.3% in 2016.

Long-term Business (including retirement contributions):
- Kshs. 83 billion (73 billion in 2016)
- Growth of 13.6% (8.5% in 2016)

Contribution to Industry Premiums

Kenya:
Life Business (40% compared to 37.5% in 2016)
General Business (60.0% compared to 62.5% in 2016)

Globally:
55% Life Business and 44.7% General Business

Life Assurance Penetration

Above 1.0% over the last 5 years

Major Trend Drivers

- Demographic shifts
- Competitor activity

Macroeconomic conditions for existing players as new entrants seek to compete based on pricing

Where Growth Came From

Pensions, ordinary life, annuity and group life classes

Decline in Group credit life business due to low lending and premium undercutting

Challenges & Opportunities

- Mergers, acquisitions
- New entrant
- Risk Based Capital regulation
- Slow growth
- Low penetration rates
- Increased fraudulent claims

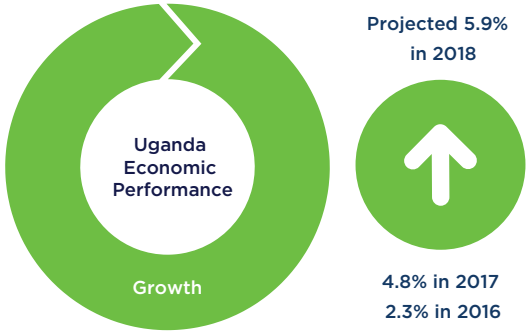
REGULATORY FRAMEWORK SPECIFIC TO INDUSTRY:

- Implementation of the risk based supervision remains the largest challenge, particularly for small players.

- Though the Insurance Act has provided for the extension of Risk Based Capital Requirements at 200.0% from 30 June 2018 to 30 June 2020 a number of insurance players may not be able to comply going by current statistics where the average capital adequacy ratio is below 150.0%.

- In 2018, the cabinet secretary for the National Treasury issued various regulations including the Bancassurance regulations, Insurance Group Wide Supervision regulations, Micro Insurance and Takaful regulations.

UGANDA'S ECONOMY



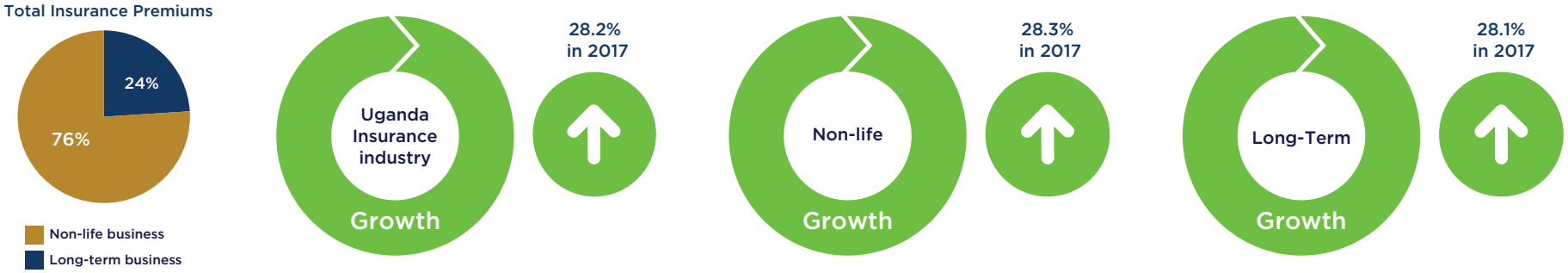
Up from 4.8% in 2017 and 2.3% in 2016. Generally remained strong depsite the recent slowdown in real GDP growth. The increase in economic growth in 2018 is expected to be driven mainly by public infrastructure investment; recovery in manufacturing and construction; and improvements in the services sector, particularly financial and banking, trade, transport, and information and communication technology services.

Uganda pursued a cautious expansionary fiscal policy stance to support key infrastructure projects in transport and energy, while keeping recurrent expenditure under control. The overall budget deficit was slightly high in 2016, improved in 2017, and is projected to increase in 2018 and 2019.

Major external risks to economic performance in 2018 include low commodity prices and demand for the country's exports in major markets, appreciation of the US Dollar due to expected monetary tightening by the United States, tightening of global financing conditions that could discourage FDI, adverse spill over shocks from fragile regional neighbours and adverse environmental shocks.

The main tailwinds for the 2018 economic outlook include increased agricultural production due to better weather conditions; higher foreign direct investment flows following the recent issuance of oil exploration licenses; and the expected decision by the government to invest in oil infrastructure development in early 2018, given the projected increase in oil prices to an average of USD 55 a barrel in 2017 from USD 43 a barrel in 2016.

UGANDA'S INSURANCE INDUSTRY



Stakeholder *Context*

ICEA LION is committed to delivering on its mission: 'To Protect and Create Wealth' for all its stakeholders. This is articulated in ICEA LION's Stakeholder Management Plan that provides guidelines as to how we govern communications, engagement and release of material information about the Company to ICEA LION Group's stakeholders across our network in Kenya, Uganda and Tanzania. This plan will be rolled out across the region from 2018.

Significantly, ICEA LION Stakeholder Management Plan is also aligned to the Group Strategic Plan (2018–2022). Based on the strategic initiatives outlined in the Group Strategic Plan, the stakeholders are identified and appropriate engagement strategies outlined. In development of these engagement strategies, the plan bears in mind the processes required to identify the people, groups and organisations that could affect or be affected by our business activities. In this new planning period, ICEA LION commits to ensuring shared value is delivered for all our stakeholders. As a result, we are able to analyse stakeholder expectations and their impact on our business. Further, we are able to develop appropriate strategies and tactics for effectively engaging them in a manner appropriate to their interest and involvement in our business.

A snapshot of ICEA LION's stakeholders is illustrated below:

ICEA LION's Stakeholder Management Plan is founded on the following principles:

1 — Identification of Stakeholders:

Identify by name and title the people, groups, and organisations that have significant influence on ICEA LION and its success or who are significantly impacted by ICEA LION's operations

2 — Plan Stakeholder Management:

Identify the strategies and mechanisms that will be used to achieve the greatest support of stakeholders and minimise resistance

3 — Manage Stakeholder Engagement:

Outlines the processes and steps that will be undertaken to carry out the planned strategies

4 — Control Stakeholder Engagement:

Describes the methods that will be used to monitor stakeholder engagement and alert the project team if problems are surfacing

The key objectives of our Stakeholder Management Plan are to:

01 Ensure material information is disclosed in a timely, consistent, and appropriate manner.

02 Provide guidelines for the broad dissemination of material information pursuant to all applicable legal requirements.

03 Prevent the improper use or premature disclosure of confidential material information.

04 Provide direction for all ICEA LION Group personnel in the appropriate treatment of material, confidential, general, and routine Company information.

It is our commitment and obligation to ensure that all information material to our business and affairs of our Company is disclosed to the public in an appropriate manner. Our policy assists us to not only satisfy our objectives, but also assign responsibility for the implementation and oversight of these policies and procedures.

Our Stakeholder *Engagement Approach*

Given the increasing and ever-changing dynamics of our financial services industry, engaging stakeholders throughout the life of our engagement has never been as paramount for us at ICEA LION. It is indeed our ambition to get as intimate with our stakeholders so as to allow us engage effectively, efficiently and crucially embracing the shared value approach that ensures our organization's sustainability. Below we illustrate our key stakeholder's material interests and our response to their issues.

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Customers	• Provide insurance, asset management, scheme administration and trusteeship solutions that provide financial protection and create wealth by delivering superior returns on their investment with us • Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Live up to our core values and see through the eyes of the Customer in all our interactions with them • Pursue a responsive, reliable and empathetic approach to interactions • Utilise feedback mechanisms such as surveys • Get intimate with our Customers by embracing relevant and impactful engagements, ranging from one-on-one interactions to technological platforms, so that they may understand their journey • Become insight-driven to ensure we deliver solutions that meet our client's diverse and dynamic needs • Issue real-time responses by embracing relevant technological platforms • Share up-to-date and real-time information on our policies • Disclose financial performance and other indicators on public platforms • Deliver on our promises and champion integrity • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage in order to enlighten our Customers on products and services • Embrace data protection best practice
Regulators	• Compliance with laws and regulations • Contribution to economic wealth via tax, job creation and skills development • Contribution to development of the industry	• Exposure to internal and external audits • Compliance with laws and regulations • Disclosure of financial performance and other indicators on public platforms • Participation in development of the industry to improve • Meeting our obligations in a timely manner • Championing integrity • Embracing data protection best practice

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Employees	• Timely remittance of salaries and obligatory commitments • Fair and transparent rewards • Safe and engaging environment in which to work • Personal and professional development • Job satisfaction and recognition • Compliance with laws and regulations	• Live up to our core values and ensure that our people remain important to us • Inculcate the culture that delivers the right brand ambassadors who deliver on strategy • Provide career development through learning and development initiatives including e-learning platforms and support and reward of professional development initiatives • Assign coaches and mentors • Disseminate staff engagement surveys • Carry out regular job evaluation and salary benchmarking • Create wealth through competitive remuneration and recognition initiatives • Provide a robust organisational health and safety strategy • Disclose financial performance and other indicators on public platforms
Intermediaries	• Provision of insurance solutions that increase capacity and protection to enable intermediaries to deliver solutions for their Clients to manage their risks, realise their objectives and potential as well as safeguard their wealth • Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Pursue a responsive, reliable and empathetic approach to interactions • Utilise feedback mechanisms such as surveys • Get intimate with our Customers by embracing relevant and impactful engagements, ranging from one-on-one interactions to technological platforms, so that they may understand their journey • Become insight-driven to ensure we deliver solutions that meet our client's diverse and dynamic needs • Issue real-time responses by embracing relevant technological platforms • Share up-to-date and real-time information on our policies • Disclose financial performance and other indicators on public platforms • Deliver on our promises and champion integrity • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage in order to enlighten our Intermediaries on products and services • Embrace data protection best practice
Shareholders	• Compliance with laws and regulations • Promotion of sustainable growth in shareholder value through effective strategies • Practice of responsible corporate governance	• Comply with laws and regulations • Disclose all information at all engagements • Provide effective and executive leadership • Practise sound corporate governance • Develop and deliver effective strategies that sustainably provide strong returns • Deliver on our promises and champion integrity • Embrace data protection best practice

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Industry partners	• Sharing of knowledge and opportunities for joint progress • Embracing of best practice models • Compliance with laws and regulations • Observance of fair practice • Data protection • Consumer education	• Comply with laws and regulations • Champion the development of the industry • Disclose internal and external audit documents and financial performance indicators on public platforms • Participate in the development of the industry • Meet our obligations in a timely manner • Uphold integrity • Embrace data protection best practice
Environment	• Practice of responsible consumption • Reduction of carbon footprint • Observance of fair practice • Compliance with Energy Regulatory Commission Guidelines and other laws and regulations	• Measure, monitor and lower our carbon footprint • Promote best practice with regard to energy conservation such as the Greenhouse Gas (GHG) Protocol • Embrace shared economy by using Corporate Uber • Comply with the Energy Regulatory Commission Guidelines and other best practice models
Media	• Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Make key representatives from our organisation accessible • Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage regularly to enlighten the media on technical and industry related matters • Uphold integrity • Embrace data protection best practice
Suppliers	• Practice of fair tendering and engagement • Business partnership and reciprocity • Compliance with laws and regulations	• Implement the Anti-Bribery Policy • Engage the Procurement Committee for projects over a specified amount • Pursue the shared value approach • Embrace data protection best practice • Deliver on our promises and champion integrity
Bankers	• Transparency in all our interactions including full disclosure • Adherence to legal and industry regulations such as Anti-Money Laundering and other laws and regulations • Business partnership and reciprocity	• Be transparent in all our interactions • Comply with laws and regulations • Disclose all information regarding our financial performance and other indicators on public platforms • Disclose internal and external audit documents • Participate in the development of the industry • Meet our obligations in a timely manner • Deliver on our promises and champion integrity • Embrace data protection best practice

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Public	• Solutions that meet their needs • Good corporate citizenship • Practice of sustainable business • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Data protection • Consumer education • Compliance with laws and regulations	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage regularly to enlighten the public on technical and industry related matters • Deliver on our promises and champion integrity • Engage in order to enlighten our Customers on products and services • Embrace data protection best practice
Business Competitors	• Fair business practice • Adherence to legal and industry regulations such as Anti-Money Laundering and other laws and regulations • Business partnership and reciprocity	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Disclose internal and external audit documents • Comply with laws and regulations • Participate in the development of the industry in order to improve • Deliver on our promises and champion integrity • Embrace data protection best practice
*Others	• Good corporate citizenship • Practice of sustainable business • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Fair practice • Compliance with laws and regulations	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Disclose internal and external audit documents • Comply with laws and regulations • Engage regularly to enlighten the media on technical and industry related matters • Participate in the development of the industry in order to improve • Deliver on our promises and champion integrity • Embrace data protection best practice

** Others include advocacy groups, unions, activists, environmentalists, local government agencies and other wider relationships with employees that include their families and networks.*

Our Business *Model*

LIFE ASSURANCE
Invest customer savings to provide financial protection and create wealth

ASSET MANAGEMENT
Generate valuable returns for our customers through good investment performance

TRUSTEESHIP
Maintain custody of assets for beneficiaries in order to preserve and distribute their wealth as intended

SCHEME ADMINISTRATION
Record keepers of members benefits including data maintenance and benefit calculations. Communicators of benefit options to members and preparation of scheme accounts

Towards Shared Value
People | Planet | Profit
6 Capitals

Digitally Led

Sustainability at the core of all our interactions

Statement by the *General Manager (Strategy & Innovation)*

2017 marked the end of our five year strategic cycle. During the 2013–2017 strategic period the Company identified and pursued eight key strategic pillars as enumerated below:

PROFITABLE GROWTH
Premium Income of Kshs 13 billion against target of Kshs 10.8 billion
Investment income of Kshs 8 billion against target of Kshs 6.1 billion

ORGANISATION EFFICIENCY Achieved expenses ratio of 6.4% against target of 10.0%

ONE STOP SHOP
Group achieved internal and external synergies though more extensive collaboration is expected in future

EMPLOYER OF CHOICE
Group was awarded Deloitte's Best Company To Work For in 2014, 2015 and 2016

PAN AFRICAN PRESENCE
We operate in Kenya and Uganda in the short run and continue to scout for more suitable markets

CUSTOMER SERVICE EXCELLENCE
Group was awarded and recognised winner on numerous forums for Customer Service

INNOVATION VIA TECHNOLOGY Great strides were made to improve basic infrastructure to support the Group Wide Network

"Strategy formulation and execution is pivotal to the running of our business and forms the steering wheel against which all business decisions are made and evaluated."
Naomi Munyi

03
Our Governance Framework

The Chairman's *Governance Statement*

On behalf of the ICEA LION Life Assurance Board, it is my pleasure to share with you this comprehensive 2017 Corporate Governance Report. In 2017, my fellow Directors and I have overseen the continued growth and transformation of ICEA LION. We refined the Company's governance framework, including improving our internal board evaluation processes. This model of governance reflects our culture of performance, compliance, and accountability and supports our core strategic drivers.

We are committed to achieving the highest standards possible, in terms of accountability, integrity, fairness, responsibility and transparency. In pursuit of this objective, we have put in place formal structures to support corporate governance. These structures are regularly reviewed in order to strengthen and improve them.

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

BOARD OF DIRECTORS

Our Company's Board is responsible for the development of corporate governance practice and ensuring compliance by all the Company's organs. We deliver this through Board Committees and by having in place business principles and practices as well as internal control and risk management processes that seek to ensure preservation and growth of stakeholder value.

"In a year of growth, innovation, and execution, maintaining ICEA LION's high standard of corporate governance remains of critical importance to the Board."
James Ndegwa

BOARD CHARTER & WORK PLAN

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

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

Board Charter Components

- Size of the Board
- Induction of the Board
- Role\Functions of the Board
- Tenure of the Board
- Appointments of the Board
- Performance evaluation of the Board
- Training of the Board
- Remuneration of the Board

BOARD COMPOSITION & APPOINTMENTS

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

Diversity

Our Board recognises the benefits of a diverse skills base across the Company and is supportive of initiatives that promote diversity at all levels. Despite making some strides in this regard, we as a Company still seek to increase female representation at Board level. This continues to be a target we are eager to achieve in the near future. That said, we have made progress with regards to lowering the age of our Board members by introducing the young board members.

AUGMENTING OUR BOARD & LEADERSHIP TEAMS

Through a careful and thorough selection process we sought appointment to our Board new directors with experience in various fields of financial services and emerging markets and technology. They will bring a varied range of skills and experience to the Group. As we work towards achieving age, skill, and gender diversity, four new Directors joined our Board in 2018.

The Board Nomination and Remuneration Committee confirms that the new Directors have the skills and experience necessary in light of ICEA LION's current and future strategic direction in the new planning period 2018 to 2022.

Their profiles are highlighted overleaf.

KAIRO THUO

Kairo Thuo is a consultant and a founder partner of Viva Africa Consulting LLP and Viva Africa Consulting Limited.

Kairo is both a lawyer and accountant by profession. He attended Strathmore and the University of Nairobi where he graduated with LLB (Hons) and is a CPA-K and CPA-T holder.

He was previously responsible for establishing and running the Tax Transaction Advisory Group at Deloitte and Touche and was the Director of the unit. This group was responsible for merger, acquisition, transaction arrangements, wealth structuring and funds management, corporate and legal structuring.

Kairo has developed extensive experience in all areas of taxation in Kenya, Uganda, Rwanda and Tanzania and has also been involved in tax matters involving other countries in Africa. His experience involved all areas of legal, finance and taxation and was also involved in establishment of specialized tax service lines in direct and indirect taxation including customs, international tax and transfer pricing.

He has conducted numerous tax and legal training seminars in Kenya and Tanzania and specific tax and legal workshops for various clients in Kenya. He has also assisted numerous clients in resolving various disputes with the revenue authority and other regulatory authorities in Kenya, Rwanda and Tanzania as well as lobbied for specific tax legal positions in Kenya.

Amongst many of his key achievements, Kairo remains the only individual to-date to be recognized by KRA in the annual taxpayers' awards for contribution towards tax education in Kenya having also been recognized by the IFC for outstanding tax advice contribution in the Kenya and Uganda Railways concession process. He also contributed to capacity enhancement for the East Africa Law Society and the Institute of Certified Public Secretaries of Kenya. Kairo is also a regular contributor to the Business Daily and previously the East African Standard.

He also serves on the Boards of the Kenya Power and Lighting Company Limited and the Special Economic Zones Authority. He joined the NIC Board on 27th November 2013. Kairo is also a member of the ICEA LION Asset Management Board.

DR. CAESAR J. M. MWANGI (PhD)

Caesar is the Managing Director of the Centre for Personal Leadership (CPL Africa) where he has been involved in designing and delivering people and organizational improvement initiatives focused on organizational transformation through effective leadership practices and development of enabling organizational culture.

Caesar has a PhD. in Organizational Performance and Change Management from the Rand Afrikaans University (Currently University of Johannesburg), an MBA from the Wits Business School in Johannesburg and a BA in Economics from University of Nairobi. He is also a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA) and a Certified Executive Leadership Coach.

His work at CPL is predicated on his varied leadership experience and his consulting and academic pursuits aimed at ensuring organizations operate optimally and sustainabily with their people being their greatest asset.

Prior to this he worked as the Managing Director of Sasini Ltd, a publicly listed agribusiness in which he spearheaded the Company's transformation from a production focused entity to an effective people centered market focused entity. After Sasini he worked as Regional Director for the Global Village Energy Partnership.

In the past he also worked in South Africa and Ethiopia as a Business Consultant in Deloitte and Touche Johannesburg, Finance Director of the Independent Mediation Service of South Africa and also as Associate Director for the Consultative Group in International Agriculture Research (CGIAR) responsible for Risk Management and Internal Audit Activities in the Africa and Europe Region based in Addis Ababa.

He is trained in Corporate Governance by the Centre for Corporate Governance and he has been a facilitator on the Effective Director (TED) programme at Strathmore Business School.

He is currently the Vice Chairman of the Strathmore University Council and he Chairs the Boards for the Kenya Markets Trusts (KMT) and the Kianda School in Nairobi. He is also a member of the Investment

NEW DIRECTORS JOINING THE BOARD IN 2018

MARIAM ABDULLAHI

Mariam Abdullahi is SAP Africa's Telecommunications Industry Lead and is responsible for the overall Telco strategy and execution across the continent.

Mariam holds a Bachelor of Science with a special focus on Computer Science and Business Management from Brunel University England.

With over 19 years of experience in both IT and Telco industries, Mariam's career began in the automotive industry in the UK where she led IT Services & Outsourcing for Ford Motor Company. Since then she has held various leadership positions in Sales, Operations, Customer Service and Transformation lead roles at multinational organizations including Microsoft, Oberthur Technologies, Brightpoint, Zain and Emirates telecommunications company 'du' in the United States, Europe, Asia, the Middle East and Africa.

Empathy for people, great ideas and contributing to the empowerment of societies through technology gives Mariam her greatest satisfaction.

MUGWE MANGA

Mugwe Manga is the Co-Founder and Executive Director of Olsuswa Energy Limited – a Kenyan based and registered geothermal exploration company. He is also the Co-Founder and Executive Director of Mayfox Mining Company Limited – Kenya's leading indigenous mineral exploration company. Additionally, Mugwe is the Co-Founder and Managing Director of Mayfox Digital Media. Prior to founding his companies, Mugwe was a Junior Analyst at Goldman Sachs International – London, UK.

Mugwe has a Masters in International Business (MIB) from Grenoble École de Management (Grandes Écoles) – France and a BSc (Hons) in Economics from the University of Nottingham in the United Kingdom. Prior to that, he attended the Sevenoaks School in the United Kingdom where he attained his International Baccalaureate Diploma with distinction.

Mugwe has a diploma in Sustainability and Leadership from the Swedish Institute. He is a Fellow of the Swedish Institute Management Programme (SIMP), a global programme on Leadership and Sustainability for Young African leaders.

Mugwe is a dynamic serial entrepreneur and extractive industry leader, with over 8 years experience across various sectors in Africa. He boasts demonstrable capacity of conceptualizing start-up initiatives and growing them to large scale investor-ready organizations. Mugwe is motivated by the vision of playing a substantial role in molding Kenya's extractive into a hub of global distinction and immense opportunity.

Mugwe has been a guest speaker at numerous forums for UN Development Assistance Framework (UNDAF), NairoBits Foundation, Kenya Mining Forum, Geothermal Risk Mitigation Facility (GRMF) Regional Leaders Conference and the Kenya Renewal Energy Forum.

Mugwe's personal achievements include completing the Mt. Kenya, Peak Lenana Climb, co-founded the University of Nottingham Economics Review Magazine and the President of Nottingham Economics Society. He was Vice-President of the University of Nottingham Model United Nations Society. He was the University of Nottingham Students in Free Enterprise (SIFE) team member and the University of Nottingham Student Business Venture Challenge Bronze Award. He is also a Certified St. John First Aider and Volunteer.

Mugwe sits on the Board of Trustees of Mbugua Rosemary Foundation.

BOARD MEETINGS AND INFORMATION FOR DIRECTORS

In 2017, our Board met four times on pre-set dates, to review and monitor the implementation of strategic initiatives and business plans, review quarterly financial results, approve financial reports and maintain effective control over strategic, financial, operational and compliance issues. In carrying out the above responsibilities, our Board delegates its authority to the Chief Executive Officer to oversee the day to day operations of the Company. The notice of Board meetings is given in advance in accordance with the Company's Articles of Association and is distributed together with the agenda and board papers to all the directors beforehand, covering regular business progress reports and discussion papers on specific matters. The Company Secretary is always available to attend to matters pertaining to the Board of Directors and Board Committees. All reports from Insurance Regulatory Authority, KRA, auditors, actuaries and rating agencies are reviewed at Board meetings and appropriate action taken. With effect from 1 January 2018, we as a Board will continue to meet four times a year.

Board Evaluation

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

The evaluation concluded that we as a Board enjoy a deep sense of harmony and mutual respect with strong interpersonal relationships demonstrated. We operate well and cohesively, although it was appreciated that there is a need for considerable change to the composition of the Board. It stated that we as a Board are satisfied that each of the Non-Executive Directors commit sufficient time to the business of the Company and contribute to the governance and operations of the Company.

It was emphasised that our Board would benefit from external perspectives that independent directors might bring especially in light of the rapidly changing market dynamics, diversity around gender, age and skills such as actuarial. It was also noted that even though we have significant technical expertise on the Board, training on emerging business trends such as cyber security, data privacy, block chain technology, among others are a critical requirements of any 21st century board. Due attention will be given to this in the design of the annual board training calendar.

Governance Audit

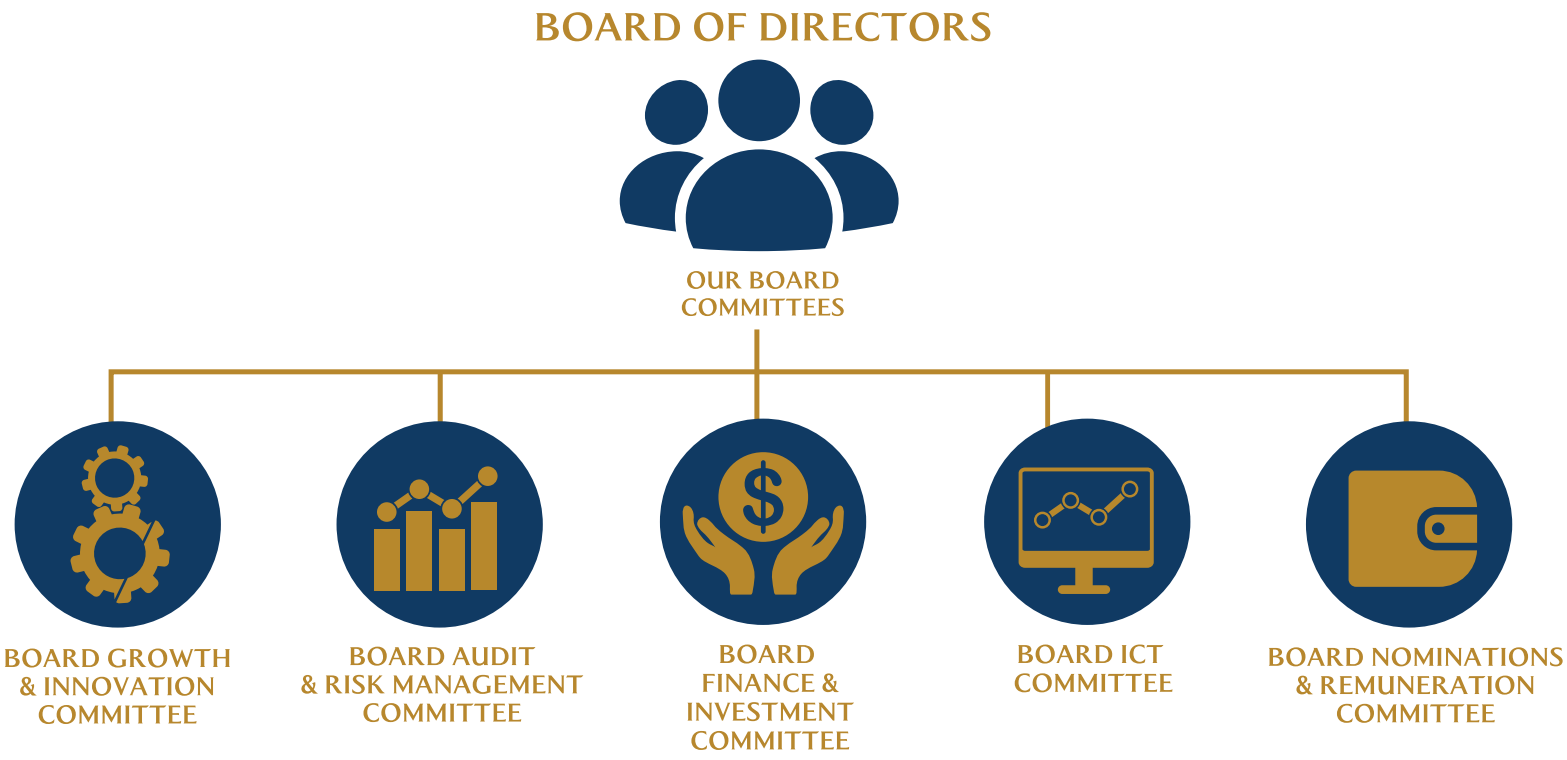
As part of our continuous improvement and benchmarking of our governance processes, ICEA LION has undergone governance audits carried out by the Institute of Certified Public Secretaries (ICPSK) in 2015 through to 2017. The governance audit reports were discussed at the Nomination and Remuneration Committee meeting and gaps identified were closed. In 2017, ICEA LION Life Assurance emerged First Runners Up for the Insurance Sector at the ICPSK Champions of Governance Awards. Our Company Secretary emerged Second Runners Up for the Company Secretary of the Year Award.

ROLE OF THE CHAIRMAN & THE CHIEF EXECUTIVE OFFICER

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

OUR BOARD COMMITTEES

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



(a) Board Audit and Risk Management Committee

This committee is chaired by a non-executive director. There are five other directors who sit in this committee. The CEO, General Manager - Strategy & Innovation, General Manager - Business Development & Technical Services, Chief Financial Officer, Manager - Internal Audit and the Manager - Risk and Compliance attend by invitation.

The committee met three times in 2017 and is responsible for ensuring that the systems and controls, procedures and policies of the Company as well as risk management activities are properly established, monitored and reported on. With effect from 1 January 2018, the committee will meet four times a year. The committee meets to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect ICEA LION's internal control environment. Matters relating to ethics and policy holders protection are dealt with by this committee.

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

(b) Board Finance and Investments Committee

This committee is chaired by a non-executive director. Two other directors sit in this committee. The CEO, the General Manager - Strategy & Innovation and the CEO of ICEA LION Asset Management Limited attend by invitation.

The committee met three times in the year to review the financial and investment strategies, approve or recommend to the Board for approval investment projects in accordance with the Company's investment policy, and review the performance of the investment portfolio and monitor special projects. With effect from 1 January 2018, the committee will meet four times a year. Matters relating to assets and liability management are also dealt with by this committee.

(c) Board ICT Committee

This committee is chaired by a non-executive director. Three other directors also sit in. The First Chartered Securities Group Information Systems Manager, the CEO, the Assistant GM - ICT, the General Manager - Strategy & Innovation and Manager - Risk and Compliance attend by invitation. This committee met three times in 2017 to review the ICT Strategy including the ICT Security and Business Continuity Plans (BCP), recommend ICT projects for Board approval, review recommendations on the annual budgets and monitor project implementation. From 1 January 2018, the committee will meet four times a year.

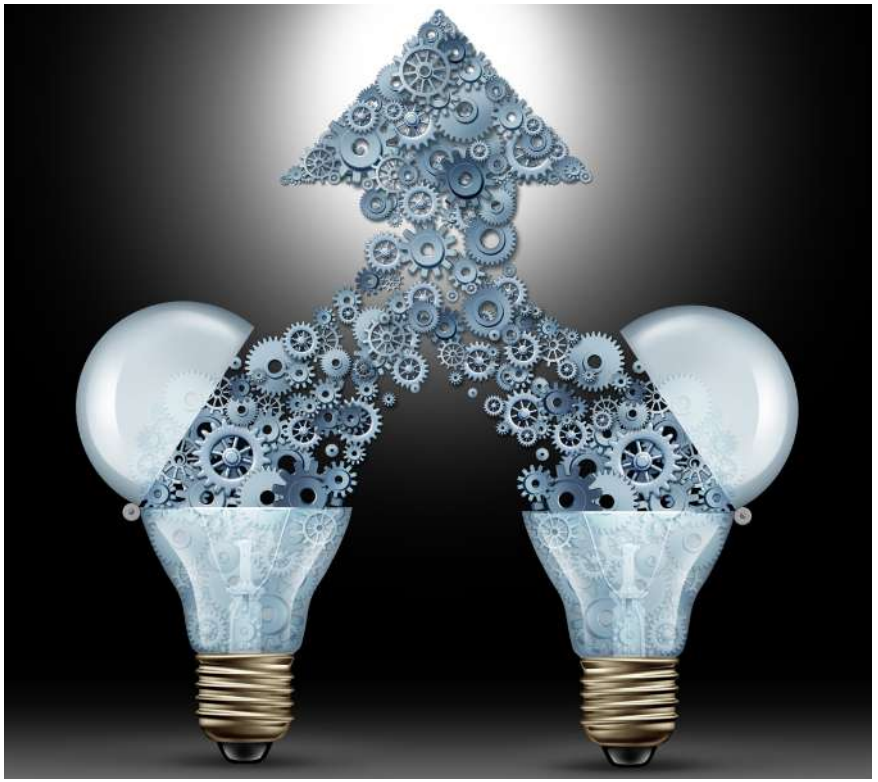
(d) Board Nominations and Remuneration Committee

This committee is chaired by a non-executive director. The committee met twice in 2017. It can meet more frequently if required. This committee is responsible for making recommendations to the Board on executive remuneration and incentive policies, recruitment, retention and termination policies for senior management, remuneration framework for Directors, amongst others. The committee is also responsible for development of a process to evaluate our Board's performance, its committees and Directors as well as succession planning.

(e) Board Growth and Innovation Committee

This will be the newest Board committee established. In 2018, it will be formed to focus on innovation as a key strategic pillar essential for success. This committee will be the Board's oversight and liaison committee on formulation and implementation of our innovation agenda and related matters.

Its roles will include vetting of the Company's innovation strategy and investments in innovation development prior to submission to the Board for approval. It will also monitor compliance with the approved innovation strategy, including innovation portfolio mix and the progress made in its implementation.



The composition of our Main Board and Board Committees as well as the attendance of meetings is illustrated on the next page.

Board Meeting and Board Sub-Committee Attendance *(*Board of Directors had a 100% attendance)*

Board of Directors

Member		21.03.2017	22.08.2017	21.11.2017
J P M Ndegwa	Chairman	✓	✓	✓
J M Mutiga	Chief Executive Officer	✓	✓	✓
A S M Ndegwa	Director	✓	✓	✓
P W Kamau	Director	✓	✓	✓
D G M Hutchison	Director	✓	✓	✓
S O Oluoch	Director	✓	✓	✓
P K Mugambi	Alternate to A S M Ndegwa	✓	✓	✓
R M Ndegwa	Alternate to D N Ndegwa	✓	✓	✓

Board Audit & Risk Management Committee

Member		09.03.2017	29.06.2017	12.10.2017
P W Kamau	Chairman	✓	✓	✓
A S M Ndegwa	Member	✓	✓	✓
D G M Hutchison	Member	✓	✓	✓
J K Kimeu	Member	x	✓	✓
R M Ndegwa	Member	✓	✓	✓
P K Mugambi	Member	✓	✓	✓
J M Mutiga	Chief Executive Officer	✓	✓	✓

Board ICT Committee*

Member		27.02.2017	26.06.2017	13.10.2017
D G M Hutchison	Chairman	✓	✓	✓
A S M Ndegwa	Member	✓	✓	✓
P K Mugambi	Member	✓	✓	✓
S O Oluoch	Member	✓	✓	✓
J M Mutiga	Chief Executive Officer	✓	✓	✓

Board Finance & Investments Committee*

Member		27.02.2017	26.06.2017	02.10.2017
A S M Ndegwa	Member	✓	✓	✓
P K Mugambi	Member	✓	✓	✓
S O Oluoch	Member	✓	✓	✓
J M Mutiga	Chief Executive Officer	✓	✓	✓

Board Nomination & Remuneration Committee			
Member		07.03.2017	24.10.2017
J P M Ndegwa	Chairman	✓	✓
A S M Ndegwa	Member	✓	✓
J M Mutiga	Chief Executive Officer	✓	✓
PRESENT ✓ ABSENT WITH APOLOGIES X	Attendance at Board Committee meetings was commendable with 100% attendance at the Full Board meeting		

** Both the Finance and Investments Committee and Board ICT Committee meet on a group basis. Joseph Muiruri and John Kimeu, who are Directors of the General business, participate in these Committee meetings by invitation.*

PRINCIPAL OFFICER & SENIOR MANAGEMENT

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

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

INTERNAL CONTROL & RISK MANAGEMENT SYSTEMS

Our Company is exposed to a variety of risks which can have a negative impact on our stakeholders. We have put in place a strong integrated risk management process in our daily business activities as well as solid corporate governance structures that promote effective identification, monitoring and management of risk. These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff. The latter are intended to enable staff to attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

Our Company has established a fully-fledged risk management and compliance function headed by a senior officer. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team. Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. In 2014 and 2015, we were Winner for the Risk Management category and the First Runners Up in 2016 at the Think Business Insurance Awards.

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

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

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

COMPLIANCE AND ANTI-MONEY LAUNDERING PROGRAMME

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

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

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

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

Whistleblowing Posters

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

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

A major component of the compliance programme is an independently managed whistle-blower system that allows employees to alert the compliance and audit departments confidentially about irregularities. Employees who voice concerns about irregularities in good faith should not fear retribution in any form, even if the charge later turns out to be unfounded. To transmit the principles of the Code of Conduct and other compliance guidelines and controls effectively, we have developed interactive training programmes.

ACTUARIAL FUNCTION

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

CONFLICT OF INTEREST

Our Directors are required to act in the best interest of ICEA LION at all times. It is our policy to ensure that Directors avoid putting themselves in positions whereby their interests' conflict with ICEA LION's interests. Any business transacted with the Directors or their companies must be at arm's length and fully disclosed.

Our Board has adopted a policy which ensures that directors, management and staff disclose all possible conflict of interest sources and are required to exclude themselves in decisions where conflict of interest may arise.

DIRECTORS' EMOLUMENTS

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 38 to the financial statements for the year ended 31 December 2017. (See page 216).

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or Management except those disclosed in Note 38 to the financial statements for the year ended 31 December 2017 (See page 215).

COMPLIANCE WITH THE LAW

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

CONDUCT OF BUSINESS & PERFORMANCE REPORTING

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

DISCLOSURE OF INFORMATION & RELATIONSHIP WITH THE INSURANCE REGULATORY AUTHORITY

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

ACCOUNTABILITY, AUDIT & SHAREHOLDER RELATIONS

Our Board recognises its responsibility to present a balanced and understandable assessment of the ICEA LION's financial position and prospects. Our financial statements are prepared in accordance with IFRS and the requirements of the Kenyan Companies Act 2015 and are audited in accordance with International Auditing Standards. Our Directors recognise and have confirmed our responsibility over the financial statements and have provided other information in this integrated report that we consider useful to shareholders and other stakeholders.

STAKEHOLDER GROUPS

We take cognizance of the fact that we can only thrive if we balance the interests of our key stakeholders. The target operating model puts market management as well as customer value at centre stage with customer centricity and innovation programmes having been defined. In order to assure its progress, we measure our customers' satisfaction and brand value. Most critically, in the new planning period 2018 to 2022, we will continuously pursue shared value for all stakeholders.

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

Significantly, training is geared towards knowledge that will aid us to deliver on strategy especially in the coming age where skills sets like data and analytics will be more critical. Employee engagement surveys are conducted annually and measure staff satisfaction as well as career development ambitions.

Our Corporate Social Investment agenda came into sharper focus in 2016 with the adoption of lion conservation as the key investment and support area. Support at industry level is also provided in this regard. For more information about our lion conservation efforts, please refer to pages 119 to 125 on our Social and Relationship Capital.

RESPONSIBILITY FOR STAFF WELFARE & TRAINING

As part of our policy, we recognise the need for diversity, equal opportunities, gender sensitivity and provision of a safe and conducive work environment for our entire team. ICEA LION assists staff to undertake continuous professional development training programmes to fulfil their potential and career goals. This process is appropriately managed to align staff development with the Company's strategic business goals and objectives, and is reinforced with appropriate remuneration and incentive systems.

INFORMATION COMMUNICATION & TECHNOLOGY

Information Communication Technology is a key strategic pillar and plays a crucial role in ensuring we remain a competitive financial services player. Consequently, 2017 saw new and existing ICT projects well resourced and supported by ICEA LION.

Effective ICT governance processes have been put in place with the oversight role being carried out by the Board ICT Committee. The ICT department remains committed to embedding an agile way of working throughout the whole Company as ICEA LION aims to respond swiftly and efficiently to changing customer dynamics and demands.

PROCUREMENT

We have in place a procurement process that is governed by documented policy and procedure manuals. A fully fledged procurement function as well as a procurement committee consisting of the relevant senior management teams is in place. Their key activities include prequalification and vetting of suppliers, tendering and procuring goods and services, among others.

All vendors are expected to comply with the Company's Anti-Bribery Policy, a copy of which is attached to all requests for proposals and contracts. All vendors are expected to sign-off as having read and understood the Anti-bribery policy attached to their contracts as a means of articulating and communicating our stance towards bribery and corruption.

OUR SUSTAINABILITY PRACTICES

Long-term sustainability is a key pillar anchored to our internally adopted best-practice corporate governance practices. In 2016, ICEA LION became signatories to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI). We are delighted to be one of only five insurers in Africa and the first in East Africa, to sign on to these principles. This is testament to our trailblazing spirit and indeed to our deep-rooted commitment to sustainability.

These Principles, developed by UNEP's Finance Initiative and signed in June 2012 at the RIO+20 Summit in Brazil, are a framework for the global insurance industry to address environmental, social and governance risks and opportunities. They provide a global roadmap to develop and expand innovative risk management and insurance solutions that promote social and environmental protection, inclusive insurance, renewable energy, food security, clean water, sustainable cities and disaster-resilient communities.

Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance and contribute to environmental, social and economic sustainability while creating shared value. Shared value policies and operating practices are meant to enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities it operates. We are indeed delighted to become part of this elite network. The aim of the Principles is to lay a foundation upon which as a player, we can build a stronger relationship that puts sustainability at the heart of risk management in the pursuit of a more forward-looking and better managed world.

Commitment to the Principles articulates to our stakeholders our stance towards responsible action as we consciously develop innovative risk solutions that solve current challenges. It positions ICEA LION as a market leader as we seek dominance towards shaping policies that positively influence the insurance market.

By signing onto these principles we commit to embedding in our decision-making: environmental, social and governance (ESG) issues relevant to our business. Further, we will continuously work with our clients, business partners and regulators to raise awareness on ESG issues as we develop appropriate

PSI Principles for Sustainable Insurance

UNEP FINANCE INITIATIVE

Search Site

A global sustainability framework and initiative of the United Nations Environment Programme Finance Initiative

Home | About | The Principles | Signatories & Supporters | Media | Publications | Contact

Signatory companies

Home / Signatory companies

Company	Disclosure (English)	Disclosure (additional language)	Country of domicile
Grupo Segurador Banco do Brasil e MAPFRE	Disclosure 1 Disclosure 2 Disclosure 3 Disclosure 4 Disclosure 5	Disclosure 1 Disclosure 2 Disclosure 3 (Portuguese) Disclosure 4 (Portuguese) Disclosure 5 (Portuguese)	Brazil
HSBC Insurance	Disclosure 1 Disclosure 2 Disclosure 3 Disclosure 4 Disclosure 5		United Kingdom
ICEA LION General Insurance			Kenya
ICEA LION Life Assurance			Kenya

FUTURE OUTLOOK

In light of the Company's focus towards innovation as a key strategic pillar, we have incorporated a Growth and Innovation Board Committee from 2018. This committee, headed by a Non-executive Director, will be the Board's oversight and liaison committee on formulation and implementation of the Company's growth and innovation agenda. Two other Non-executive Directors sit on this committee. Its roles includes vetting of the Company's innovation strategy and investments on innovation development as well as monitoring compliance with the approved innovation strategy including innovation portfolio mix and the progress made in its implementation. We are excited at the new opportunities that technological and other economic advances continue to provide; and have geared ourselves to ensuring we are at the forefront of innovation within the financial services industry. Looking ahead, the Board and I will continue to work closely with the management team, shareholders, and other stakeholders as we pursue our strategic initiatives. We will continue to develop our governance policies and processes in line with good practice thereby enabling our team to best utilise their skills effectively. It is our commitment to position ourselves to best serve the needs of the business and to support the management team in the delivery of our strategy.

Board Finance & *Investment Committee* Statement

It is my pleasure to report to you on the activities of our Board Finance and Investment Committee for the year ended 31 December 2017. The Committee is charged with the responsibility of reviewing investment policies and strategies, monitoring the performance of the investment portfolio, recommending investment proposals to the Board for approval and overseeing investment projects. The Committee reviews and recommends to the Board the Company's asset allocation policies and strategies as well as engaging investment managers and consultants.

Key agenda items during our 2017 meetings included review and recommending Board approval of the Company's:

- Investment Policy Statement
- Asset Liability Matching Policy
- Revised counterparty risk model, designed to manage investment risk in what has become a challenging market environment.

In addition the Committee continued to monitor the performance of the Company's investment portfolio and provide guidance to both management and the investment managers.

Kshs. 12.7 Billion in 2017

Kshs. 12.3 Billion in 2017

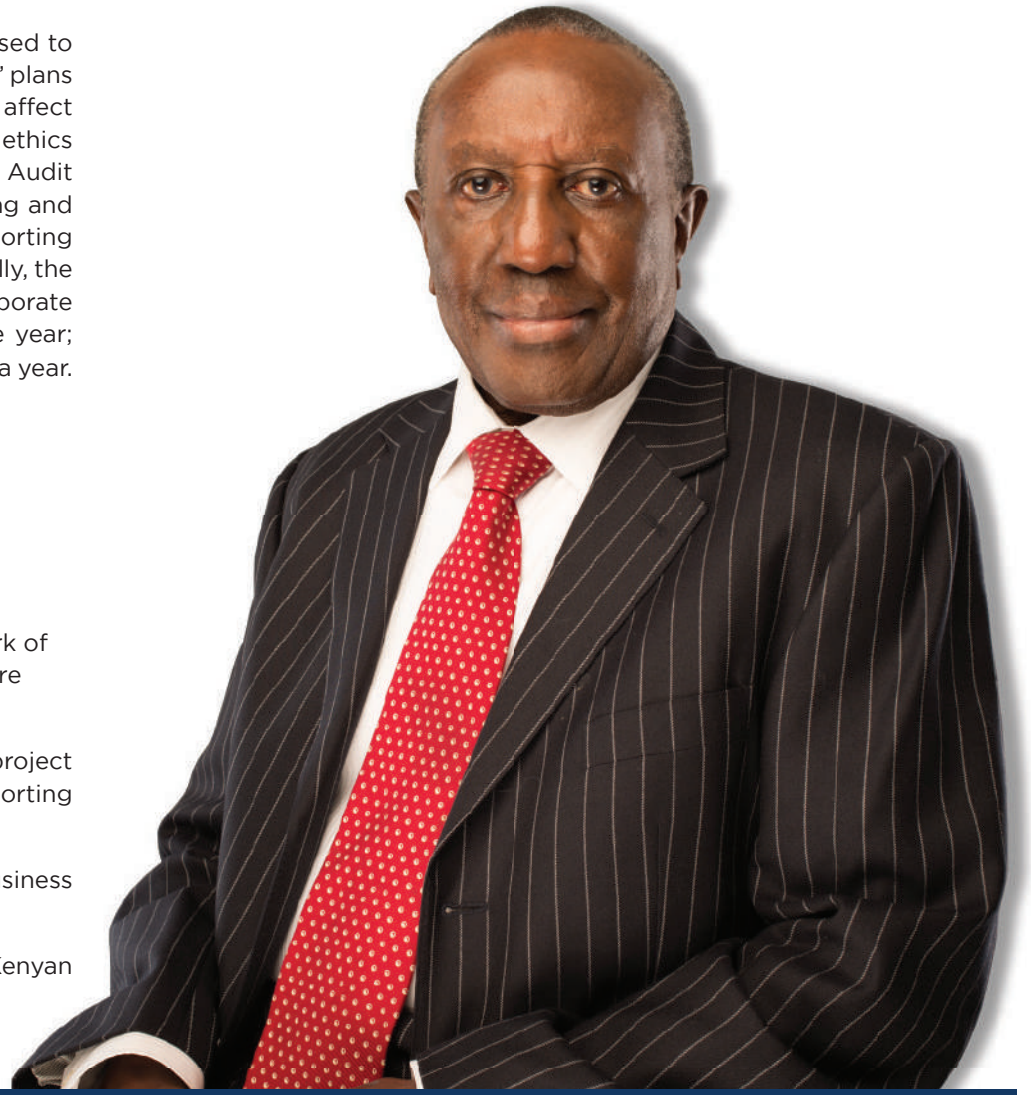
12.0% in 2017

10.0% in 2016

"We are committed to safeguarding the Company's investment assets and delivering competitive returns for our stakeholders on a consistent, sustainable and ethical basis." Andrew Ndegwa

Board Audit & *Risk Management Committee* Statement

As Chair of the Audit and Risk Management Committee, I am pleased to present our report. The committee meets to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect the Company's internal control environment. Matters relating to ethics and policy holders protection are dealt with by this committee. The Audit and Risk Management Committee is also responsible for monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices. The committee met three times during the year; with effect from 1 January 2018, the committee will meet four times a year.



AUDIT & RISK COMMITTEE ACTIVITIES IN 2017

During the year, the Committee has:

- Considered the appropriateness of the Company's inaugural Integrated Report.
- Reviewed the effectiveness of the internal controls and the work of Risk and Internal Audit functions; key risks are described in more detail from pages 82 to 91.
- Considered systems design, implementation and related project management in respect of changes to the Group's financial reporting systems and processes.
- Reviewed key policies including those governing ethics and business processes.
- Discussed the new reporting requirements under the Kenyan Company's Act 2015.

"Ensuring a robust and integrated system of risk management, compliance, internal control has been a key priority of the Committee." Dr. Peter W. Kamau

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

- The accounting judgements made by management that could have a significant effect on the Group's financial results;
- Oversight of ICT changes affecting financial systems and controls;
- The clarity of disclosure of financial information; and
- Whether the financial statements, taken as a whole, give a true and fair view of the Company's financial performance. The Statement of Directors' Responsibilities on this can be found on page 143 of this report.

FINANCIAL REPORTING

New International Financial Reporting Standards (IFRS)

The committee reviewed the International Financial Reporting Standards (IFRS) that will be adopted in future reporting periods and their implication on the Group's reporting. The new IFRSs reviewed included IFRS 9, Financial Instruments effective 1 January 2018 and IFRS 17, Insurance Contracts effective 1 January 2021.

Company Capital Adequacy

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

Filing of Statutory Returns

The committee reviewed the filing of various statutory returns in Kenya and Uganda and was satisfied with the compliance.

INFORMATION TECHNOLOGY

As part of its oversight responsibility, this Committee reviews controls over ICT. Working with the internal auditors, external auditors and external technical reviewers, the Committee was able to review the status of the Company's information security processes. A number of ICT controls have been put in place over the years to mitigate against ICT related risks. No major information security breaches were noted in 2017. Cyber security continues to be top on the agenda with focus placed on the development of a group-wide cyber security strategy to be implemented by all subsidiaries.

INTERNAL CONTROL & RISK MANAGEMENT

The Board has overall accountability for ensuring that risk is effectively managed across the Company. On behalf of the Board, this Committee has responsibility for reviewing the effectiveness of internal controls including financial, operational and compliance controls. The Company's principal risks are set out from pages 82 to 91 of this report.

In order to do this, the Committee:

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

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

No significant failings or weaknesses of internal control were identified during these reviews. Limited weaknesses and areas where controls could be further automated were identified, clear action plans were put into place to address these weaknesses and were captured as part of audit findings and functional risk registers with defined management responsibility.

EFFECTIVENESS & INDEPENDENCE OF THE EXTERNAL AUDITOR

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

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

The Committee is satisfied with the performance and independence of the external auditor.

INTERNAL AUDIT

The Internal Audit department reviews the adequacy and effectiveness of the Company's adherence to its internal controls as well as reporting on strategies, policies and procedures. The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

The Committee reviewed the proposed internal audit methodology and work plan. During the year, the internal audit department carried out internal audit engagements reviewing various functions within the Company. The Committee is satisfied with the performance of the internal audit function and will continue to provide support in ensuring it is able to achieve its mandate effectively.

FUTURE OUTLOOK

The Committee understands the importance of a robust risk management process and controlled environment and looks to progressively strengthen it over time. In light of this, the Company is in the process of hiring a high calibre information systems auditor to further enhance controls as well as provide more technical assurance on information technology controls and processes. This resource will report to and provide support for the Internal Audit function.

Cyber risk management continues to be a key focus area with more robust processes for review and reporting being put in place over the coming year.

Board *ICT Committee* Statement

As the Chair of the Board ICT Committee, I am pleased to report on our activities for the year 2017. Our Committee's role is to provide guidance on ICT policy while ensuring that strategic and tactical planning is in place. We are responsible for encouraging the adoption of appropriate and effective ICT best-practices and ensuring that the feasibility and viability of ICT projects is evaluated, prioritised and adequately funded. Our Committee principally advises the board of directors on ICT strategy direction, initiatives, cyber-security and ICT risk management. The committee is responsible for:

- Oversight of ICT governance, standards, budgets and expenses;
- Approval and review of the ICT strategy, initiatives, and control frameworks adopted for the management of ICT; and
- Review of scope and effectiveness of ICT operations in supporting business strategy realisation and risk management.

Driving excellent customer experience through digital touch points and partner connectivity have been the main strategic initiatives of the committee. The following key items were considered by the Committee in 2017:

- Core systems initiatives on enhancing operational efficiency
- **Cyber security framework development**
- Budgetary approvals
- **ICT risk management, business continuity & disaster recovery initiatives**

The committee continues to focus on interactive and sustainable technology solutions and is committed to supporting our mandate to achieve sustainable business growth while building resilience across the enterprise. With the increased use of technology, challenges relating to information security have also risen and with this, cyber-security continues to be a key focus area. During the year, the committee organised a full board training on cyber-security and developed a road map towards cyber-resilience.

"We will continue to provide interactive and sustainable technology solutions to our stakeholders." David Hutchison

Board Remuneration & *Nomination Committee* Statement

As the Chair of the Board Remuneration and Nomination Committee, I am pleased to report on the activities of the committee for 2017.

This committee considers and makes recommendations regarding the appointment of potential external independent non-executive directors and is responsible for the evaluation of the performance of the Board, its committees, and directors as well as succession planning.

The committee reviews and makes appropriate recommendations to the Board in relation to the necessary and desirable competencies of directors.

The committee is also responsible for making recommendations to the Board on executive remuneration and incentive policies, recruitment, retention and termination policies for senior management, remuneration framework for directors, among others.

"We provide support and oversight towards the maintenance of governance and remuneration arrangements that underpin the strategic objectives of the business."
James Ndegwa

The committee meets at least twice a year or more frequently as required and is responsible to the Board. In 2017, the committee executed the following key actions:

01	Considered and approved the staff performance appraisals and proposals for salary increments.
02	Considered and approved the 2016 Profit Share Proposals.
03	Reviewed the status of the company's succession plan.
04	Considered the report on the Board evaluation exercise.
05	Considered and adopted the Board Nomination and Selection Policy which covered the Board nomination and selection process.
06	Considered and endorsed Flexi-time policy proposals from management.
07	Considered and noted the status report on the job evaluation and salary survey project.
08	Considered and noted the Company's 2016 inaugural sustainability report.
09	Considered and approved the Company's internal suitability assessment policy.
10	Considered and approved the Board Induction Handbook, primarily intended for new appointees to the Board, as a guide on the Board's operating and governance structure along with the procedural matters for effective meetings.
11	Considered and approved the report on the Board skills gap analysis with regard to the composition of the Board.

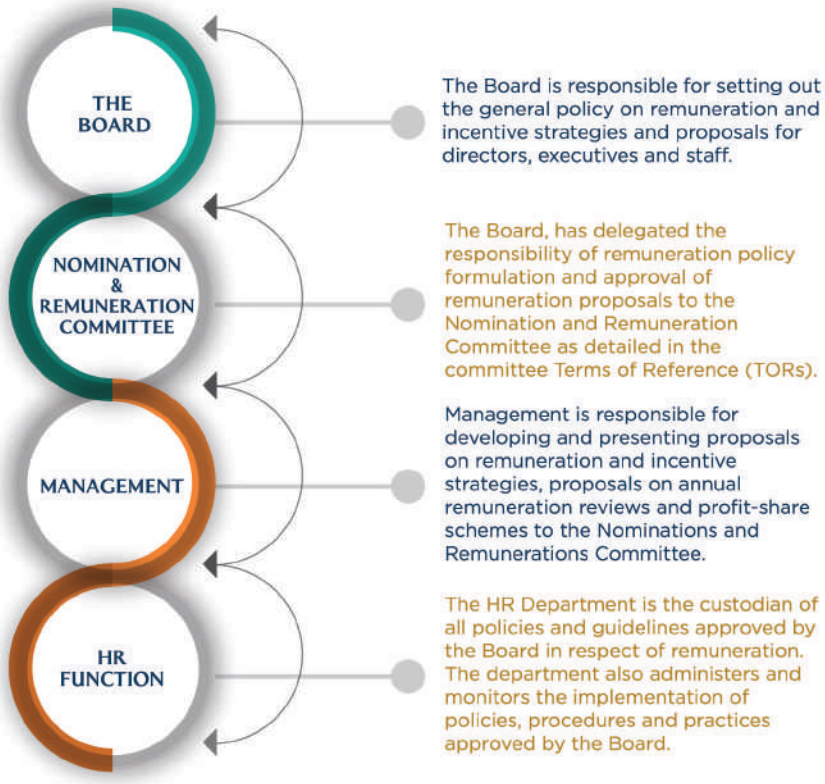
REMUNERATION PHILOSOPHY

The company is committed to a remuneration philosophy that prevails throughout the ICEA LION Group, and one which focuses on rewarding consistent and sustainable individual and corporate performance. The company's approach towards remuneration aims to ensure that an appropriate balance is achieved between the interests of shareholders, operational and strategic requirements of the company, and providing attractive and appropriate remuneration packages.

The remuneration practices of the Company have been structured to be competitive in the rapidly evolving industry in which it operates and to ensure that the Company can attract, motivate, reward and retain highly talented people.

REMUNERATION GOVERNANCE

The remuneration governance structure within ICEA LION is as follows:



04
Our Risk Landscape

Risks & Opportunities
Internal

BUILDING RESILIENCE THROUGH RISK INTELLIGENCE

The Risk Management field has undergone dramatic transformation over the past couple of years. This field is now much broader, more sophisticated, and more diverse than ever before, encompassing new responsibilities. The current operating environment adds operational, systemic, technology, vendor, physical risk, as well as business continuity management to the more traditional financial risk categories.

Over the past five years, we have shifted our risk management strategy from serving as protection to creating value and now to Building Enterprise Resilience through Risk Intelligence. The internally adopted risk management framework has been based on the ISO 31000 Model.

Additionally, we have benchmarked our risk management processes to the AON Risk Maturity Index developed by AON Risk and Wharton School at the University of Pennsylvania. This maturity assessment is designed to empower risk and finance leaders to assess the maturity of their organisation's risk management structure and provide insight to support its continued development and implementation by reviewing its activities against forty components of "risk maturity".

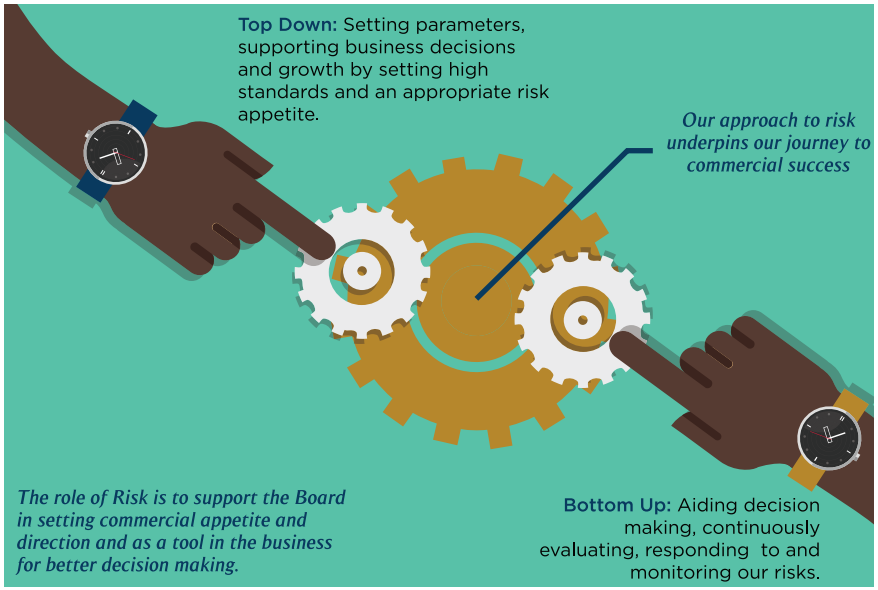
TURNING RISK INTO SUSTAINABLE VALUE

We have put in place a strong integrated risk management process in our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk. We have established a fully-fledged risk management and compliance function headed by a senior officer.

Independence of this function is maintained by a direct reporting line to the Board Audit and Risk Committee. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team. Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels. These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff. The latter is intended to enable staff to attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

Integration of risk management has been a journey that has led to continuous improvement, the latest of which is the move towards quantification of risk through the risk based capital regime by the Insurance Regulatory Authority.

Our robust approach to risk management



EMBRACING TECHNOLOGY TO SUPPORT RISK MANAGEMENT

The company took the bold step of developing a bespoke Governance, Risk and Compliance (GRC) system that is "fit for purpose." This project was as a result of a vision to come up with a world-class GRC solution that was customised to our needs. It is envisaged that this system can be a model to be deployed to other risk management functions for companies associated with us and later to other institutions within the region. The system, which is in the final stages of implementation brings with it enhanced efficiency in the risk management, controls and compliance monitoring process.

RISK GOVERNANCE MODEL

Responsibilities for the management of risk and control are aligned to a three-line of defense activity-based model as follows:

1st Line of Defense

- The Board
- Business Units

Technical support functions

- Finance
- Underwriting
- Reinsurance

General support functions

- IT
- HR

2nd Line of Defense

- Risk Management Committees (RMC)
- Risk Management Function
- Actuarial Function
- Compliance Function

3rd Line of Defense

- Internal Audit

Our Risk Management and related efforts have been acknowledged by various industry and governance awards where ICEA LION Life Assurance was awarded as outlined in the Appendices section and pages 14 and 224 to 225.

RISK HIGHLIGHTS

During the year 2017, some risks events that took place include:

- Regulatory change that resulted in a risk margin increase from 10% to 20%. The effect of this change is that the actuarial liabilities increased indicating how a change in regulation can affect the financial performance of an entity. The Group however maintains adequate reserves and is able to absorb shocks that may come about as a result of changes in regulation. For purposes of the financial statements however, a risk margin of 15% was approved by the Regulator.
- Substantial growth in annuity business of Kshs. 3.4 billion during the year led to an increase in actuarial liabilities to Kshs. 3.3 billion.
- In 2017, the Company's product mix was heavily concentrated towards annuity business (26%) and Deposit Administration (DA) and Personal Retirement Schemes (PRS) at 50%. We are working towards continuously diversifying the product mix in order to reduce the concentration risk.
- As is the nature of this industry, the Group noted an increase in attempted frauds. In light of this, a business process re-engineering project was put in place as well as the deployment of more enhanced 'know your customer' (KYC) and fraud risk management processes.

The following section highlights some of the risks the Group faces as a result of its decisions, operational processes or the external environment. It also highlights some of the actions that have been adopted to mitigate against those risks.

Business risks caused by the Group's trading activities

Insurance Risk

DESCRIPTION

This is the risk relating to unknown future cash flows (including premiums, claims, expenses, etc.) relating to policies on the books as well as the Company's insurance liabilities.

MITIGATION CONTROLS

All rates are actuarially determined. Underwriting processes are also in place to manage exposures on mortality and morbidity.

Discontinuance Risk

DESCRIPTION

This occurs when a policy is lapsed or surrendered.

MITIGATION CONTROLS

All agents are adequately trained to ensure the right products are sold based on identified needs and financial capacity. Care is taken to ensure surrender values are based on realistic reserves to avoid paying surrender values higher than values of the policies. Surrender penalties are also imposed.

Expense Risk

DESCRIPTION

The risk of a change in value caused by the fact that the timing and/or the amount of expenses incurred differs from those expected, e.g. those assumed for pricing basis.

MITIGATION CONTROLS

Expenses are monitored to ensure total expenses incurred are not more than those assumed in premium loading. There is also continuous monitoring of the expense ratio to ensure risks do not increase.

New Business Risk (Valuation Strain)

DESCRIPTION

This is the risk that there is the strain on the business due to inadequate premium amounts in initial years, which may not be enough to cover for the expenses, commissions and statutory reserves. New business may also cause strain on the institution's infrastructure rendering it unable to meet is objectives effectively.

MITIGATION CONTROLS

Adequate reserves are maintained to facilitate business growth. We are continuously expanding our infrastructure to match business growth.

Distribution Risk

DESCRIPTION

The risk that the surplus distribution mechanism may be inappropriate.

MITIGATION CONTROLS

We distribute less of the estimated profits and provide for appropriate reserving.

Investment Risk

DESCRIPTION

Risks due to investment performance, which may fall short of the benchmarks/expectations. Investment risks may also arise as a result of failure of financial institutions.

MITIGATION CONTROLS

A board-approved Investment Policy Statement and Asset Liability Policy ensures that assets are matched to liabilities and the investment mix is set accordingly. The Company has developed and complies with a board-approved a counter-party risk model.

Insufficient Data Risk

DESCRIPTION

The risk that insufficient data may lead to wrong assumptions in future pricing.

MITIGATION CONTROLS

Use of reliable and automated systems. There is also independent review of all data used for actuarial valuation as well as regular data validation exercises.

Inherent Risk

DESCRIPTION

Risks that come about as a result of policyholders guarantees. This may be caused by products offered that offer guarantees on interest and impairment of capital by investment loss.

MITIGATION CONTROLS

The company builds adequate reserves and encourages appropriate investment strategies. Interest rates are also reset periodically to reflect economic realities.

Other Risks

Counterparty Default Risk

DESCRIPTION

This refers to financial loss due to counterparties not being able to fulfil their contractual obligations. Counterparties may not be able to pay their ongoing obligations (for example, interest on a corporate bond or rent by a lessee) or they may not be able to meet their obligations on time.

MITIGATION CONTROLS

Continuous engagement with all relevant stakeholders with regards to follow-up of debts. The Company has developed and complies with a board-approved a counter-party risk model.

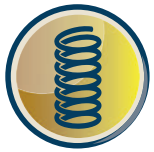
Operational Risk

DESCRIPTION

The risk that there is loss as a result of inadequate or failed internal processes, people, technology and external events. It may also include fraud risks.

MITIGATION CONTROLS

Human capital management, cyber/ICT and fraud risk management processes are in place. Oversight of operational controls take place across the three lines of defense.



Liquidity Risk

DESCRIPTION

The risk that the Company may be unable to meet its liabilities as and when they fall due.

MITIGATION CONTROLS

The current structure of the Company's investments takes care of liquidity requirements.

Business Continuity Risk

DESCRIPTION

The risk of disruption of business activities due to internal and external risk events such as failure of technology, natural disasters such as floods, civil unrest, etc.

MITIGATION CONTROLS

Formalized business continuity, disaster recovery and crisis management plans are in place.

Market Risk

DESCRIPTION

These are the risks that may arise as a result of market movements, which may expose the Company to fluctuations in the value of its assets, the amounts of its liabilities, or the income from its assets. Market risks may also arise out of fluctuations in interest rates, foreign exchange rates and volatile equity and property market.

MITIGATION CONTROLS

A board-approved Investment Policy Statement and Asset Liability Policy ensures that assets are matched to liabilities and the investment mix is set accordingly. The Company has engaged the services of a professional Asset Manager to leverage on market intelligence.

Reputation Risk

DESCRIPTION

The risk of damage to the Group's image which may impair our ability to retain and general business due to loss of trust and confidence or a breakdown in business relationships.

MITIGATION CONTROLS

We have no appetite for reputation risk. Safeguarding our reputation is of paramount importance to us and is the responsibility of every employee. We have set up a Crisis Management team that handles reputational risks that may arise out of adverse media coverage, social media incidences, among others.

Strategic Risk

DESCRIPTION

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

MITIGATION CONTROLS

There are adequate controls and oversight processes with regards to strategic initiatives.

Compliance Risk

DESCRIPTION

Arises from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards as well as from the possibility of incorrect interpretation of effective laws or regulations.

MITIGATION CONTROLS

We minimise compliance risks by ensuring all activities are conducted in accordance to all regulations, code of conduct and good practices as well as in conformance to internal policies and standards of operations. Independent assurance and oversight is provided by the compliance and internal audit teams.

FOCUS AREAS FOR 2018

In light of continuous improvement, the following will be the key focus areas in 2018:

- Identifying further key risk indicators for business areas within the Group; the focus will be on risk and compliance self-assessments across departments and subsidiaries.
- Inclusion of environmental and social risk parameters in the risk management framework and processes.
- Improved data governance processes to mitigate against data privacy and related compliance risks.
- Enhanced business continuity processes to mitigate against continuity risks through ISO 22301 certification.
- Further enhancing the risk culture through continuous risk training.

Risks & Opportunities
External

OUR MATERIAL ISSUES

We consider a material theme to be any matter that is likely to impact the Company's ability to achieve its strategy, remain commercially viable or environmentally and socially relevant or substantively influence the assessment and decisions of our stakeholders. Determination of material issues are crucial since they provide a broader vision of the risks and opportunities to the business with the aim of identifying strategies to mitigate against negative effects. wThe process of determining material matters is based on formal and informal stakeholder feedback as well as obtaining an understanding of the current and future operating environment. In a bid to create long-term value, we must anticipate the risks that could impair our ability to do so while capitalising on new opportunities accorded to us by this changing world.

This section highlights material issues that could impair our ability to create long-term value as well as our progress towards mitigating them as we exploit these new opportunities.

Regulatory Evolution (Risk Identified: Strategic Risk & Operational Risk)	Our Risk Management
The insurance industry in Kenya has over the past few years seen significant changes in rules and regulations at both the local and global level. The most significant of these are : • Introduction of Risk Based Capital. • The Gross Premium Valuation Best Estimate Assumptions changed by IRA in April 2017, which impacted on actuarial valuations (for life underwriters) • IFRS 9 (on financial instruments) Other regulations that came into effect in the recent past include: • The Bribery Act 2016 which requires institutions to put in place formal measures to mitigate against bribery and corruption risks.	With a well-structured, formalized compliance programme aimed at sharing knowledge, experience and best practices, we follow local and international guidelines and standards, internal regulations and codes of professional ethics. Through this programme, we closely monitor evolution of the regulatory environment and work closely with regulators and peer institutions. We have implemented and complied with the requirements of risk based capital and have been engaged in the Quantitative Impact Study led by the Association of Kenya Insurers. We monitor developments in international accounting standards and have carried out an impact assessment and training on IFRS 9 and IFRS 17. We have prepared adequately for these new standards. We are working towards raising our data protection and information security standards to comply with global regulations.

Regulatory Evolution (Risk Identified: Strategic Risk & Operational Risk)	Our Risk Management
• The Banking Amendment Act 2016 which introduced the capping on interest rates. • The Human Resource Management Professional Regulations that require all HR practitioners to be licensed. • The Companies Act 2015 which has far reaching implications on the registration and administration of companies. • The IRA has also introduced new regulations including Bancassurance regulations, Insurance Group Wide Supervision regulations, micro insurance and Takaful regulations all of which provide new opportunities in the insurance sector. Global regulations include: • The development of a common framework by the Insurance Association of Insurance Supervisors (IAIS) on the development of standard qualitative and quantitative capital requirements. The IRA being a member of the IAIS is bound by this frameworks and will in turn ensure it is adopted by its regulated entities. • The EU Directive on personal data protection as well as the Foreign Account Tax Compliance Act (FATCA).	We are monitoring the progression of the following proposed regulations. • The Employment Amendment Bill • The Health Bill • Kenya deposit insurance draft regulations • VAT amendment Bill • Information Communication Technology Practitioners Bill
Technological Evolution (Risks identified: Strategic Risk & Operational Risk)	**Our Risk Management**
We recognize the profound impact disruptive technologies have had on our business in the last decade and likelihood for more disruption in the years to come. These include the Internet of Things, the growth of mobile technology, adoption of cloud services, among others. Availability of customer data, combined with technological capabilities of processing data quickly provides new opportunities in terms of customer segmentation and pricing. New technology is crucial in terms of opening up new markets, spurring growth of the insurance industry as well as the ancillary businesses that grow around them. It however creates potential risks such as cyber risks which challenges institutions' traditional risk management models. Technology as a key process driver within the institution may also impair business continuity in the event of malfunction of systems and processes.	As uncertainty is mounting for the industry. We need to quickly make strategic choices in order to succeed with consumers vs competition and regulation while leveraging on technology. We are leveraging on cutting-edge technologies for the management and analysis of data as we work towards greater direct interaction with our clients. We are designing and improving products that support a digital distribution strategy as we work towards addressing emerging customer needs. We have dedicated significant attention and resources on developing our digital infrastructure as we strengthen cyber security through the deployment of sophisticated software and tools, continuous cyber risk assessments as well as awareness campaigns to our staff on possible threats. We have implemented a robust Business Continuity Management framework that has been cascaded to our subsidiaries. In the coming years, we intend to seek ISO 31000 certification as we continuously improve our continuity processes.

Changing Customer Preferences (Risks Identified: Strategic Risk & Insurance Risk)	Our Risk Management
In light of global trends of digitization and economic uncertainty, consumer preferences with regards to insurance products and services are changing. The digital revolution has lent new urgency to insurers raising the bar on customer expectations. Consumers, particularly younger ones prefer convenience, speed, value and ease of use. These customers expect greater attention to service quality and have a more independent approach to acquire an insurance product. This introduces a new challenge where we must learn to delight the emerging digital customers while continuing to please those who use conventional channels.	We are well recognised for customer service and have over the recent past developed capabilities which we continue to leverage on. We have defined our desired customer archetype as follows: ***The Discerning Influencer as a Corporate Client*** • Understands the value of quality, expects a commendable claims settlement record, values good corporate governance, looks to partner with professionals with technical expertise as well as one who delivers innovative solutions. • This Client has the increasing ability to dictate where there business is placed. ***The Discerning Influencer as a Retail Client*** • Is keen to associate with a brand that accords them status, keeps its promises and offers solutions that meet their diverse and dynamic needs. We have embarked on a multi-year effort to change the way we relate to our customers as we continuously work towards superior customer connectivity and intimacy for direct customer relationship as well as developing solutions to address these needs.
Financial & Economic Landscape (Risks identified: Strategic Risk, Credit & Insurance Risk)	**Our Risk Management**
Kenya's economy grew by 4.7% in 2017, its weakest performance in five years and compared to 5.8% in 2016. This was due to a series of events including drought early in the year that caused a drop in agricultural output and lower private sector credit growth. The implementation of interest rate capping introduced in the Banking (Amendment) Act 2016, further dampened the economic activities. Interest rates remained fairly stable during the year in line with Central Bank of Kenya (CBK) decision to hold its monetary policy rate constant at 10%. The exchange rate movement was fairly stable, while the also stable interest rates, reduced demand for imports, sustained inflows and strong currency reserve holdings by CBK supported the local currency. The uncertainty associated with the general elections and the consequent repeat of the presidential election undermined business confidence further encumbering economic growth. In spite of this, the Group was able to weather this environment. GDP growth is projected as 5.8% in 2018 and 6.1% in 2019. The shift in government policy with regards to the Big Four Agenda whereby the government aims to increase the share of manufacturing sector from 9% to 15% of the gross domestic product (GDP) by 2022, expand food production and supply, provide universal health coverage for all Kenyan homes and build 500,000 affordable houses provides new opportunities for the Group in the year 2018.	We are cognizant of the opportunities at hand. As the economy grows, there will be more resources for investment with more disposable income available to consumers to spend on social and financial protection instruments. We understand the impact of our operations on the economy and the broader society. We work to enhance our relevance by creating positive impacts to our stakeholders as we seek to play a key role in the socio-economic improvements of society.

Demographic & Social Changes (Risks identified: Underwriting & Emerging Risk)	Our Risk Management
Kenya's growing youthful population, a dynamic private sector, highly skilled workforce and its pivotal role in East Africa makes us a country with great potential. We continuously monitor the changes in demographics as we develop and improve on products that are more accessible and flexible to accommodate unique needs. We recognise that the successful underwriter is one who will provide sufficient flexibility to support individuals following substantially different life and career paths. The proportion of Kenya's youth to the population is among the highest globally, presenting the economy with a vibrant manpower if put to productive use. We boast of a relatively young population whose average income capacity is limited. There is the growing middle class with urban dwellers constituting 26% of the population.The millennials are in excess of 10 million with most of them being educated. Kenya leads the region in youth unemployment at 17.3% compared to only 6% for neighbouring Uganda and Tanzania each. Kenya's unemployment crisis has been blamed on sluggish growth of formal sector jobs even as the country continues to produce thousands of university graduates every year. Intermittent, part-time and informal employment or self-employment, with frequent career changes, is becoming the norm. Business models favouring this youthful population is not brick and mortar with most seeking dynamic solutions that can address their specific needs. There is still however the traditional customers who prefer conventional products distributed via conventional means.	With this changing demographic, increasing globalization and information explosion, we need to be insight driven to keep up. We continuously monitor the changes in demographics as we develop and improve on products that are more accessible and flexible to accommodate unique needs. We recognise that the successful underwriter is one who will provide sufficient flexibility to support individuals following substantially different life and career paths. We aim to delight the millennial customers while continuing to please and serve the conventional insurance customer. We have shifted out marketing emphasis from providing "risk mitigation" to providing solutions.

Environmental Changes (Risks Identified: Underwriting, Emerging & Operational risk)	Our Risk Management
Extreme weather events for example floods and storms impact the economic and social systems as well as insurance needs. The drought in the year 2017 led to crop failure and dying herds of livestock, leading to food insecurity for a large section of the country. Extreme weather patterns (floods) which have characterised the beginning of the year 2018 has led to major property and crop damage, infrastructure and loss of human life.	We were in the year 2016, confirmed as a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI). We are pleased to be the first insurer in East and Central Africa to join this elite network. By signing onto these Principles of Sustainable Insurance, we articulate to our clients and partners our stance towards responsible action. We recognize the fact that collaboration with regulators and business partners and indeed building supportive industry clusters, is necessary to tackle big sustainability concerns including social and environmental protection, climate change and disaster resilience. Our adoption of these principles provides assurance to our stakeholders for whom sustainable business practices are core to their activities and value chain. Management of social and environmental risk is critical to our strategies as we aim to identify, measure, mitigate and monitor these risks. We offer protection mechanisms through various solutions as we aim to protect the social and financial well- being of our customers in the midst of environmental changes. We recognise that promotion of clean and renewable energy solutions are critical in driving economic growth and promoting the well-being of rural and marginalised communities and will in the year 2018 develop our Environmental and Social Risk Management policy as we continuously improve our risk mitigation and solution development processes.

05
Our Value Creation

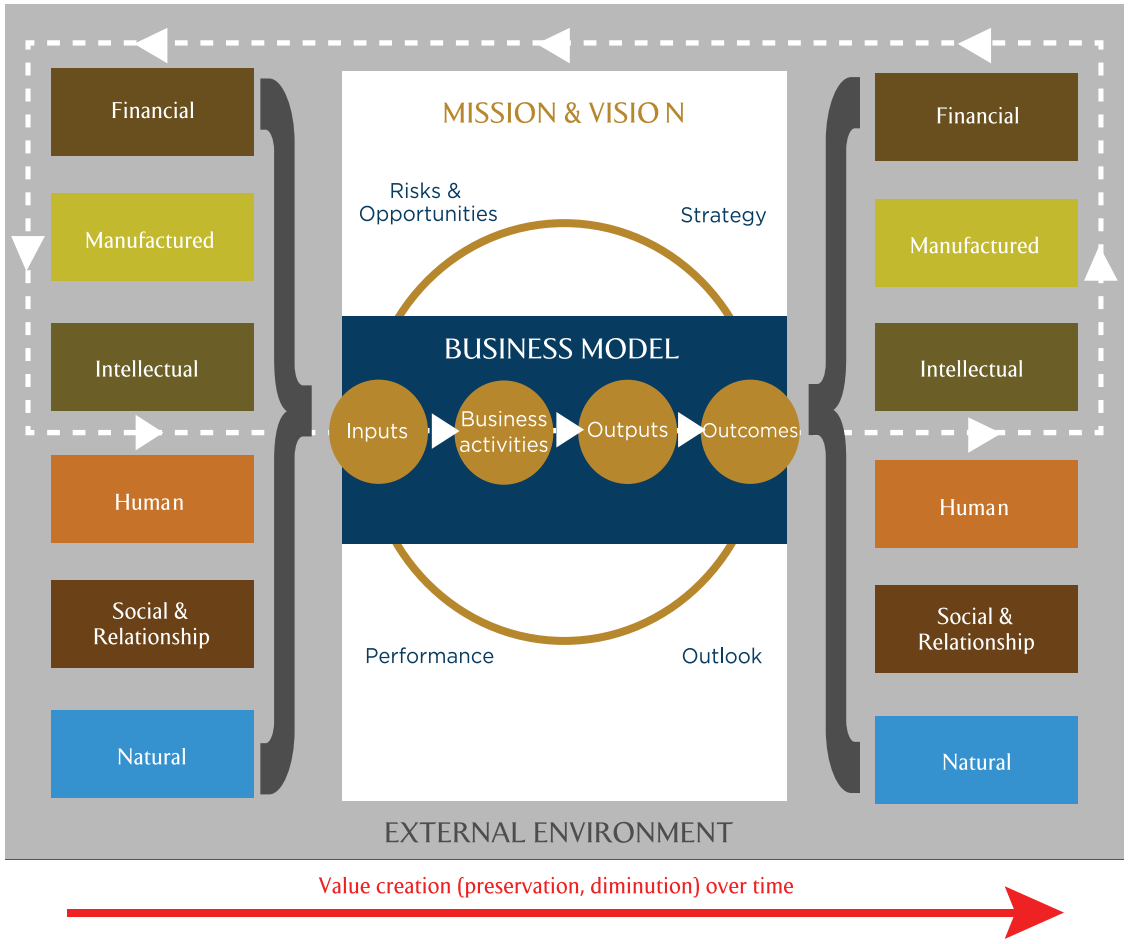
Our Approach: *The 6 Capitals Model*

It is our intent to provide insights into how our resources and relationships; collectively referred to as the 6 Capitals; are used by the organisation. We will also share how we interact with our external environment to create value over the short-, medium- and long-term.

MAINTAINING OUR CAPITALS TO CREATE VALUE IN THE FUTURE

Capitals represent stores of value that can be built up, transformed or run down over time in the production of goods or services. Their availability, quality and affordability can affect the long-term viability of an organisation's business model and, therefore, its ability to create value over time. The capitals must therefore be maintained if they are to continue to help organisations create value in the future.

Based on the International Integrated Reporting Council (IIRC) framework, shown in the diagram below, the following capitals are inputs to our business model.



EMBRACING THE SIX CAPITALS MODEL & THE TRIPLE BOTTOM LINE

The triple bottom line has been particularly influential in corporate reporting practices. For a long time, triple bottom line and sustainability have been the preferred terms to refer to the non-financial reporting practices of large organisations. This was the concept used when we developed our first sustainability report in the year 2017. More recently, we have adopted the 6 Capitals Model approach on integrated reporting proposed by the IIRC. The diagram below shows how the 6 Capitals relate to the Triple Bottom Line approach that we have used in the past.

1. Our Human Capital

Our people are important to us and therefore this is one of the greatest capitals we have. It encompasses people's competencies, capabilities and experience, and their motivations to innovate. It includes alignment with and support for an organisation's governance framework and risk management approach, and ethical values such as recognition of human rights. The ability to understand, develop and implement an organisation's strategy, loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate are also included here. Other aspects include employee turnover, labor/management relations, occupational health and safety, training and education, diversity and equal opportunity.

2. Our Intellectual Capital

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

3. Our Natural Capital

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

4. Our Financial Capital

This is composed of financial resources or the pool of funds available to us for use in the provision of insurance services.

5. Our Social and Relationship Capital

These include our institution and the relationships established within and between each community, group of stakeholders and other networks including the ability to share information and enhance individual and collective well-being. Shared norms, and common values and behaviors, key relationships, and the trust and willingness to engage that we have developed over time as we strive to create and protect wealth for our stakeholders are also included here. Our social license to operate, community related aspects including: corruption; anti-competitive behavior; customer health, safety and privacy; human rights such as non-discrimination, freedom of association, and indigenous rights are also included here.

6. Our Manufactured Capital

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

ENSURING OUR SUSTAINABILITY BY EMBRACING THE SHARED VALUE APPROACH

Having embraced the shared value approach, we recognise that societal needs, not just conventional economic needs define markets. Shared value refers to policies and operating practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities it operates. We further recognise that social harms or weaknesses frequently create internal costs for institutions such as wasted energy, costly accidents and the need for remedial training to compensate for inadequacies in education. We accept that addressing societal harms and constraints do not necessarily raise costs for organisations, because through them we can innovate by using new technologies, operating methods, and management approaches; and as a result, increase our productivity and value creation.

Our commitment to the shared value approach highlights our desire to spearhead and propagate opportunities for future generations. We are committed to embedding the principles of integrated thinking in our business. For us to be accountable to our stakeholders, we have to be understood. In light of this, integrated reporting allows us to communicate our commitment towards this end, our dreams and aspirations in creating a better future, and where we are on this journey. We have structured this section of the report in the form of the 6 Capitals and hope that they will be useful to our stakeholders in understanding the Company, our material issues driving our strategy and how we respond to the needs of our stakeholders.

1. HUMAN *Capital*

OUR PEOPLE ARE IMPORTANT TO US

Our people are vital to our success. Indeed, one of our core values is "Our People Are Important To Us". Our strategy unquestionably articulates that our People are our most important asset. Our ability to attract and retain skilled, diverse talent will provide us with strong potential to achieve our vision and mission and indeed deliver on our strategic objectives. This will be realised by providing a consistently excellent experience for our stakeholders.

We continue to create and maintain an environment that attracts and retains the best staff and have put in place the conditions and structures to enable all our People to fulfil their career aspirations in a manner that is not only "Employer of choice" for them, but also challenges them and supports their development. A testament to this drive to delight our employees is evidenced in the awards achieved by ICEA LION. (See pages 14 and 224 to 225)

PERFORMANCE MEASUREMENT & GOAL SETTING

The performance management process at ICEA LION is based on the Balanced Scorecard (BSC) performance management model which is an elaborate process where corporate goals are cascaded down to the individual level. The business appreciates the importance of every employee having a clear understanding of expectations for their work. Employees also need context, which includes an understanding of where they fit into the company and how they contribute to the overall success of the organisation. This starts with corporate and executive goal setting, which cascades into manager, team, and individual goal setting. Aligning our entire workforce with higher arching business goals helps to set clear priorities and direction, which ensures that individuals are able to feel ownership in the business through individual targets.

The Company operates on a five year strategic plan which is translated into annual business strategic goals. In line with the reviewed corporate strategic plan, departments review their performance plans for the year and determine specific initiatives and targets to be implemented at functional and at individual level in order to achieve departmental and corporate strategies.

ENCOURAGING INNOVATION

Innovation is integral to our sustainability strategy. The Company has recently set up a fully-fledged unit: The Growth and Innovation Centre (GIC). This unit, headed by a specialised Senior Leadership Team, will be the focal point and incubation hub of Company innovations and places us firmly on the journey towards becoming an insight driven organisation.

A Growth & Innovation Board Committee (GIBC) is the Board's oversight and liaison committee on formulation and implementation of the Company's innovation agenda and related matters. It works through an ICEA LION management level innovation coordination committee, the ICEA LION Growth & Innovation Management Committee (GIMC).

INNOVATION AT STAFF LEVEL

Since 2015 we have had a staff innovation committee comprised of members drawn from different functions, with diverse skills and more recently, with a millennial mindset. The main purpose of this committee is to act as a catalyst in collection of innovative ideas from the staff and external stakeholders focussing on the following areas: products, processes and policy. This team is guided by an innovations policy and strategy. The committee is made up of two teams that is, the incubation team which is responsible for receiving ideas from employees and external sources, discussing and filtering them for relevance to the business. The evaluation team then refines these ideas for business alignment, whilst the product development team designs the solution. The marketing and communications team then develops and implements the go-to-market strategy.

The innovation team has in the past rolled out a digitised innovation platform; the ICEA LION Innovations Portal; which serves as a repository for ideas generated by staff. Several new ideas have been derived from this platform. The "Mulika Gharama" project which aimed to highlight where the company is leaking resources has helped reduce expenses and encouraged responsible consumption within ICEA LION.

ENGAGED EMPLOYEES

ICEA LION is cognizant of the fact that engaged and committed employees are at the core of our sustainability agenda. We are keen to continue improving to meet the constantly changing needs of the multiple age groups at ICEA LION; ranging from baby boomers to millennials; we have sought benchmark solutions from outside ICEA LION. We have participated in Deloitte's annual Best Company to Work For (BCTWF) Survey conducted by Deloitte South Africa. The survey assesses employees' perception and experience of the organisation's people practices.

Ten parameters are measured, including: leadership, operational effectiveness, inclusion, relationship's with managers and supervisors, fairness and equity, learning and development, values and culture, performance and recognition, remuneration and overall job satisfaction.

The results of this survey shows that our people are highly engaged and are proud to work for ICEA LION. The awards and accolades received by ICEA LION in the past few years in this regard are outlined in Appendix 1.

Other internal employee engagement surveys including a recently released Culture Survey have been administered and the results show that employees are highly engaged. To improve on employee engagement levels, ICEA LION has taken the following steps over the last three years:

- Survey results are shared with employees in order for them to know that their voices have been heard and steps taken to close the gaps.
- Managers and Supervisors have been sensitised as to the critical role they play in ensuring high employee engagement levels and its correlation to their individual relationships with employees.
- Employee wellness programme has been revamped to include medical checks, counselling services that is also extended to family members.
- Wellness/Fitness programmes have been deployed over lunch hour and afterhours to improve health and general wellbeing.

SUSTAINABLE WORK-LIFE BALANCE

Employee Wellness

Employees spend most of their waking hours at work. We depend on a healthy workforce, and we support our employees through a range of initiatives that create a productive and health-promoting workplace. Our workplaces are designed and maintained to reflect the ambience and ergonomics critical to superior employee productivity.

To achieve employee wellness, we have put in place an elaborate and comprehensive employee wellness programme to ensure a preventative rather than curative approach to the health of employees. We partner with employees to encourage individuals to take charge of their own health and wellbeing.

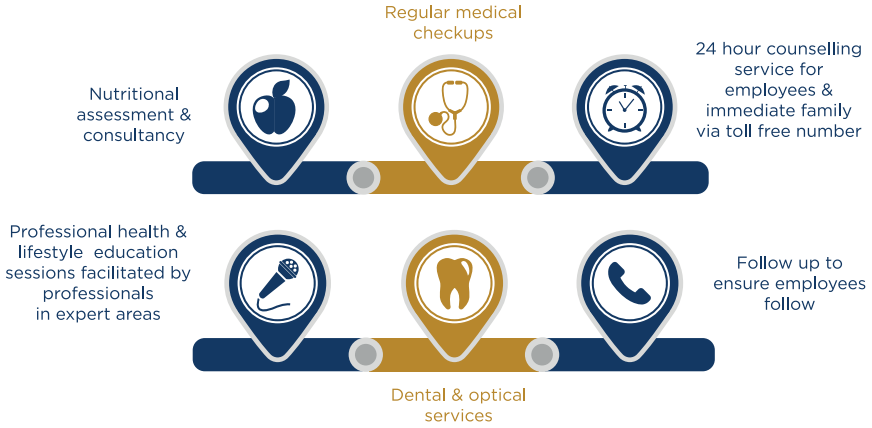
KEY ASPECTS ON EMPLOYEE ENGAGEMENT			
JOB SATISFACTION	MANAGER EMPLOYEE RELATIONS	INCLUSION	CAREER DEVELOPMENT
SCORE	SCORE	SCORE	SCORE
2014 - 4.21	2014 - 4.22	2014 - 4.14	2014 - 3.74
2015 - 4.41	2015 - 4.23	2015 - 4.08	2015 - 4.16
2016 - 4.43	2016 - 4.24	2016 - 4.08	2016 - 4.24

**A score of 3.7 out of 5 achieves the Deloitte Seal of Excellence which identified the company as having best practices in people management*

We give them the tools and information they need to understand their own health care needs. The programme's aim is to increase the number of employees and their families who are healthy at every stage of life.

Good health also comes from clean air and water, safe outdoor spaces for physical activity, safe worksites, healthy foods, violence-free environments and healthy homes.

Our approach to employee wellness incorporates the following:



Other initiatives include:

- **Sport,** to enhance and sustain the wellness programme, the business has undertaken the following:

  - The Company has developed a modern gym facility for use by ICEA LION staff. The facility is free and supervised by a qualified gym instructor. Staff are encouraged to use the facilities during morning hours, lunch breaks and evenings. Plans are underway to have the facilities open during weekends and public holidays.

  - Various indoor games such as darts and table tennis are available during lunch hours and in the evenings.

  - Annual Family Fun day that incorporates sports activities

  - Participation in industry events such as the AKI football and volleyball tournaments that culminate in the annual AKI Sports Day. ICEA LION was ranked second overall in 2016.

  - Participation in industry events such as the IIK Quiz Tournament. ICEA LION were crowned the overall winners in 2017.

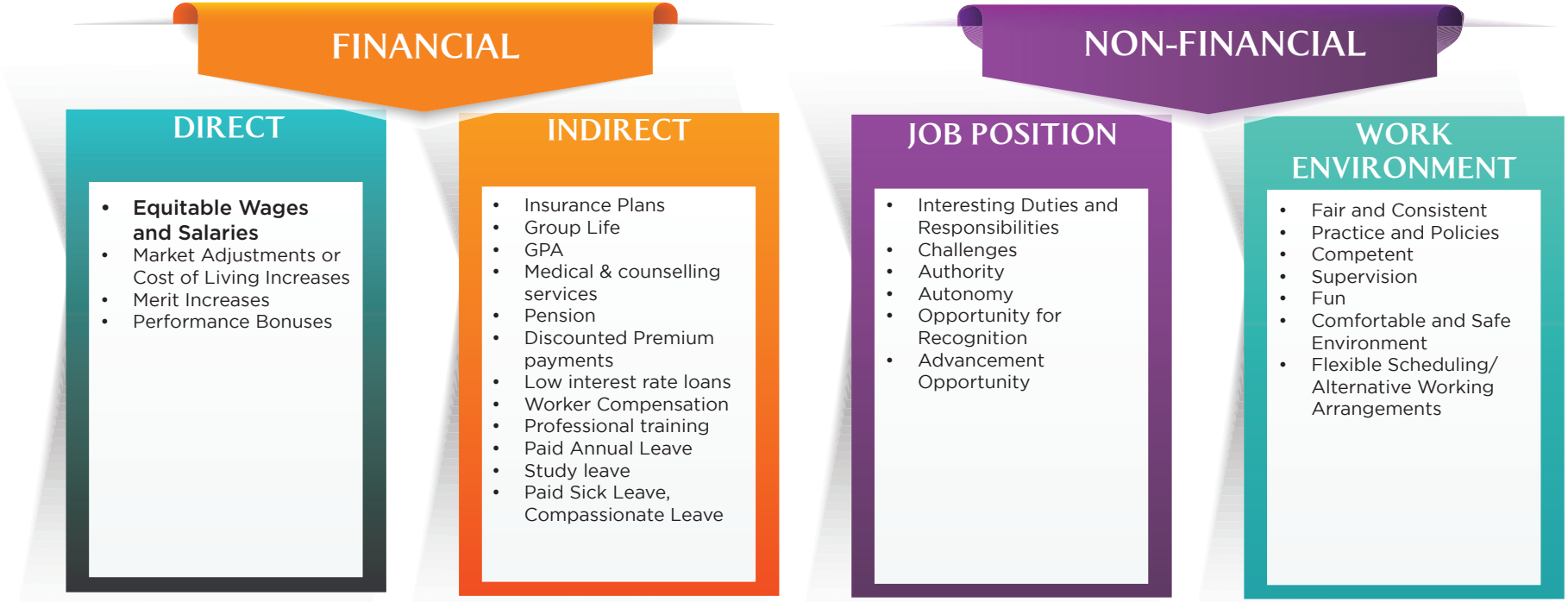
- **Nursing Mothers Room,** in a bid to support breastfeeding mothers, a nursing room has been allocated to allow new mothers to express milk for their babies.

FAIR & TRANSPARENT REWARD

Our compensation mechanism focuses on total reward; where people and performance matter. We provide a transparent, fair and integrated offering to attract, motivate and retain highly qualified employees.

The reward package not only includes salaries, but the direct and indirect rewards and benefits employees are provided with in return for their contribution to the Company goals.

The compensation and benefits programme comprise of both financial and non-financial as illustrated below:



To ensure that we are giving competitive salaries for all positions and that our benefits are also competitive, we participate in salary and benefits surveys. As a result:

- Employee salaries were benchmarked to the market as per the latest PWC salary survey.
- Employees enjoy a host of benefits that are among the most competitive in the market.
- ICEA LION has a robust award-winning employee training and development programme.
- Our office environment is state of the art, the ambience, décor, ergonomics and general environment is a morale booster. The office walls are enhanced with images that ignite a feeling of pride and belonging; these walls are used for strategic internal messaging.
- ICEA LION organises sports and team building events for team integration and collective inspiration throughout the year.
- Recognition for employees who demonstrate exemplary performance.

JOB EVALUATION & SALARY SURVEY

In 2017, we began the process of conducting a job evaluation and salary survey exercise for the Company. The focus of the project is to create an equitable compensation system through an appropriate job classification in order to establish an orderly, rational, systematic structure of jobs based on their worth to the organisation as well as establish the Company's compensation level relative to the market. Now in its final stages of completion, the recommendations from the exercise are to be implemented with effect from January 2019.

COMPETENCY IN FOCUS

The performance management process at ICEA LION is based on the BSC performance management model. The corporate strategy is cascaded down to individual level through the Balanced Scorecard system where strategies and targets at corporate level are broken down into specific and measurable activities for individual employees. We have over the past two years improved the balanced score card processes in a bid to further align them to corporate goals and objectives. A multi-rater feedback tool that allows for 360 degree evaluation reviews by supervisors, peers and subordinates had been deployed and further serves to improve the performance appraisal processes. The BSC score counts for 80% of the total score and the 360 degree evaluation reviews for 20%.

A LEARNING ORGANISATION

ICEA LION provides opportunities for staff to develop and grow themselves. A robust in-house process of upskilling employees technically is in place and has largely contributed to our people being recognised for their high level professionalism and technical expertise. ICEA LION pursues various approaches to deliver training and development, including in-house training, e-learning platform training, mentoring, coaching, local and overseas technical and leadership training, paid membership in professional organisations, and an in-house Company library.

Some of key milestones achieved in the area of staff training and development over the last three years include:

ICEA LION Academy: The need to establish the ICEA LION academy was informed by the need to utilize internal capacity and expertise to upskill others employees. The purpose of the academy is to address both technical and personal skills development training. The approach to staff development and growth under the academy is as follows:

- Up skill employees technically through attachments: A number of employees from Uganda and Tanzania have been attached to various departments within ICEA LION Kenya, in particular, Underwriting, Claims, Finance, ICT, HR, and Sales.

- Build the capacity of the branches and the subsidiaries: our ICT team in Kenya has spent time within our subsidiaries in a bid to transfer skills and knowledge on our core systems. Over the past year, the HR team has carried out performance management and Balance Scorecard training across the East African units.

- Make a contribution towards career progression. A number of employees have been seconded to Uganda and Tanzania as part of their own personal development processes.

Number of employees who have been trained overseas:

In the last three years a total of 14 employees have been sponsored to undergo overseas training. The countries where staff have been sponsored to train in include Canada, Sweden, South Africa, Germany among others.

Number of in-house training programmes:

In the last few years a number of in-house training sessions have been conducted. The learning penetration rate is shown in the table at the end of this section.

E-Learning Café:

Our e-learning platform available to all staff enables staff to access the portal from anywhere and on any device. The modules range from customer experience, to business etiquette to developing emotional intelligence. The team are also required to undertake some mandatory courses in line with the departmental strategy and this is included in their Balanced Scorecards.

SENIOR MANAGEMENT DEVELOPMENT & GROWTH

To develop strategic leadership skills for managers, all senior staff were enrolled for a mandatory one year management programme. This was in recognition of the fact that the success, execution and translation of the corporate strategy developed to drive the business; would be determined by the extent to which the leadership cadre is equipped with the pertinent skills.

The training was to equip senior managers with the advanced decision-making, and execution skills they need to excel as multifaceted leaders. The focus of the programme therefore was to up-skill managers in leadership, ability to motivate, customer service, goal setting and planning, leading change, and coaching and mentoring, among other skill areas.

MIDDLE MANAGEMENT DEVELOPMENT & GROWTH

All managers were trained for a one-year mandatory programme on leadership and performance. This training which was in a bid to set the foundation for developing exemplary leadership and creating a performance oriented environment for this level of management. Continuous development for middle management is through sponsorship to facilitated sessions and learning through the e-learning platform.

Specific approaches towards employee development and growth included: on-the-job training, formal training, short-term courses, professional examinations, E-learning, further education and private education.

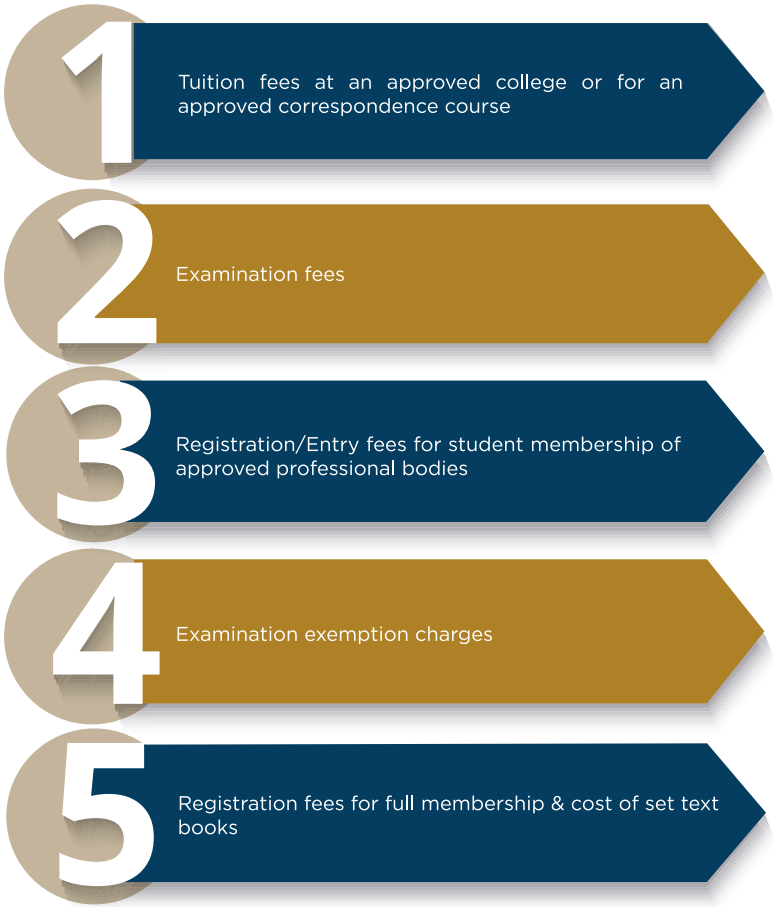
RETAINING TALENT & SUCCESSION PLANNING

- **Talent Management:** At ICEA LION, talent management involves acquiring, hiring and retaining talented employees. To drive optimal levels of success, we need engaged, high-performing employees. A key strategic focus the Human Resources team is to facilitate the growth of the workforce to greatness by aligning talent management with company strategy, defining consistent leadership criteria across all functional areas, and identifying specific competencies (analytical, technical, education, experience) to cultivate for continuing growth.
- **Succession Planning:** A change in executive leadership is inevitable for all organisations and can be a very challenging time. Therefore, it is the policy of ICEA LION to plan appropriate actions in case a person acknowledged as a key person or who currently occupies a critical position in the Company is no longer available to the business. This will ensure stability and accountability of the Company. A board-approved succession plan in which critical roles, potential successors, current skills and competency gaps is in place.
- **Mentorship programmes:** To empower staff to take ownership of their roles and the business, a coaching and mentoring culture is imperative. Coaching allows managers to adopt a more facilitative style in their management, helping their staff to solve their own problems and take responsibility for results. The business has put in place a structured coaching and mentorship programme in 2017.

TRAINING SUPPORT

We believe in developing our people and rewarding those who work hard and invest their time and energy in contributing to ICEA LION's success.

Professional courses are fully funded and comprise of the following:



As part of support and motivation, staff who pass professional papers are given a token amount for each paper passed. Once they qualify, the success is celebrated with their colleagues within their departments.

Monetary rewards are also extended to others pursuing academic courses such as degrees, diplomas and certificates upon completion/graduation.

WELCOMING NEW MEMBERS TO THE ICEA LION FAMILY

Employees are introduced into this fulfilling relationship on the day they join the family. An elaborate onboarding process ensures that all newly joining staff get to navigate through and understand their new environment as fully and as quickly as possible. Our on-the-job training and mentorship programmes are focused on assisting new employees to settle down and commence the value adding process expeditiously. We aim at providing both a supportive and welcoming environment to all its new members of staff with a goal of making it easy for them to be assimilated into ICEA LION's unique culture.

ROTATION/SECONDMENT PRACTICES

We provide employees with opportunities for job enrichment, career development and recognise that job rotation provides opportunities that broaden an employee's knowledge and understanding of a work unit and its processes. It also provides an opportunity for the business to place employees where their strength lie, ensuring employees within the department are able to work in any sections within the department in line with the Company strategic objective of One Stop Shop for customers. In this regard, we provide employees with the opportunity to participate in job rotation. Job rotation involves moving employees through one or more positions outside of their functional units with a view to helping them to gain exposure to the full scope of an activity. The rotation of employees through one or more positions occurs from time to time subject to the operational requirements.

SHAPING A DIVERSE, INCLUSIVE WORKFORCE

Diversity and inclusion are strategic to our business. A workforce with a broad range of backgrounds, perspectives and experiences drives innovation and makes the business more resilient. It is a key success factor in an increasingly global, multi-faceted and competitive market. Diversity for us extends beyond gender, race, religion, ethnicity, disability, marital status and age to include other aspects like experience and family situations that individuals bring to the workplace.

Inclusion for us, is about treasuring diversity and building a community of engaged employees. Consistent with our Code of Conduct, we have a zero-tolerance policy for discrimination and harassment in the workplace. The innovation team has been revamped by bringing on board a more multifaceted and millennial-oriented team to the committee. This team represents the interests of our younger employees.

INTEGRATED INCLUSIVE CULTURE ACROSS THE COMPANY

At ICEA LION, employees enjoy a familial and enabling social environment where all employees feel the warmth, friendship and heartfelt support of colleagues. Well-structured and fun filled team building events are held regularly to motivate employees to take on new challenges, think outside of their normal routine. This has increasingly helped to break barriers and ignite creativity. The camaraderie experienced in the ICEA LION workplace, within an atmosphere that is uniquely cordial has been praised by employees, past and present.

The process of developing strategic plans at corporate and departmental level involves staff at all levels through focus group sessions in a bottom-up approach meant to ensure that staff are consulted about matters that affect them. Upon conclusion and approval of strategic plans, an elaborate cascading process is embarked upon to enhance staff appreciation of strategic goals at Company and departmental level.

BRINGING PEOPLE TOGETHER

The ICEA LION team provides forums through which staff participates in Corporate Social Responsibility events sponsored by the Company. The Corporate Social Responsibility listing provided in the Appendices outlines the various initiatives the company has supported since 2013. These involve the Insurance Regulatory Authority (IRA) Annual Cerebral Palsy Walk, The Association of Kenya Insurers (AKI) Annual Medical Camps, the Insurance Institute of Kenya Annual Golf Charity Tournament, the Nairobi Hospital Annual Children's Heart Fund Charity Golf Tournament, the Kenya Diabetes Management Walk and many others. Closer to home, the ICEA LION family joined their neighbours, the Consolata Catholic Church to clean up a low income dwelling area known as the Deep Sea Slum.

This is in addition to numerous other engagements in this regard. There are also adhoc requests that come through from our Clients and Business Partners which are considered and adopted as required. Between 2015 and 2017, the ICEA LION team put in approximately 1805 hours of community service. The ICEA LION Family Fun Day is hosted annually. During the event, family members of employees interact with other employees and their families in an event full of fun and enjoyment. The function plays a major role in our efforts to break barriers across various divides, as well as engage with the wider ICEA LION family who we don't interact with in the office.

Client engagements are hosted as required either on site or at various hotels across the country. ICEA LION has hosted several Client engagements over the years to interact with Clients outside the office environment. This takes many forms including cocktails, golf events, luncheons, breakfasts and so on. These take place countrywide in each town where we have a branch. Over the past four years, we have participated in several events and activities highlighting diversity and inclusion. We have in the past co-sponsored the "Women on Boards Network (WOBN)" events. WOBN is a body that is supporting the advancement of women in senior leadership positions.

Our CEO presents our team member with an award at the End Year party

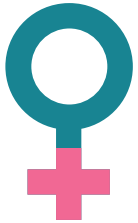
Staff participate in pop quizzes for prizes at the End Year party

Staff & family members make the 100 metre dash at the Family Fun Day

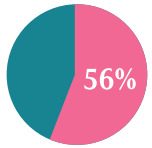
One of the teams gear up for a race at the Family Fun Day

WOMEN IN MANAGEMENT

We have over the years increased the number of women in management positions and taken appropriate steps to support future female leaders. We strive to continuously improve the working environment to enable us build on the number of women in talent pools. Our statistics are as below:



In 2017, 47% of managers were women, up from 32% in 2016.



Women represented 56% of our total workforce in the year 2017.

FLEXI TIME POLICY

We have introduced flexible working arrangements through a flexi-time policy that was Board approved in the year 2017. The flexi-policy allows staff to determine when they will work. Advantages include allowing employees to coordinate their work hours with public transport chedules, with the schedules of their school going children, and with daily traffic patterns to avoid high congestion times such as rush hour.

MAKING A DIFFERENCE THROUGH OUR EMPLOYEE VOLUNTEER PROGRAMME

Our employee volunteer programme provides a way for our people to be change makers in society, within their local communities and globally. Employees are provided with opportunities to volunteer their time and skills to make a positive contribution to society. It complements local volunteer activities that have taken place over many years. Some employees are mentoring university students through programmes such as AIESEC.

Other employees sit in industry round tables and contribute towards the development of emerging general insurance matters. This includes the marine committee, claims committee, anti-money laundering, risk management, ICT, marketing and so on.

As outlined above, between 2015 and 2017, about 180 staff have engaged in corporate social responsibility engagement events. This has culminated in approximately 1805 hours of community support.

SAFEGUARDING HEALTH & SAFETY

Ensuring a safe and healthy workplace is a fundamental part of our corporate responsibility. Our inclusive approach to Occupational Health and Safety (OHS) includes all persons who are employed by the Company. Our vision is zero major incidents and we work actively to prevent injuries and work- related ill health.

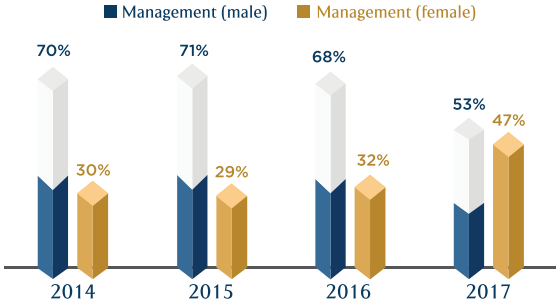
To avoid incidents and prevent work-related hazards, we apply a risk-based approach that is based on transparency and inclusiveness. We have over the past year made progress towards our target; to increase frequency and quality of incident reporting and handling, and to increase knowledge and awareness within incident handling for selected job roles.

Competence and awareness are key to reducing major incidents. We have therefore set out training requirements as part of a comprehensive approach towards achieving a high standard of OHS performance. To fulfil our vision, in 2017 we launched our programme designed to increase OHS training and awareness to OHS committee members and champions and eventually to all staff. This programme includes the launch of an incident reporting tool which has been rolled out as part of the Governance Risk and Compliance system. Through this tool, incidents that occur throughout the organisation can be reported immediately. Follow-up actions can then be taken.

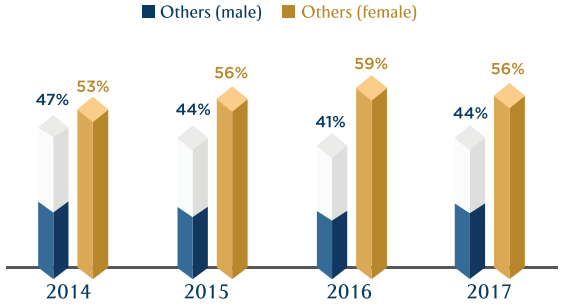
There were no fatalities reported in the year 2017. As part of our inclusive approach, we also address and report on agents and contractors.

Human Resource *Data*

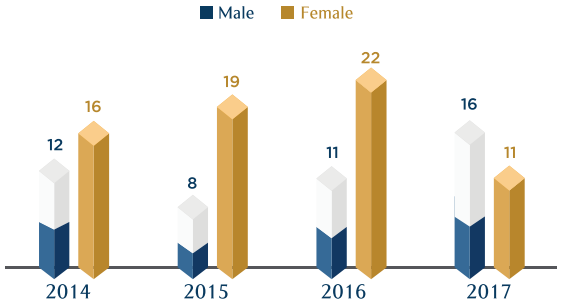
Management Staff Gender Balance (%)



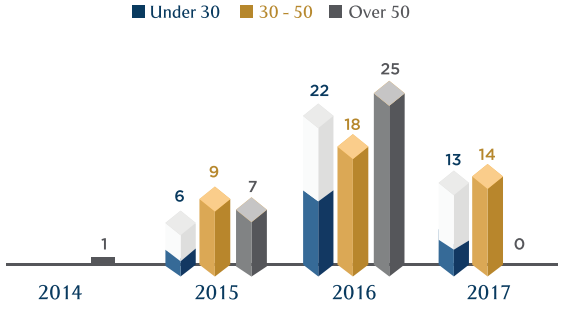
Other Staff Gender Balance (%)



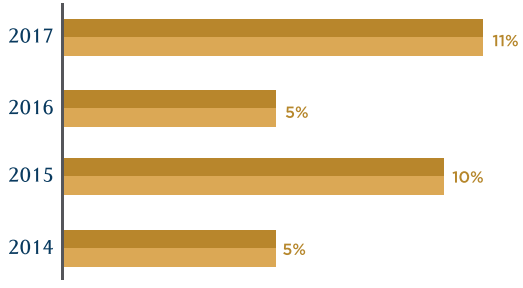
New Hires



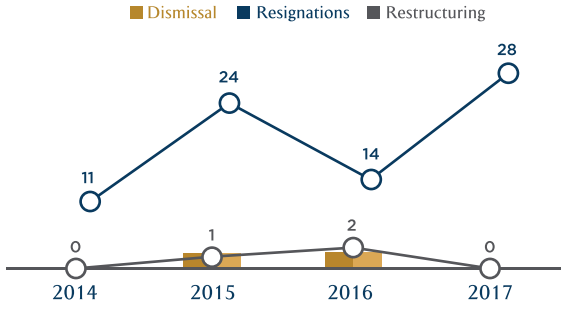
New Hires by Age



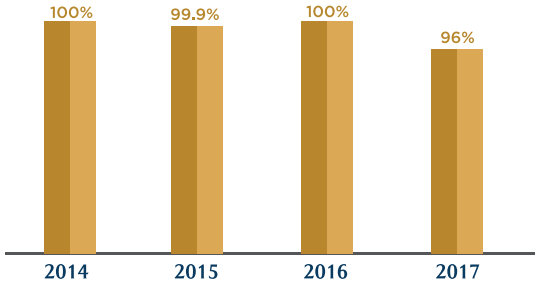
Staff Attrition Rate



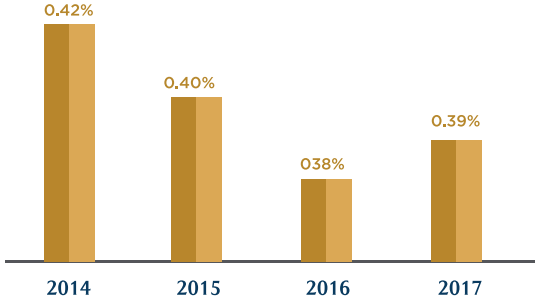
Staff Separation



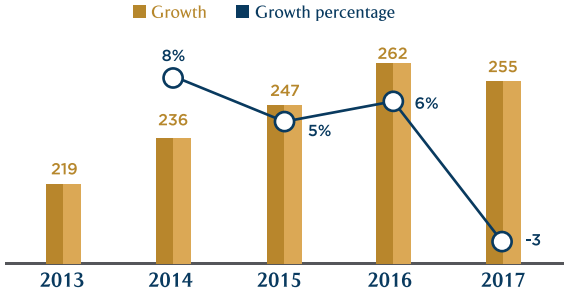
Retention Rate for Best Performing Staff



Absentism Percentage

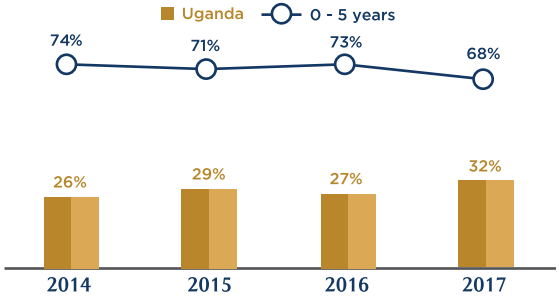


Total Headcount

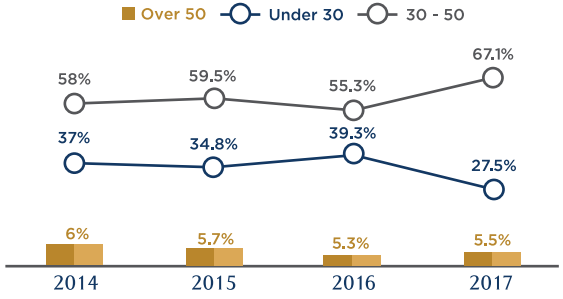


Human Resource *Data (continued)*

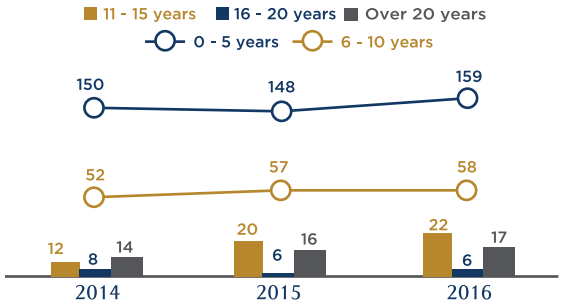
Regional Split of Headcount (%)



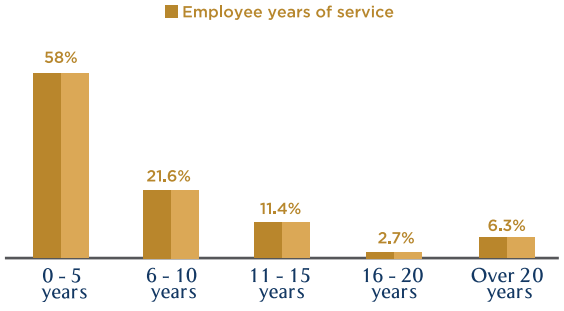
Headcount by Age Group (%)



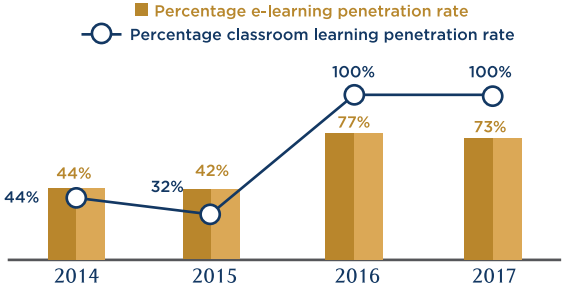
Employee Years of Service



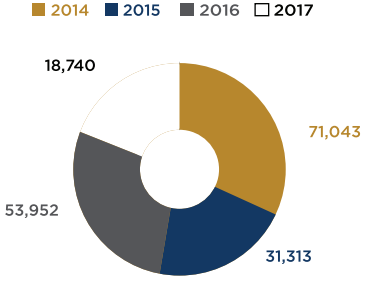
Employee Years of Service 2017



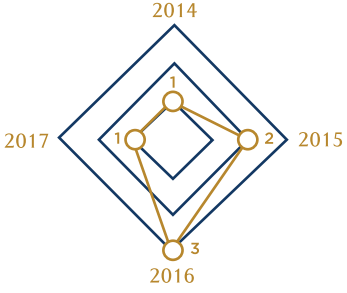
Employee Learning & Development



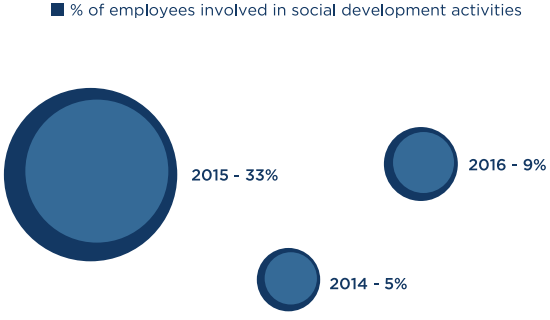
Learning Costs per Employee (KShs)



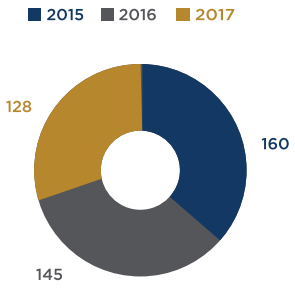
International Training & Exposure



Commitment & Patronage



Wellness Program



2. INTELLECTUAL *Capital*

Sub Saharan Africa's First Qualifying Recognised Overseas Pension Scheme

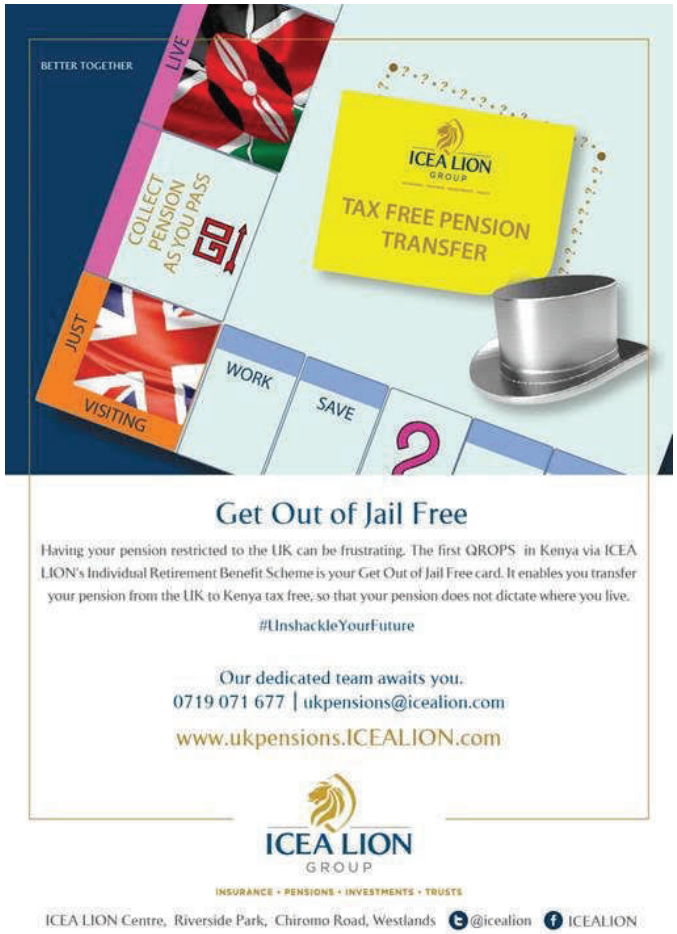
In 2015, we were delighted to be the first and only **QROPS** provider outside South Africa. ICEA LION Individual Retirement Benefits Scheme is recognised by the UK's HMRC (Her Majesty's Revenue and Customs) as a Qualifying Recognised Overseas Pension Scheme (QROPS), with an approval letter Dated: December 17, 2014; and Ref No. QROPS900496. There was a change in UK Revenue and Customs Law in 2016 and ICEA LION Life Assurance remained compliant. We are still the only insurer outside South Africa to offer this product.

QROPS allows persons with Corporate Pensions in the UK move their funds back to Kenya Tax Free! This product confirms our commitment to innovation and to finding solutions as insights from an October 2010 report by the International Organisation for Migration: Harnessing the Development Potential of Kenyans Living in the United Kingdom indicated the below:

ICEA LION Life Assurance innovated on this and other research information to apply to deliver this solution to the UK Market.

The advantages of this product include:

- Clients enjoy tax efficiencies where they avoid 55% UK tax on death benefits on some transfers
- There is a minimum guaranteed return of 4%. The average return has been above 10% in the last 3 years. Clients enjoy an earlier retirement age of 55.
- Clients can also access their funds in lump-sum, income draw down or annuities. Another advantage is that there is no Life Time Allowance (LTA).
- The product offers security in that clients are protected from creditors, funds can be more easily monitored from home as opposed to having the



The LION's Perspective Newsletter: Personal Retirement Scheme Edition

In order for us to improve our brand recall and indeed stand out from our competitors, in 2017 we introduced The LION's Perspective. This name reflects what we wish to share with our Clients – our perspective – as we protect and create their wealth!

In addition to other Newsletters by the Group, this PRS newsletter was a shorter and more targeted bulletins sent to the relevant recipients. The first newsletter was sent out in January 2017 with the second scheduled for release in Mid 2017.

The newsletter provides an economic review and market updates as well as an FAQ relevant to the audience. It also provides some information about activities ICEA LION has engaged in that may be of interest to the audience.

The LION's Perspective

THE ICEA LION CLIENT BULLETIN

JAN 2017

Protecting and Creating Your Wealth in 2017 and Beyond¼

Dear Esteemed Customer,

Happy New Year!

We are delighted to release the first edition of The LION's Perspective as we seek to engage more with you in 2017 and beyond. Through these bulletins, we will share with you our outlook on the market in order to help you understand your investment with us better. This is a journey we wish to take together and as such invite your feedback on what you would like to hear about going forward, along with other suggestions. We look forward to journeying with you through your life changing moments. We're better together.

Justus Muriga
CEO - ICEA LION Life Assurance

ECONOMIC REVIEW

The following are some of the key highlights:

- GDP Growth - The economy expanded by 5.9%, 6.2% and 5.7% in the first, second and third quarter of 2016 respectively. An increase in GDP is an indication that businesses are expanding/growing. Higher economic growth is expected to be reflected in improved company earnings/dividends. However, if private sector credit growth reduces, following the rate cap, individuals will spend less on goods and services, businesses will be cash constrained and hence profitability may decline. We project a full year growth rate for 2016 at about 6%.
- Inflation - We expect headline inflation to remain range bound within the CBK upper limit of 7.5% due to subdued international oil prices and adequate food security.
- Interest Rates – Kenya has introduced an interest rate cap (CBR+4%) on bank lending rates and a floor on interest bearing deposits (70% of CBR) after the President assented to a Bill that was unanimously supported by Kenya's legislature. The Act came into effect on 14 September 2016. At the moment the CBR is 10%; meaning that the maximum rate a bank can charge on a loan is 14% while the minimum deposit rate on savings is 7%.

MARKET UPDATES

- NSSF 2013 Regulations – The implementation of the new deduction rates still remain suspended pending court verdict. The matter is still under arbitration.
- Budget 2016/2017 Highlights – the following changes that affect the Retirement Benefits Authority and the retirement benefits industry were made this year.
- Immediate vesting of contributions to a member – the employers contributions now vest on the member immediately and not after 12 months as before.
- Post-retirement medical scheme – a member is allowed to make additional contributions that will go directly to fund post-retirement medical covers. Also a member can make transfer of part of accumulated benefits for purposes of purchasing post-retirement medical cover.
- Taxation of benefits - Exemption from tax of the retirement benefits for low income workers. Income from employment paid in the form of bonuses, overtime and retirement benefits are exempt for employees whose taxable employment income before bonus and overtime allowances does not exceed the lowest tax band.

Development of a Trustee Handbook

ICEA LION Life Assurance innovated on the need for trustees to have access to critical information to guide their actions from a regulatory and best practice view point. We introduced the first Trustee Handbook by an insurer.

It is intended that the handbook will assist trustees by providing more detailed guidance on trustees' duties under the Retirement Benefits Act under the various sections of the Retirement Benefits regulations and other relevant legislation, and under trust law generally.

The handbooks is also to be of assistance to trustees in outlining good practice, which should be the aim, even when it is not a mandatory requirement by law. It also contains a foreword from our ICEA LION Life Assurance CEO.

The handbook was released to our trustees, shared with the College of Insurance and available to anyone who requests the same – including our competitors. The inaugural version was released in January of 2016 with an updated version having been release in June 2017. This handbook is also available on our website - **www.icealion.com/corporate-downloads**

Our Internally Developed Bespoke Core ICEA LION Life Management System – ILMS

We believe that through innovation, our business will not only achieve stronger growth, but also be more successful in the long run. We are delighted to be the first and only insurance company to innovate and deliver an internally developed bespoke Core Life Management System (ILMS) – the ONLY PATENTED system in the Kenyan Insurance Industry.

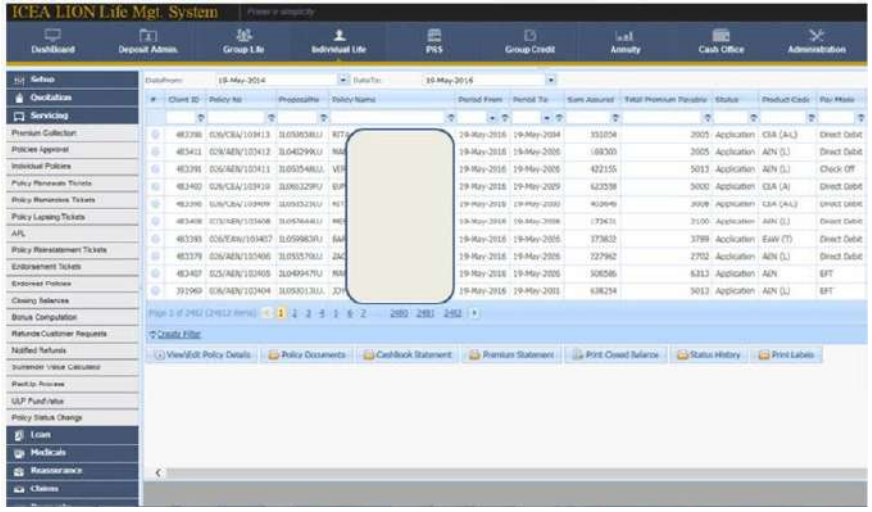
This in-house solution was a customer driven need - developed with the ever-evolving, increasingly techno savvy customer in mind. The preceding system (MICROLAN) was working well for the organization, but was not e-commerce compatible. As such, the organization invested in developing the system so that our customers can enjoy self-servicing and e-commerce functionality. Our award-winning solution is The solution is reliable, scalable and has increased performance efficiency. It fulfills our business needs and is extremely user friendly.

The solution incorporates all aspects of Life Assurance business: individual, group life, and pensions. It manages the entire insurance value chain including new business acquisition, policy management, claims and reassurance. The solution is modular, flexible, and robust and has multi-currency capabilities. It integrates with our Financial, Document Management and cloud Business Intelligence solutions resulting in real time reporting.

This innovation continues to provide our customers and business partners with exceptional service capabilities and superior experience. We have successfully implemented the ICEA LION Life Management Solution (ILMS) in our Kenya office to serve our 130 staff and 700 strong agency force as well as our Uganda subsidiary.

Group Life Module

Individual Life Module



ICEA LION Social Media Engagement Strategy

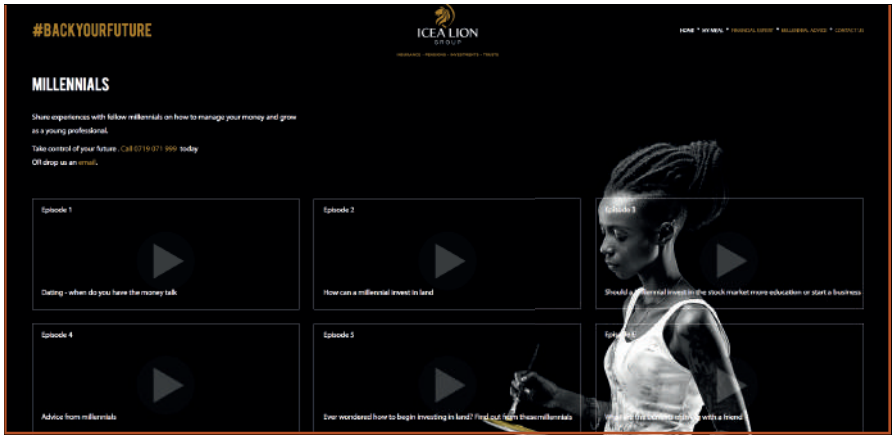
Our marketing and communications strategy, seeks to deliver relevant and impactful engagement channels between ICEA LION and its desired target audiences. Additionally, as part of our goal to deliver profitability, it was integral to utilize solutions that can grow our brand sustainably. The digital sphere was a key channel in this regard.

It is evident that Generation Y & Millennials have a voracious appetite for information, however the traditionally conservative and verbose insurance/ financial services industry struggles to put forward product information in a palatable & relevant format. ICEA LION sought to demystify insurance/ financial services, and also get intimate with our target audience via a relevant and engaging social media platform. Our end goal was to leapfrog our social media platforms & address our challenge by utilizing a disruption & engaging social media strategy.

Our key insight was that everyone seeks financial success. As such, we wanted to own the platform where we facilitate our audience learn about and FOCUS on their financial success. Especially the millennial generation that believes in instant success. We sought to be their partner on that journey and our theme #Preparation Pays was developed. This was a more partner driven approach to financial education than the tradition prescriptive one that had been adopted by financial service brands.

We ingratiated ourselves into their lives in a relevant manner rather than bombarding them with product and corporate information in an unpalatable manner. Further, we developed our iconic black and gold theme that has enabled us set ourselves apart in a financial services sector plagued by matching aesthetics and it paid off – immediately. The ICEA LION brand rose to the most engaged insurance brand in a matter of weeks. We continued to fly this flag high to date.

Below is a snapshot of some of the campaigns that have been instrumental in building our brand and is now part of our intellectual property.



ICEA LION GROUP
October 31, 2016

The best feeling of HAPPINESS is when you are happy because you have made someone happy. We hope we have done that for YOU.

Like · Comment · Share

24K · Top Comments

56 shares

Write a comment...

Press Enter to post.

Dennis Kyallo I am a lawyer by profession. I worked for a certain law firm in Nakuru town and you guys are professionals. You pay claims and legal fees timely and for that am endeared. Good work ICEA.
Like · Reply · 1 · November 2, 2016 at 6:02pm

ICEA LION GROUP Hello Dennis, thank you for contacting us. We appreciate your positive feedback
Like · Reply · 2 · November 3, 2016 at 9:50am · Edited

View more replies

Lilian Odek I'm very happy with ICEA LION GROUP. My solid foundation to
e skies

ICEA LION GROUP
October 28, 2016

A friendship founded on business is better than a business founded on friendship. And this is what we have with you.

Like · Comment · Share

Nyambura Maina and 18K others · Top Comments

82 shares

Write a comment...

Press Enter to post.

Pausha Rassie Guys here am sitting for my kcse on seventh just pray for me en wish me all tha very best
Like · Reply · 3 · October 31, 2016 at 8:02am

View 1 more reply

ICEA LION GROUP All the best Pausha!
Like · Reply · October 31, 2016 at 3:09pm

Isaack Talaam wow!My company for 11yrs now.I love ICEA so much.long live ICEA.
eply · 2 · October 30, 2016 at 7:07am

ICEA LION GROUP
October 19, 2016

Be the best possible version of you.
We'll be here every step of the way.

Like · Comment · Share

19K · Top Comments

31 shares

Write a comment...

Press Enter to post.

Theo Ruto Oh yes, I personally agree with you guz. Because I have heard and also see, what you have done to your customers. As a mechanic I have gone several quotation and repair of motorcycle brought by different companies, but I can't compare them with ICEA LION GROUP. Actually your ahead of them.
Like · Reply · 1 · October 21, 2016 at 9:28pm

ICEA LION GROUP Thank you Theophilus Ruto we really appreciate your feedback.
Like · Reply · October 22, 2016 at 1:28pm

Abel Ogaro In unity there is a chance to prosperity

ICEA LION
GROUP
SALUTE YOUR CONQUESTS.
VISIT BACKYOURFUTURE.COM
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
#BACKYOURFUTURE 0719 071 999

ICEA LION
GROUP
GET THERE FASTER.
VISIT BACKYOURFUTURE.COM
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
#BACKYOURFUTURE 0719 071 999

ICEA LION
GROUP
MY FORMULA. MY STORY.
VISIT BACKYOURFUTURE.COM
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
#BACKYOURFUTURE 0719 071 999

ICEA LION
GROUP
DON'T DREAM. BUILD.
VISIT BACKYOURFUTURE.COM
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
#BACKYOURFUTURE 0719 071 999

ICEA LION
GROUP
THE PRECISION TO CUT THROUGH.
VISIT BACKYOURFUTURE.COM
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
#BACKYOURFUTURE 0719 071 999

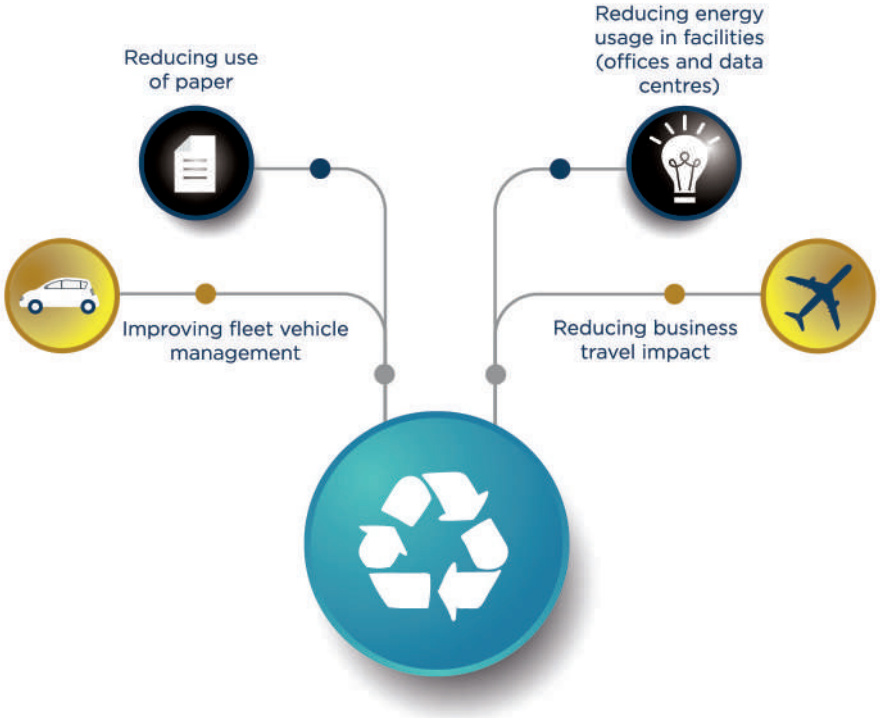
3. NATURAL *Capital*

RESPONSIBLE CONSUMPTION

As a financial services player, we relate to various sectors of the economy and can therefore influence how our stakeholders relate to natural resources. The importance of environmental protection to minimise business related environmental risks and maximise environmental benefits such as sustainability, recycling, waste minimisation, pollution prevention. Ecological preservation forms a key part of our operating philosophy.

We continuously work to reduce the carbon footprint of our activities. This has been largely driven by the "I Belong Here - It's My Business" culture campaign deployed as part of the Lean Six Sigma campaign. This project aims to encourage employees to identify areas where wastage and consumption can be reduced and to take accountability for their actions. By doing so, they become the beneficiaries of a positively impacted bottom line through bonuses and increments. Various internal communication programmes were initiated resulting in reduced consumption and wastage as highlighted in the facts and figures section.

We have a four-pronged approach for this:



We have set-up of environmental performance baselines in our quest towards the development of an Environmental Management System (EMS).

FACILITY ENERGY USAGE

As part of our focus towards environmental sustainability, we are intent on measuring, monitoring and lowering our carbon footprint. Our carbon emissions have been measured according to the general accepted standards of the Greenhouse Gas (GHG) Protocol. In measuring this, we have limited our energy consumption to electricity, motor vehicle, fuel, air travel and water consumption.

The charts in the section below indicates the reduction in our water, travel, electricity and newspaper usage over the past year. In future reports, we will track the carbon footprint from our subsidiaries. Various strategies have been deployed over the past two years including the disposal of company owned vehicles. Apart from that in pursuing the "shared economy model", ICEA LION started the use of Corporate Uber as a means of reducing motor vehicle, time and energy costs.

We have also reduced our footprint through the use of plan offices. We regularly conduct energy audits which will assist us in meeting the Energy Regulatory Commission Guidelines. In our day to day operations, automation and an automated document management system has led to reduced paper usage. Some staff members have opted for e-newspapers as a means of reducing paper usage.

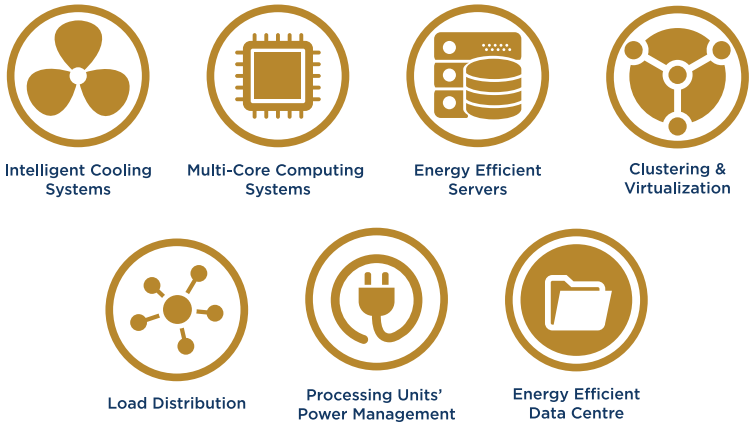
	2015 (Kshs)	2016 (Kshs)	2017 (Kshs)
Travel	530,000	923,000	1,300,000
Electricity	4,510,000	4,740,000	4,431,000
Newspapers/Books	636,000	815,000	833,000
Printing costs	15,888,051	11,908,540	10,593,230

There was an increase in air travel costs in the year 2017 due to increased travel to the subsidiaries.

EMBRACING GREEN TECHNOLOGY

With rising energy consumption, global warming and e-waste, we have deliberately taken into serious consideration the concept of green computing as our contribution to best practice for sustainable development. We have aligned our ICT processes and practices to find innovative and alternative ways of using ICT across the organisation and beyond to deliver environmental benefits.

Our initiatives include:



These initiatives are elaborated below:

Green Deployment

- **Virtualization** - Our data centre runs all our core application systems on a virtualized environment that has eliminated the need for dedicated servers for applications, allowing for the running of multiple operating system on minimal hardware at optimal performance. Our server footprint has reduced 15-fold.

- **Cloud computing** - We have migrated some of our processes to cloud computing providers who are focused on environmental sustainability. We have adopted cloud deployments for services such as email, business intelligence, back-ups and disaster recovery with sustainability cloud providers such as Google Cloud©, Microsoft Azure© and Chartio©.

Green Disposal and Re-use

We have partnered with our vendors for recycling used equipment and parts such as inverter power back batteries which are collected upon expiry of recommended run time and recycled in socially and environmentally desirable processing and re-use methodologies. Replaced computing equipment are appraised and reused within the organisation.

Data Centre Sustainability improvements

In building our data centre towards eco-friendliness, the following targeted initiatives have been implemented.

- **Air reticulation -** Our data centre design has incorporated the separation of the cold and hot aisles to reduce cooling power required. With this, our data centre air conditioning systems settings have been adjusted up by 4°C leading to a reduction in energy consumption.

- **Cooling System -** We deployed in-row self-contained air conditioners by Tripplite© that provide large amounts of cooling power for much less electrical power compared to traditional cooling systems. This combined with air reticulated design of the data centre has resulted in reduction of cool air leakages and allowed for the reduction of run time of the installed Air conditioners from full time run to every other week.

Green Use of Technology

- **Wireless Telecommuting** - Our Head Office has deployed wireless connectivity across all offices and meeting rooms. This allows meetings to take place without the need for paper reports.

- **Paperless processing** - We have implemented end to end document processing system and automated workflows which has ensured elimination for paper flows across offices.

OUR WILDLIFE CONSERVATION EFFORTS

For more information about our wildlife conservation efforts, please see the section on our corporate social investment initiative on lion conservation under the Social and Relationship capital on pages 119 to 125.

4. SOCIAL & RELATIONSHIP *Capital*

THE HIGHEST EMPHASIS ON CORPORATE GOVERNANCE

We have a reputation for honesty and integrity in our management practices. This indeed lives up to one of our four core values - "We Champion Integrity." We have developed a robust corporate governance framework anchored on global best practice governance systems. These include the UK Corporate Governance Code, the Organization for Economic Co-operation and Development (OECD) Principles on Corporate Governance and The King IV Report. We have also benchmarked ourselves against the locally adopted Code of Corporate Governance for the Private Sector in Kenya.

The standards for conduct established by the Company's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are obligatory for all employees. The Code of Conduct and other internal guidelines adopted on its basis provide all employees with clear guidance on conduct that is in accordance with the values of the Company. They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognize when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners. We believe good ethics are paramount and that organisations should aim for a strong ethical culture that is self-policing.

ANTI-BRIBERY AND CORRUPTION

Operating transparently and ethically is not only the right thing to do; it is ultimately good for business. Our commitment to fight all forms of corrupt activities is shown by the development of our Anti-Bribery Policy in 2015, way before Kenya's Bribery Act came into force. This shows that our governance activities go beyond compliance with an aim to add real value to the business. The Anti-Bribery Policy is to help ensure ICEA LION's compliance with all applicable laws and regulations including Kenya's Bribery Act No 47 of 2016.

Channels have been set up, including an independently managed whistleblowing system which helps employees and other stakeholders report on fraud, corruption and unethical activities.

SUPPLIERS

We have a formal supplier selection process for all products and services procured that is reviewed every three years. All new suppliers are expected to comply with our Anti-Bribery policy, a copy of which is provided to them when they come on board. All these suppliers are expected to sign off on this agreement before they can provide any good or services to us.

We have adopted a centralised procurement service which aims to bring with it enhanced efficiencies with regards to the procurement process. This service is overseen by a Procurement Committee. In our pursuit of best practice, we advertised nationwide via the way of a tender for vendor pre-qualification. This process is digitized via an external party platform where the vendors were vetted against best practice models. This ensures that we cast our net wide offering greater opportunities for interested vendors and ensuring we get the best value from a wider vendor selection range.

GOVERNMENT AND REGULATORS

Recognizing that the government is a key stakeholder, we ensure that we are in full compliance with all applicable laws and regulations. The tasks of the compliance team includes advising the business units on laws, provisions and other regulations, the creation, implementation and monitoring of compliance with internal guidelines and standards as well as regular training of employees on the rules which are applicable. We further support the enactment of global laws e.g. the European Union General Data Protection Regulations (EU GDPR) and the Foreign Account Tax Compliance Act (FATCA) which are cross- jurisdictional and have far reaching implications. In light of this, we have taken proactive measures in ensuring that global laws are reviewed and understood internally and actions taken.

DATA PROTECTION

We recognize that it is our duty to protect corporate and personal information in all our operations. In light of global changes on data privacy and the need to be proactive in implementation of such guidelines, we have updated our privacy policy. We also have in place an Information Risk and Governance policy that's sets out our commitment to the security, information risk management, confidentiality and quality of information. We recognize the need to efficiently manage information risk as well as put in place appropriate policies, procedures and management accountability in order to provide a robust governance framework for information management.

INSURANCE - A KEY DRIVER TO SOCIO-ECONOMIC GROWTH

By protecting companies and consumers from everyday risks, we provide a priceless sense of protection and peace of mind required to grow our economy. We create products and services enabling our customers to transfer their risks - in return, they pay us contributions, premiums or deposits, investing in the future. By pooling risks and premiums, we offer financial and social protection to individuals and companies, further reinforcing a sense of community. This also encourages entrepreneurship and innovation.

With a low insurance penetration rate of about 2.73%, it is evident that the most vulnerable members of our society have insufficient access to insurance. To tackle this, we are developing products that are simpler, more flexible and easier to access through our digital channels.

As long-term investors, we help boost sustainable growth within the economy. With total assets in excess of Kshs. 13 billion we create long-term value for our customers, shareholders and society as a whole empowering them to live a better life.

OUR CORPORATE CITIZENRY

In Pursuit of Sustainable Insurance

In 2016, ICEA LION Life Assurance was confirmed as a signatory to the elite United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI). We are the first in East and Central Africa to have become signatories to the PSI, joining 2 other insurers in West Africa and 2 in South Africa.

These Principles, developed by the UN Environment Programme's Finance Initiative and signed in June 2012 at the RIO+20 Summit in Brazil are a framework for the global insurance industry to address environmental, social and governance risks and opportunities. These principles provide a global roadmap to develop and expand innovative risk management and insurance solutions that promote social and environmental protection, inclusive insurance, renewable energy, food security, clean water, sustainable cities and disaster-resilient communities. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance and contribute to environmental, social and economic sustainability while creating shared value. Shared value refers to policies and operating practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities it operates.

PSI widens the scope of Principles of Responsible Investment (PRI) by going beyond investing to covering insurance operations. It addresses insurance risk management, insurance product development, claims management and sales and marketing processes.

The aim of the Principles are to lay a foundation upon which as a player, we can build a stronger relationship that puts sustainability at the heart of risk management in the pursuit of a more forward-looking and better managed world.

PSI Principles for Sustainable Insurance

UNEP FINANCE INITIATIVE

A global sustainability framework and initiative of the United Nations Environment Programme Finance Initiative

Playing Our Part in the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs), adopted by countries in the year 2015, invite global action by 2030 in three overarching areas i.e. reduction of poverty, protection of the planet and ensuring prosperity for all. The SDGs include specific targets that can only be achieved by governments, civil society and businesses working together around the globe. As an insurance provider, we recognise our role in contributing to some of these SDGs. We see insurance as a powerful enabler to these SDGs. The section below highlights how our sustainability pillars align to the SDG.

Our Corporate Social Investment Strategy – #I SEE A LION

From 2014, ICEA LION began the journey departing from Corporate Social Responsibility that was more philanthropic and short term, toward Corporate Social Investment. The strategy was to find a single, impactful cause for which the ICEA LION Brand could be associated with. Further, the sustainability and the social enterprise tenets across the value chain were critical.

OUR CONTINUED JOURNEY TOWARDS EXCELLENCE IN CORPORATE CITIZENSHIP

Our Beginnings As A Socially Responsible Corporate

Over the years - as was the norm amongst corporates like ours - requests for sponsorship were received, support initiatives deliberated on by a committee and the approved projects receiving funding. In effect, though noble, these Corporate Social Responsibility (CSR) initiatives were adhoc philanthropic initiatives rather than sustainable Corporate Investment Initiatives (CSI). In the last strategic planning period 2013 – 2017, ICEA LION Group supported these CSR initiatives with **Kshs. 17.2 Million** and ICEA LION Life Assurance met **Kshs. 6.2 Million** of these costs. A listing of these CSR initiatives are listed in appendix 1 of this report. *These costs exclude the launch event activities & related logistical as well as operational costs.*

In 2015, following an intensive exercise to select an iconic and sustainable corporate social investment to support, the ICEA LION Board endorsed our shift in focus and as a result, we made the first major strides towards sustainable corporate citizenry. Until the end of 2017, ICEA LION Group has spent **Kshs. 6.6 Million** on the I SEE A LION project. Half that amount has been met by ICEA LION Life Assurance totaling **Kshs. 3.3 Million**.

We selected an initiative that ticked the following boxes:

- Adhered to ICEA LION Group's corporate governance sustainability policy that enhances sustainability of social and natural environments.
- Adopted business excellence practices: One of the 7 parameters of the Organizational Performance Index (OPI), Corporate Citizenship and Environment.
- Supported a single, impactful and emotive cause that we can 'own' and be associated with for posterity.
- Created the opportunity to trailblaze for the industry in our execution.
- Linked to our Corporate Mission to Protect & Create Wealth.
- Linked to our Corporate Brand Identity – LION.

Our Passion To Safeguard The Future Of Lions In Kenya

The population of lions in the wild has been noted to have decreased significantly throughout Africa and is currently at 20,000 with an estimated 2,000 being from Kenya. The lion's official conservation status is 'threatened and vulnerable'. Africa is synonymous with lions and people all over the world travel to Kenya to witness and experience our spectacular natural and wildlife wealth. Protecting lions in the wild is an important part of securing our economic future as a nation. As an organization we strongly believe that our partnering with KWS and other world renown local conservationists insures the future of our economy. Our I SEE A LION Corporate Social Investment Campaign, aptly named, is aimed at ensuring that future generations get toexperience and SEE lions roam freely in the wild in future – and not in captivity. The I SEE A LION name is intriguingly close to what some people call us I-C-A-LION as opposed to I.C.E.A. LION – our actual name.

It is as though our connection with lions was always meant to be.

At ICEA LION, we like to think of ourselves as the 'King of the Financial Jungle'. It was a natural fit to inculcate the passion to safeguard the future of the Lion in Kenya; that almost forgotten noble and iconic beast that has unwittingly been relegated by the grand and beloved tusked giants, yet is a central part of this country's heritage. Following sessions and conferences held with Kenya Wildlife Service (KWS) at their Carnivore Conference, the passion to save this vulnerable and threatened icon of East Africa was born. This passion burned through from the team that conceptualized the idea, to the Leadership Team who endorsed it, right through to the Board who approved the strategy in November 2015. Included in the approval was the decision to minimize the previously supported philanthropic CSR initiatives. These were to be supported only when necessary. The adopted project not only demontrated true sustainability in the viability of projects that ICEA LION could support, but also impacted the socio-economic prosperity of East Africa.

We identified two key initiatives in this regard:

1. The Nationwide Lion Census.

2. Human-Wildlife Conflict Interventions.

The Nationwide Lion Census:

A key need for lion conservation teams and the country at large is to determine exactly how many lions we do have in our 8 conservation areas. The initial phase of our partnership with KWS is to establish the actual population of lions in the entire country. This will form a baseline to determine the areas where the lion population is most vulnerable or at risk. The Census began in 2017 and is scheduled to run for the period of 2 years. After this period, we will review the findings with KWS and related stakeholders.

ICEA LION funded the KWS and Conservation Partners Methodologies and Standardization Workshop in July 2017 to the tune of **Kshs. 0.46 Million**. The workshop was conceptualized to ensure that we are effective in use of resources – time and money – to get the most value out of the investment.

Workshop Objectives

1. Gather lion experts from across the country in order to share information and work towards a standardised framework for lion surveys
2. Consolidate existing information so as to inform and coordinate future efforts
3. Formulate a strategy to provide accurate, precise and repeatable national lion population figures

Participants at the workshop ranged from KWS representatives from most of the 8 conservation areas, Northern Rangelands Trust (NRT), Big Life Foundation, Mara Lion Project, Lion Guardians, Soysambu Conservancy, Born Free Foundation – Kenya, SORALO, Lewa Conservancy, Ol Pejeta Conservancy, WWF Kenya, Africa Wildlife Foundation, Action for Cheetahs in Kenya, Tsavo Trust, Ewaso Lions, Marwell and ICEA LION.

At the workshop, conservationists were provided with a blank map of Kenya with various grids and were requested to indicate their area of operation in lion conservation. The resultant map looked like the one illustrated:

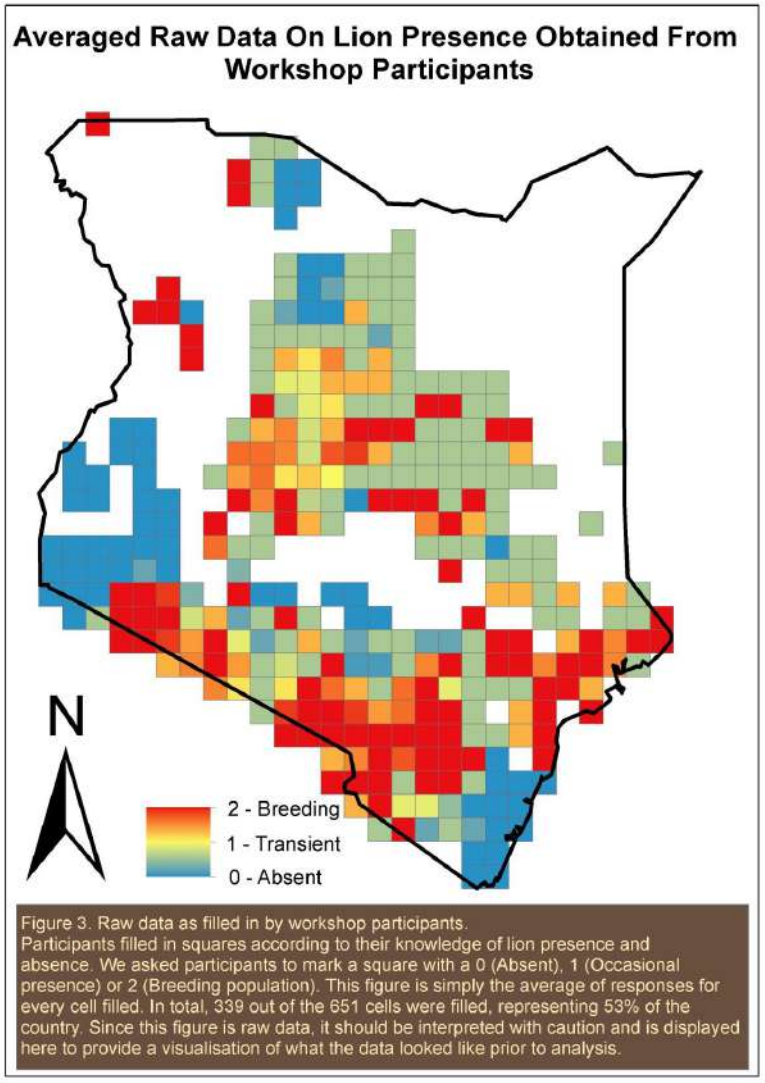


Figure 3. Raw data as filled in by workshop participants.
Participants filled in squares according to their knowledge of lion presence and absence. We asked participants to mark a square with a 0 (Absent), 1 (Occasional presence) or 2 (Breeding population). This figure is simply the average of responses for every cell filled. In total, 339 out of the 651 cells were filled, representing 53% of the country. Since this figure is raw data, it should be interpreted with caution and is displayed here to provide a visualisation of what the data looked like prior to analysis.

Averaged Raw Data on Lion Presence Obtained From Workshop Participants

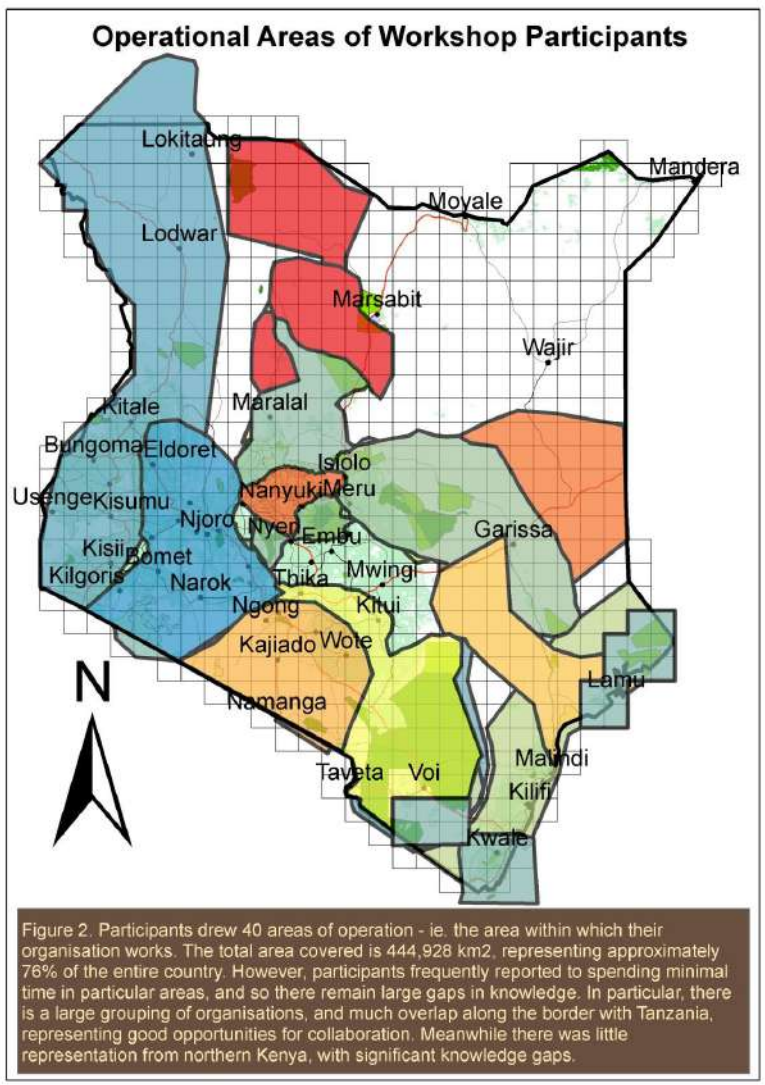
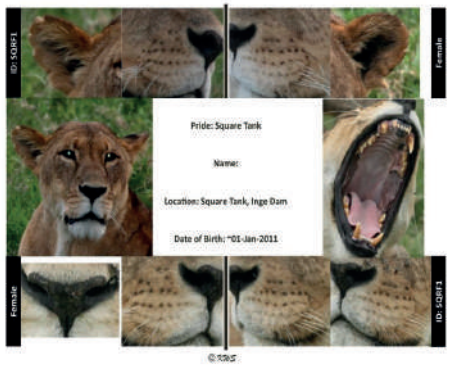


Figure 2. Participants drew 40 areas of operation - ie. the area within which their organisation works. The total area covered is 444,928 km2, representing approximately 76% of the entire country. However, participants frequently reported to spending minimal time in particular areas, and so there remain large gaps in knowledge. In particular, there is a large grouping of organisations, and much overlap along the border with Tanzania, representing good opportunities for collaboration. Meanwhile there was little representation from northern Kenya, with significant knowledge gaps.

Operational Areas of Workshop Participants

An excerpt of one of the reports



- Spotted hyena: - photo ID's for spotted hyenas i.e. coat pattern, were also taken.
- Other predators (i.e. jackals, leopards, caracal etc) information was collected upon sighting the age, number, sex and habitat data was recorded
- Herbivore data was limited to medium to large herbivore species as they are the main prey species for lions. Information on their numbers and presence of juveniles was recorded.
- Habitat data was collected separately also using Cyber tracker, to aid in developing a habitat map,
- All vehicles i.e. KWS and tourist vehicles sighted during the survey were recorded

Preliminary outputs

As shown on figure 1 below, the entire park was uniformly covered by the survey team; a total of approximately 2,400KM were driven, with lion sightings made mostly on the North East and Southern parts of the park (black triangles).

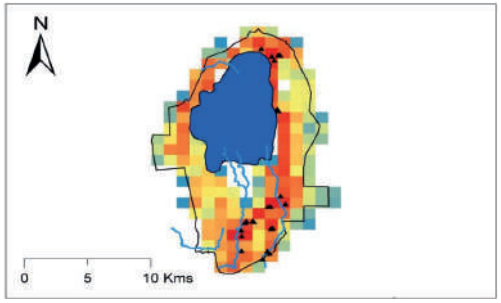


Figure 1. Coloured cells ranging from red to blue (Red indicate more effort and blue less effort)

The survey team did not sight lions on the Western side of the park, although there were reports and signs of lion presence in the area i.e. the team saw old spoor tracks and old scat. It is therefore possible that a pride exists in this area (dark blue circle). The team suspected that the WCK pride could be having some cubs as one of the females seemed to be lactating. Lions are known to hide their

Discussion and Conclusion

After the survey the survey team held a meeting with the park management to update them on progress and preliminary findings.

The survey team sighted 16 lions in LNNP. However, this should not be interpreted to be the population of lions in LNNP as the SECR software during analysis, aside from taking into account the number of individuals sighted (capture) and re-sighted (recapture) it also takes into account the effort, habitat and capture history. SECR uses this data to essentially estimate lion density and will also estimate how many lions that may have been missed during the survey. Thus, a refined estimate of lions in LNNP will be provided in the final report which will be completed by December, 2017.

As a result of the standardization workshop, the originally planned 8 census areas were reduced to 5. The census also realized skills transfer and creation of job opportunities. This is a true testament of ICEA LION supporting sustainable initiatives and positively impacting the people, planet and profit.

The total investment made in the first census location at Lake Nakuru National Park by ICEA LION was **Kshs. 0.82 Million**.

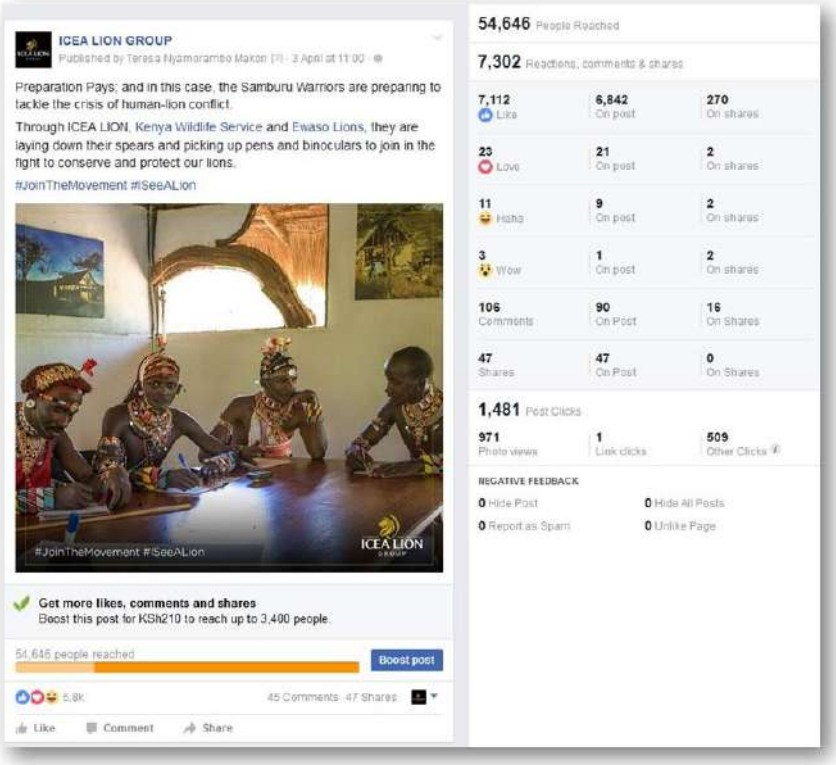
Human-Wildlife Conflict Intervention:

Wealth creation strongly depends on consistency and sustainability, therefore we will be collaborating with communities within these areas working towards securing the future of the lion and in essence the future of our heritage. We identified Ewaso Lions in Samburu as an organization that has truly embraced sustainable conservations initiatives.

Since 2007, Ewaso Lions has used science, education, and local capacity building to guide and facilitate long-term carnivore conservation in northern Kenya. Their flagship community programme, Warrior Watch Programme, engages the Samburu warriors in conservation in Northern Kenya through various community and research activities. They aim to strengthen and scale up our research activities by employing efficient and effective methods in our lion and wildlife monitoring across our study area.

In November 2017, ICEA LION supported Ewaso Lions with **Kshs. 0.9 Million** to facilitate their various lion monitoring programmes. ICEA LION further invested **Kshs. 3.8 Million** to develop a captivating and engaging film to showcase Ewaso Lions efforts whilst starting the movement amongst Kenyans to #JoinTheMovement with regards to lion conservation.

The film has had tremendous success on our social media platforms namely Facebook, Instagram and YouTube. There were over 100,000 views on Facebook and over 100,000 on YouTube. The film can be viewed on the ICEA LION website www.icealion.com/corporate-downloads. We will continue to engage them and like-minded organizations to reduce human-wildlife conflict.



Our Ultimate Objective

The ultimate objective is to establish informed initiatives in the high risk areas that are relevant to the longevity of our lion population and essentially impact the creation of wealth through tourism. Our goal is to restore the pride, to bring focus to our heritage – the lion - as seen on our coat of arms as a symbol of strength, unity and security. The digital and social media space will be a critical factor in sharing this journey with lion enthusiasts, particularly the youth who are quite keen on conservation. Indeed, ICEA LION was recognized for its pursuit of sustainable CSR at the industry Think Business Insurance Awards in 2017 garnering the 1st Runners Up Position.

Our brand is known for providing reliable insurance solutions as well as rewarding investments. We seek to change the perception that money spent on insurance is a waste and rather have people understand that securing what is important to them is worth the investment. Our Heritage is important to us. We wish to secure it. We are keen to make a difference and change customer perceptions around insurance and investment products beyond the actual impact on our heritage, economy and our future as a nation.

Most importantly, it is our mission to ensure that future generations are able to see lions roam the wild, and truly protect and create the wealth of East Africa.

ICEA LION GROUP CORPORATE SOCIAL INVESTMENT - *# I SEE A LION* - SUPPORT - OCTOBER 2016 - OCTOBER 2017

No.	Project	Description	Category	Amount	Life Cost	General Cost
2017						
1	Ewaso Lions - Lion Conservation Project	Warrior Watch & Lion Monitoring Equipment	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	862,554.00	431,277.00	431,277.00
2		Production of the Lion Conservation Video		3,838,634.00	1,919,317.00	1,919,317.00
3		Media (Facebook, Instagram & YouTube)		600,000.00	300,000.00	300,000.00
4	Kenya Wildlife Service (KWS) National Lion Census	KWS Methodology & Standardization Workshop Sponsorship	Corporate Social Investment Initiative - Lion Census	462,000.00	231,000.00	231,000.00
5		National Lion Census - Phase I - Lake Nakuru National Park		821,167.00	410,583.50	410,583.50
Total Support Amount				**6,584,355.00**	**3,292,177.50**	**3,292,177.50**
TOTAL CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2017				**23,754,744.80**	**9,502,372.40**	**14,252,372.40**
These costs exclude the launch event activities & related logistical costs						

SUPPORTING LOCAL ENTREPRENEURS AND TALENT

ICEA LION is pleased to have positively contributed to creating wealth for local upcoming companies led by millennials. We retained the services of Isobar in 2016 when its business was still nascent having set up an advertising agency based in Nairobi that set up shop in 2015. We were the second Client on their portfolio and we took not only a chance on the young upcoming team but also gave them the opportunity to do unique, brave and impactful creative work.

Since then, Isobar, iProspect and Posterscope East Africa who are divisions of the holding company Dentsu Aegis Network Team in Kenya, have grown in the following ways thanks to the ICEA LION account being a launch pad:

1. The team has grown from 15 to 100.
2. The Company has seen over 119% revenue growth YOY 2016-2017, making them the fastest growing agency in East Africa. They have reported no Client losses and their Dentsu Aegis divisional brands have grown to include MKTG, CCS and Amplifi.
3. The growth, development and learnings garnered from the ICEA LION Group account has resulted in internal promotions for our key contact from Account Manager to Senior Account Manager and from our digital media buying contact from Trader to Account Manager.
4. Our agency won the following awards:

- A Gold and Silver award at the 2017 Association of Advertising Practioners (APA) awards and a Silver for ICEA LION's Travel Insurance Campaign
- Isobar 10 Awards at the African Cristal Awards whilst Dentsu Aegis Network was awarded Media Agency of the Year
- Within the Dentsu Aegis Network, the Kenyan agency swept the Dentsu Aegis Network Sub-Saharan Awards by winning:

  i. Best Isobar Office of the Year – 2017 & 2018

  ii. Best Dentsu Aegis Network Company of the Year 2017

  iii. Isobar MD Yash Deb won the Dentsu Aegis Network Lion Award 2018 and Star of the Year 2018

  iv. iProspect MD Joel Rao won the Dentsu Aegis Network Pioneering Award 2018

ICEA LION is proud to have been a part of developing local talent, providing employment and most importantly inspiring millennials to realize their true potential....truly protecting and creating the wealth of East Africa.

Yash Deb, MD - Isobar Kenya, and Chris Madison, CEO - Dentsu Aegis Network Kenya, at the launch of the Corporate Social Investment initiative, "I SEE A LION" delight in being part of our noble endeavour.

5. MANUFACTURED *Capital*

GEOGRAPHICAL FOOTPRINT

Our manufactured capital includes our geographical footprint covering our head office, subsidiaries and branches as shown on page 12 of this report.

It also includes our digital channels such as website and mobile apps. Our branch network also acts as a distribution network reaching devolved units within the counties.

We own the following 5 properties listed below:

- Riverside Park – Residential Apartments
- Riverside Park – ICEA LION Centre East (*hosts our Head Office*) and West Wing
- Clanson Court
- Rosslyn Estate
- St. Austins Gardens

We have leased 22 other properties that host our branches in Kenya and our subsidiaries in Uganda.

St. Austin's Gardens

Riverside Park

Our ICT system infrastructure includes servers, core systems, utilities, IP telephony and Security systems all of which are governed by a well-structured ICT governance model. We have invested heavily on infrastructure over the past few years, an essential component in building efficacy and efficiencies within our business model.

Our ICT Platforms and Infrastructure

At ICEA LION we believe that for a company to thrive in this fast paced and dynamic market, change must be the constant. We understand that we have prepare to thrive in this continually changing and evolving in landscape in order to meet and exceed customer expectations. We aim to continuously support creativity within the business while driving acceleration of the organization's ambitious innovation and growth plan. It is our aim to propel our company to new heights by refining our operating model, improving customer engagement and time-to-market as well as increasing revenue as we reduce operating expenses. More than ever, our company is focused on innovation and growth to actualize the strategy across the business while ensuring value creation. ICT plays a key factor in realizing this goal.

We believe that every good plan must begin by a workable roadmap. We put a lot of thought into ensuring that our strategy is in bite-sized pieces that allow staff to understand and enhance customer communication, relationship building, knowledge management, operational efficiency and effectiveness which if well executed will put us on the road for growth. The road map ensures that the business has a backbone with which to support these pillars. We also ensure that our corporate governance is efficient and that we have reliable infrastructure, stable and robust core business systems, and enhanced security to safeguard innovative initiatives. Our ICT system infrastructure includes servers, core systems, utilities, IP telephony and Security systems all of which are governed by a well-structured ICT governance model. We have invested heavily on infrastructure over the past few years, an essential component in building efficacy and efficiencies within our business model.

Below is a graphical representation of our manufactured capital within the sphere of ICT that enables us deliver on our Company's strategic objectives.

Robust Infrastructure	CRM Solution Zoho	Social Media Platforms	Chatbots	Website
Contact Centre	Business Process Re-engineering	Data Security	Cyber Security	Electronic Data Management System
Business Intelligence Portals	Robust Financial Systems	Analytics Capabilities	Governance Risk & Controls Module	ILMS Life Management System
Mobile Platforms	HR Module ZOHO People	Intranet	Cloud Based Solution	Unified Threat Management Solutions
Cloud Based Solutions	Shared Economy Model	Boardvantage	Data Centre	Live Chat

6. FINANCIAL *Capital*

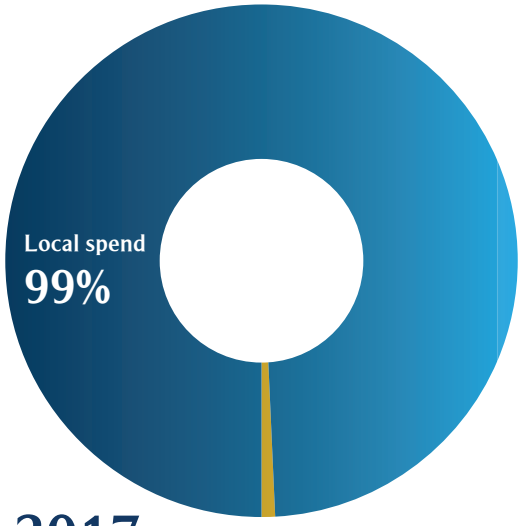
CREATING IN COUNTRY-VALUE THROUGH OUR FINANCIAL CAPITAL

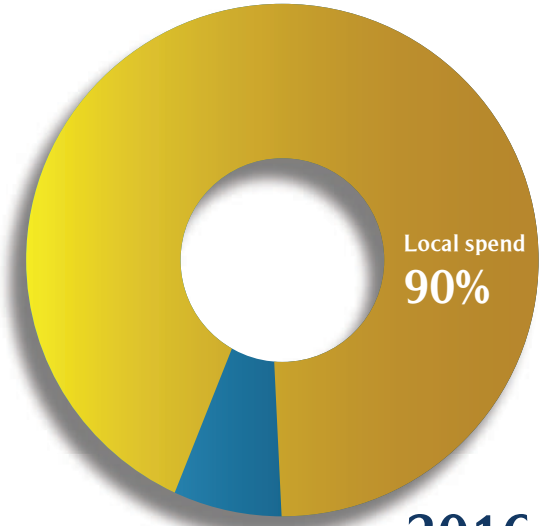
Taxes paid

ICEA LION's contribution to economic sustainability in terms of payments to government in the form of taxes has been close to **Kshs. 891 Million** over the past three years as shown on the value statement below.

Supporting local suppliers

When procuring any goods and services, our first choice is always a local source provided they can meet all the key criteria. The trend over the past 3 years shows a heavy bias towards local suppliers. In the year 2017, 99% of our purchases was spent on local suppliers.



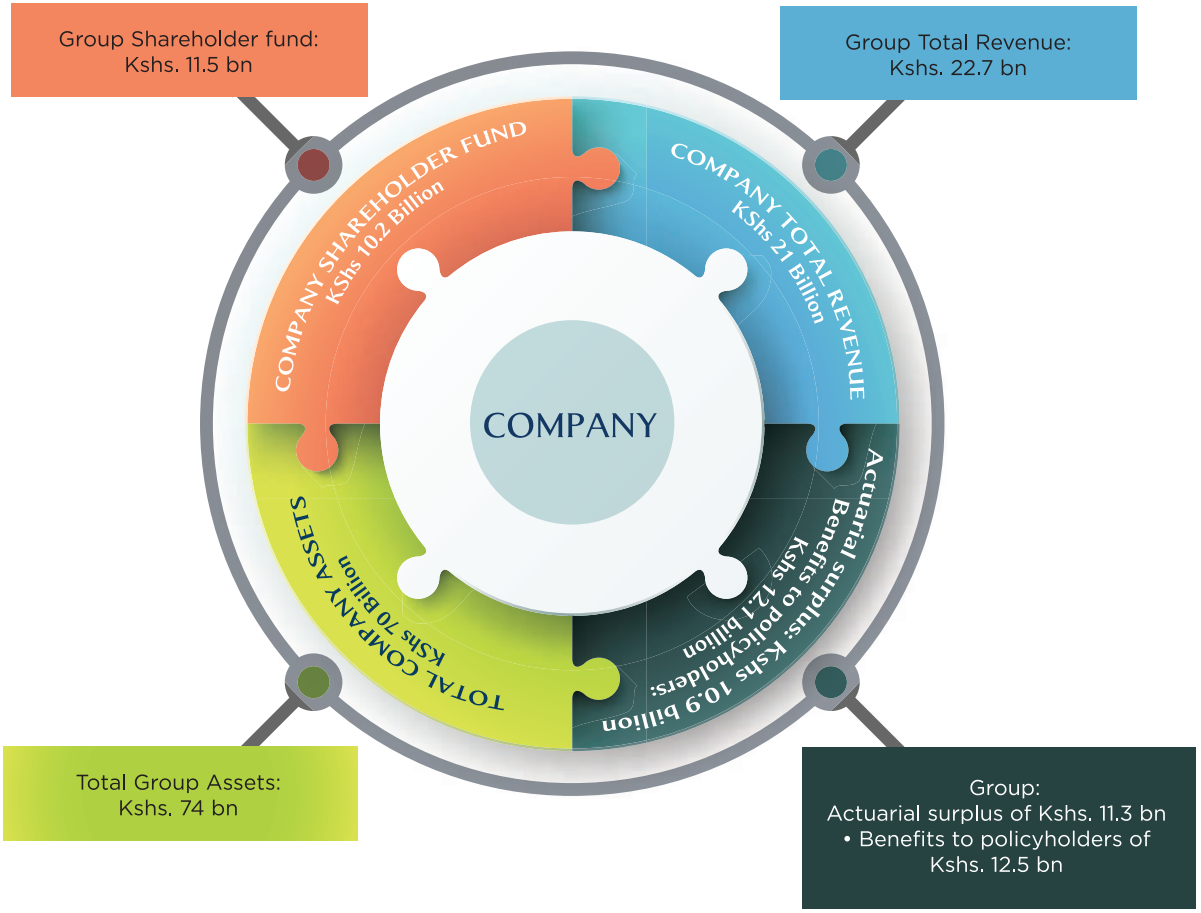


Our supply chain strategy is to engage with our suppliers and commit to our procurement, sustainability and environmental charters as we embed the principles of sustainable insurance across the entire value chain. We believe that together we can deliver economic solutions to support both our business as well as ensure continued socio-economic growth of Kenya.

VALUE CREATION

Financial Capital

The funding for the Company Operations comes from shareholders, and proceeds from Company operations and investing activities. The funds are used to run the activities of the Company and generate value for our stakeholders. During the year, we complied with all the capital requirements we are subject to under the Risk Based Capital Supervision Model by the Insurance Regulatory Authority.



VALUE ADD STATEMENT

	GROUP				
	2017	2016	2015	2014	2013
	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions
Gross written premiums & interest income	16,789	10,627	9,065	9,479	9,407
Less; Insurance ceded and costs of other services	1,373	1,196	1,303	1,188	930
Wealth created:	**15,416**	**9,432**	**7,762**	**8,291**	**8,477**
Distribution:					
Employees - salaries, wages and other benefits	782	748	701	594	534
Benefits to Sales Agents	799	719	674	593	487
Benefits and interest payment to policy holders	12,513	3,930	5,504	5,553	4,563
Taxes paid to Government	25	751	115	349	716
Dividends to Shareholders	200	460	200	200	680
Retention to support future business growth:					
Depreciation and Amortization	107	115	93	43	29
Retained Earnings	990	2,708	475	959	1,467
Total distribution:	**15,416**	**9,432**	**7,762**	**8,291**	**8,477**

VALUE ADD STATEMENT

	COMPANY				
	2017	2016	2015	2014	2013
	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions
Gross written premiums & interest income	14,737	8,898	7,317	7,954	8,040
Less; Insurance ceded and costs of other services	694	609	698	584	468
Wealth created:	**14,043**	**8,289**	**6,620**	**7,370**	**7,573**
Distribution:					
Employees - salaries, wages and other benefits	453	431	426	396	327
Benefits to Sales Agents	570	500	469	393	339
Benefits and interest payment to policy holders	12,085	3,545	5,110	5,267	4,253
Taxes paid to Government	22	699	85	299	667
Dividends to Shareholders	200	460	200	200	680
Retention to support future business growth:					
Depreciation and Amortization	82	93	76	33	16
Retained Earnings	675	2,561	253	780	1,290
Total distribution:	**14,043**	**8,289**	**6,620**	**7,370**	**7,573**

Chief Financial Officer's *Statement*

The year 2017 marked the end of the Group's 2013-2017 strategic plan and in overall the Group delivered in most of its strategic objectives for the 5 year strategic plan. The environment in which the group operated in was not without challenges ranging from increase in the industry solvency margins, stabilization of the gross premium valuation methodology that was first adopted in 2016, biting competition to challenging investment environment with the interest capping still in place.

The Group's strategic focus on its 9 pillars, coupled with focused and dedicated board and management team enabled the group achieve excellent results during the year. The Group Investment in technology and innovation during the 5 year strategic plan greatly contributed towards the Group's achievement of most of its objectives.

The Group reported impressive performance in all its key parameters largely driven by aggressive marketing strategy and superior customer service.

During the year the Group finalized preparations for implementation of the International Financial Reporting Standard (IFRS) 9, which became effective January 1, 2018. This accounting standard requires recognition of losses before they actually occur which will require insurance Companies to increase provisioning for areas that are deemed to be of higher risk.

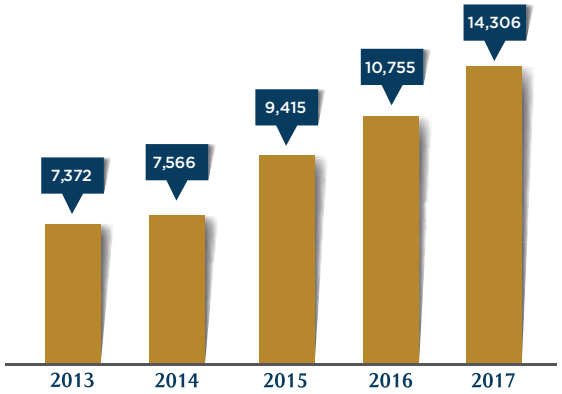
"We delight in delivering value to our stakeholders through efficient management of business drivers and implementation of seamless processes whose end result we present in this integrated report." Ronald Nyamosi

The Group also commenced preparations for implementation of IFRS 17 which will become effective from 1 January 2021 and replaces IFRS 4. Implementing IFRS 17 will create challenges for many insurers. From an operational perspective, it will likely require significant investment in new data capture, systems and processes. The increased volatility in financial results upon implementation of IFRS 17, will put increased emphasis on insurers to better communicate their underlying business performance including the sources of income and balance sheet volatility.

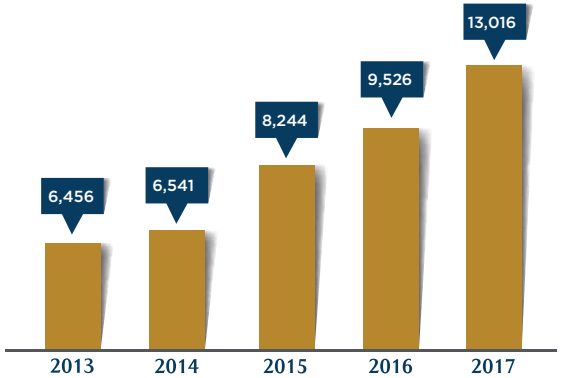
Looking forward into 2018, the Group has implemented the 2018-2022 strategic plan with seven key strategic pillars. We are optimistic that tangible benefits will accrue to our shareholders as we roll out the new strategic plan mainly anchored on growth and innovation to achieve sustainable growth in 2018 and beyond.

Financial *Highlights*

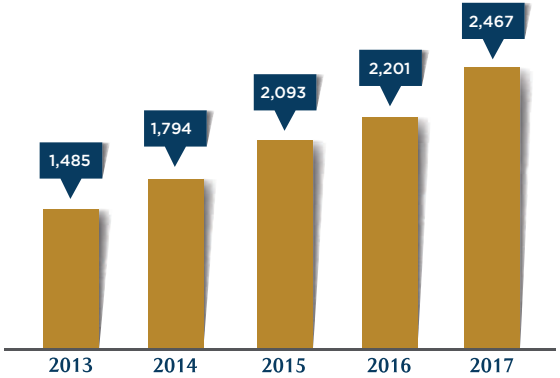
Group GWP and Deposit Administration Contributions



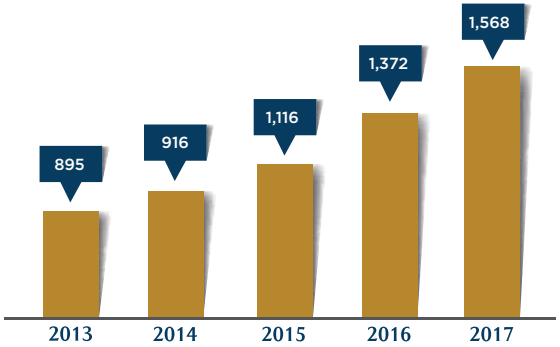
Company GWP and Deposit Administration Contributions



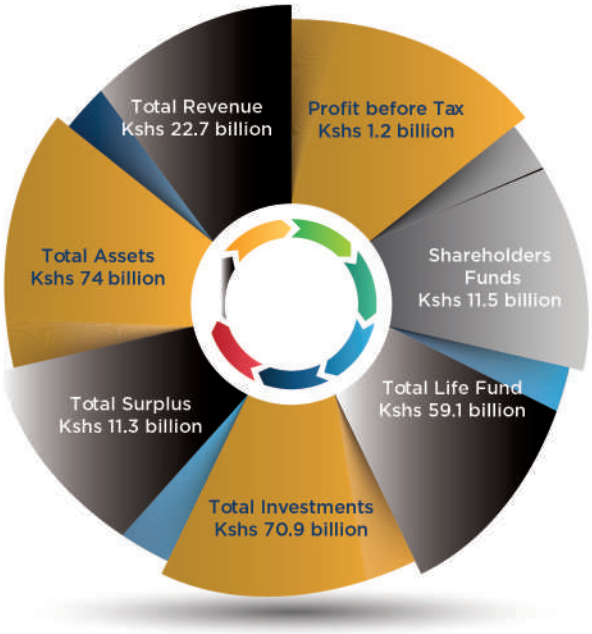
Group Operating Expenses



Company Operating Expenses



GROUP



Financial *Highlights (continued)*

Statement of Comprehensive Income

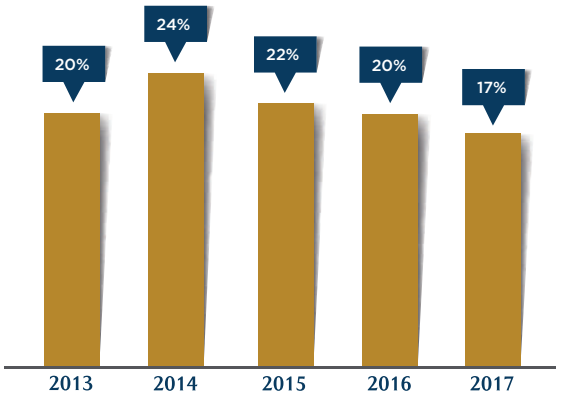
	Group						Company				
Kshs billions	2017	2016	2015	2014	2013		2017	2016	2015	2014	2013
Total Income	16,195	10,150	8,803	8,858	8,828		14,506	8,678	7,020	7,663	7,806
Net claims & benefits payable	12,513	3,930	5,504	5,553	4,563		12,085	3,545	5,110	5,267	4,253
Total Expenses	2,467	2,201	2,093	1,793	1,485		1,568	1,413	1,372	1,116	916
profit before tax	1,215	4,018	806	1,512	2,780		853	3,720	538	1,280	2,637
Income Tax	(25)	(751)	(115)	(349)	(716)		23	(699)	(85)	(299)	(667)
profit after tax	1,189	3,267	691	1,163	2,064		875	3,021	453	980	1,970
Other comprehensive Income	1	(99)	(16)	(4)	82						
Total Comprehensive Income	**1,190**	**3,168**	**675**	**1,159**	**2,146**		**875**	**3,021**	453	980	1,970

Statement of Financial Position

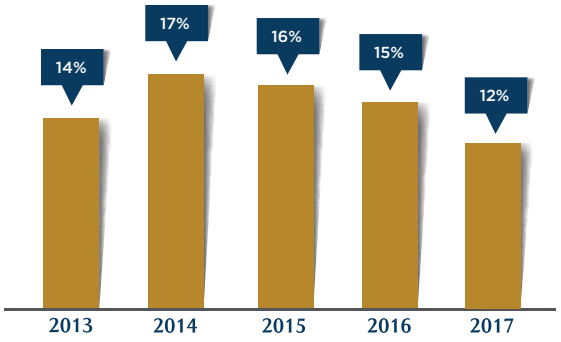
	Group						Company				
Kshs billions	2017	2016	2015	2014	2013		2017	2016	2015	2014	2013
Assets											
Investment property	10,276	9,882	9,105	10,000	9,087		10,276	9,882	9,105	10,000	9,087
Government securities	48,149	38,172	29,684	24,710	21,276		46,472	36,994	28,647	24,052	20,726
Deposits with financial institutions	5,176	3,853	4,283	2,485	2,487		4,529	3,121	3,678	1,802	1,614
Equities	6,162	5,149	5,660	5,994	4,678		6,162	5,149	5,559	5,931	4,634
Other Assets	4,303	3,900	4,929	4,671	4,115		2,863	2,639	3,791	3,659	3,486
Total	**74,067**	**60,958**	**53,661**	**47,860**	**41,643**		**70,302**	**57,785**	**50,780**	**45,444**	**39,547**
Liabilities;											
Insurance contract liabilities	17,426	10,735	12,371	11,569	9,019		16,322	9,846	11,406	9,822	8,391
Payable under deposit administration	41,617	35,722	31,006	27,596	23,969		40,786	35,031	30,418	27,045	23,480
Deferred tax	1,617	1,795	1,276	1,319	1,146		1,617	1,795	1,276	1,321	1,157
Other liabilities	1,875	2,164	1,175	17	1,109		1,363	1,574	703	531	574
Total liabilities	**62,534**	**50,416**	**45,828**	**40,501**	**35,243**		**60,087**	**48,246**	**43,803**	**38,719**	**33,602**
Total Equity	11,532	10,542	7,834	7,359	6,400		10,214	9,539	6,978	6,725	5,994
Total Liabilities and Equity	**74,067**	**60,958**	**53,661**	**47,860**	**41,643**		**70,302**	**57,785**	**50,780**	**45,444**	**39,547**

Financial *Highlights (continued)*

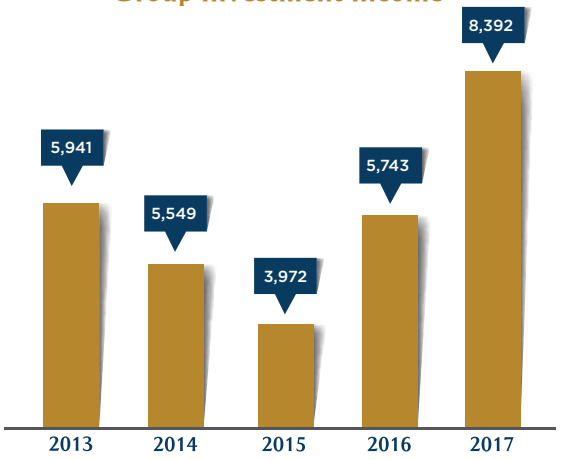
Group Total Expenses Ratio



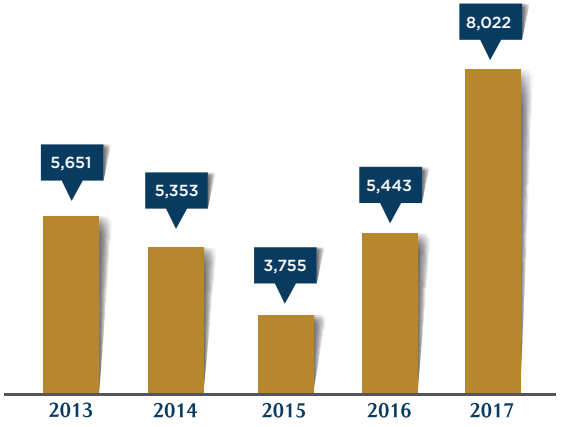
Company Total Expenses Ratio



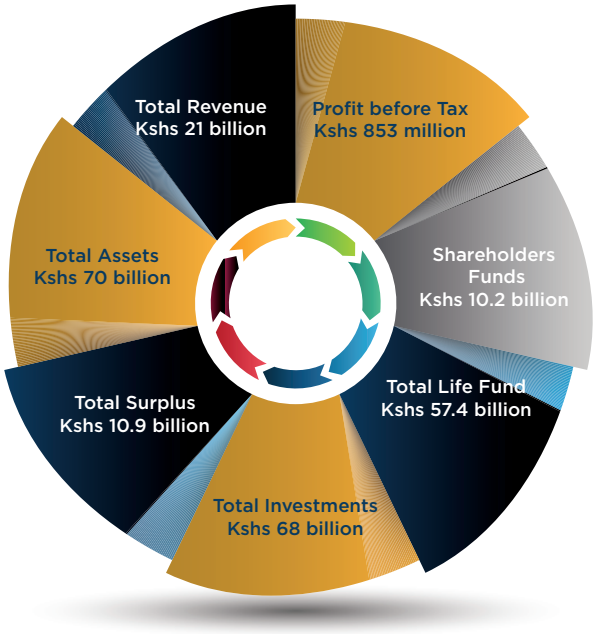
Group Investment Income



Company Investment Income

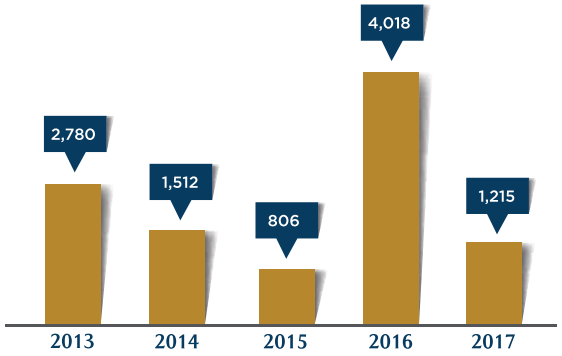


COMPANY

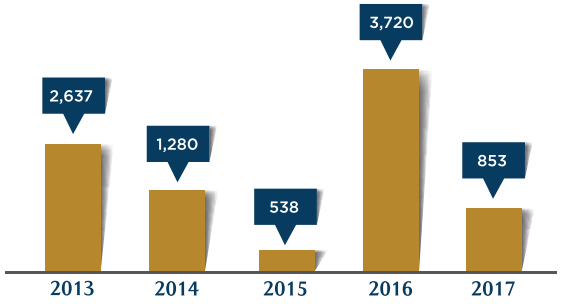


Financial *Highlights (continued)*

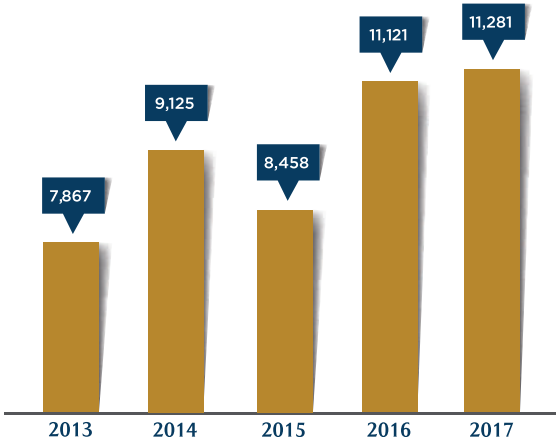
Group Profit before Tax



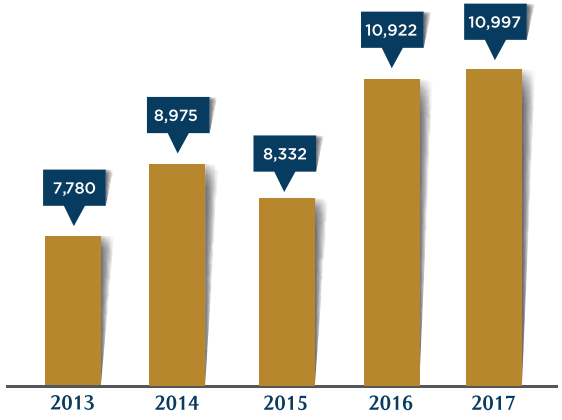
Company Profit before Tax



Group Surplus

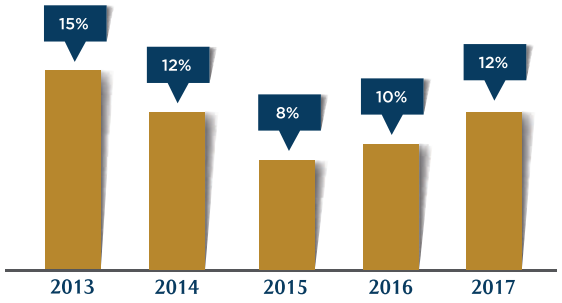


Company Surplus

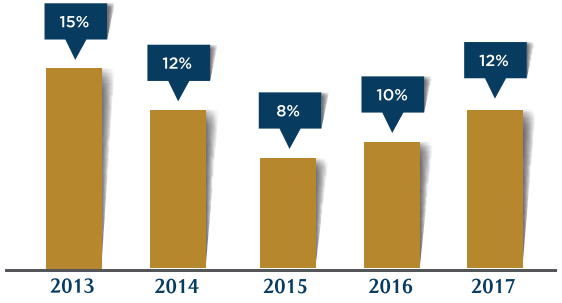


Financial *Highlights (continued)*

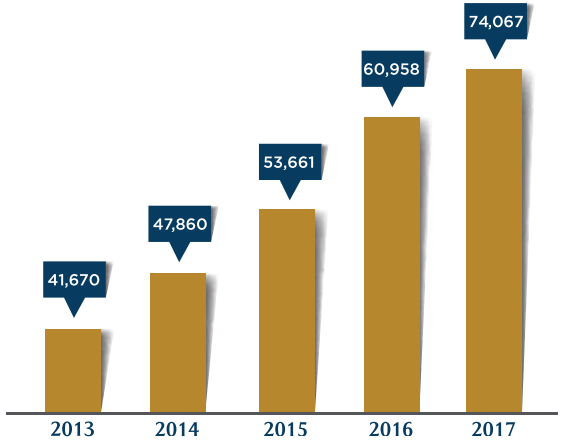
Group Return on Investments



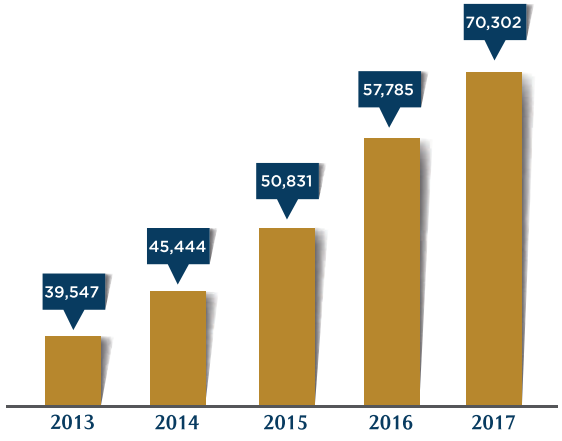
Company Return on Investments



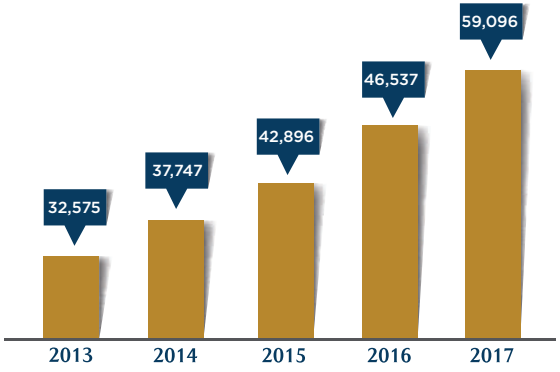
Group Total Assets

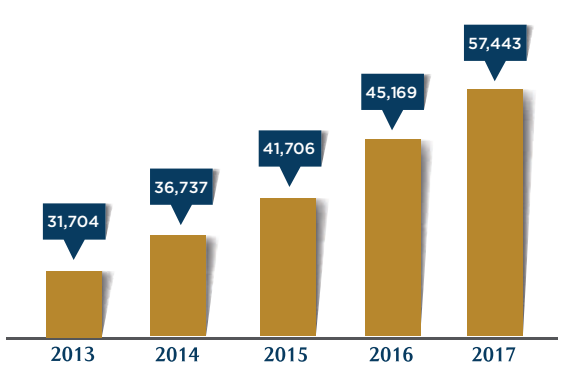


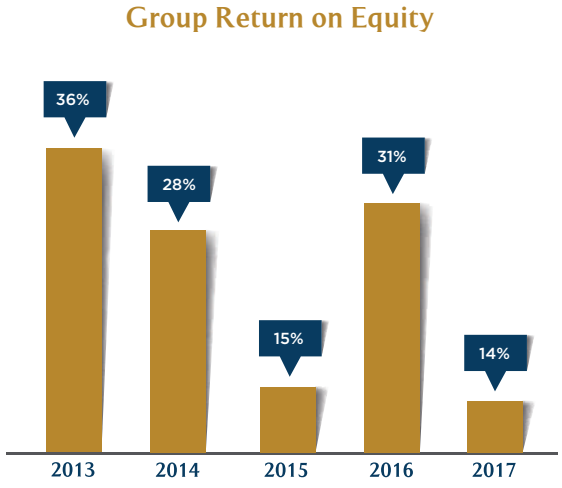
Company Total Assets

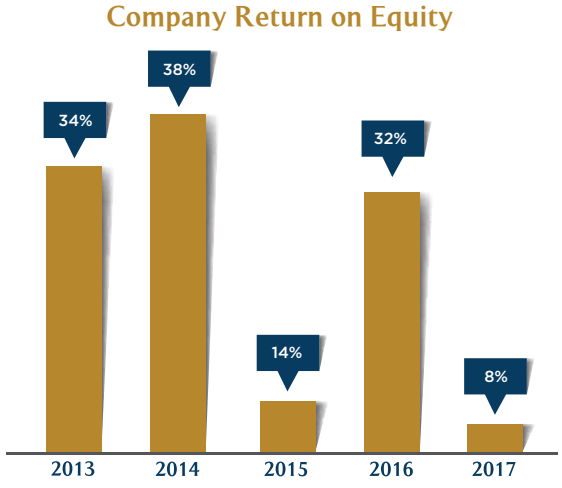


Financial *Highlights (continued)*









2017
Audited Financial Statements

REPORT OF *Directors*

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

BUSINESS REVIEW

The principal activities of the Group is the transaction of life insurance business and pension schemes administration in Kenya and the transaction of general insurance business and life insurance business and pension scheme administration in Uganda. The Group and Company's 5 years financial highlights including ratios are summarised on pages 136 to 143.

The Group's activities expose it to a variety of financial risks, including underwriting risk, credit risk, the effects of changes in debt and equity market prices, and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. These policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsures. Investment policies are in place, which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Further, the internal audit and risk and compliance functions help to ensure that these policies are followed. Group's risk management objectives and policies are detailed in Note 4 and pages 82 to 91.

RESULTS

	Long-term business Shs' 000	Short-term business Shs' 000	2017 Total Shs' 000	2016 Total Shs' 000
Profit before income tax	852,150	362,723	1,214,873	4,018,406
Income tax expense	17,481	(42,962)	(25,481)	(751,127)
Profit for the year	**869,631**	**319,761**	**1,189,392**	**3,267,279**

DIVIDENDS

Net profit for the year of Shs 1,189,392,000 (2016: Shs 3,267,279,000) has been added to retained earnings. During the year, no interim dividend was paid (2016: Shs 260 million). The directors recommend a final dividend of Shs 8.89 per share amounting to Shs 200 million. (2016:Shs 8.89 per share amounting to Shs 200 million).

DIRECTORS

The directors who held office during the year and to the date of this report are set out on pages 22 to 29.

DISCLOSURES TO AUDITORS

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

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

TERMS OF APPOINTMENT OF AUDITORS

PricewaterhouseCoopers continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By Order of the Board

SECRETARY
20 March 2018

Nairobi

STATEMENT OF *Directors' Responsibilities*

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Kenyan 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 International Financial Reporting Standards and in the manner required by the Kenyan Companies Act 2015. They also accept responsibility for:

- 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;
- selecting suitable accounting policies and then apply them consistently; and
- making judgements and accounting estimates that are reasonable in the circumstances

In preparing the financial statements, the directors have assessed the Group's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approved by the board of directors on 20 March 2018 and signed on its behalf by:

J P M Ndegwa

Chairman

A S M Ndegwa

Director

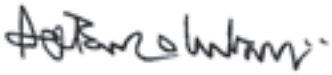
REPORT OF Parent Company Consulting Actuary

I have conducted an actuarial valuation of the long term business of ICEA LION Life Assurance Company Limited and ICEA Life Assurance Company Limited as at 31 December 2017.

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

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

In my opinion, the long term business of the companies were financially sound and the actuarial value of the liabilities in respect of all classes of long term insurance business did not exceed the amount of funds of the long term business at 31 December 2017.



James I. O. Olubayi - Fellow of the Institute of Actuaries
28th March 2018

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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying separate financial statements of ICEA LION Life Assurance Company Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together, "the Group") set out on pages 150 to 216 which each comprise a statement of financial position at 31 December 2017 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated 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.

PricewaterhouseCoopers CPA. PwC Tower, Waiyaki Way/Chiromo Road, Westlands | P.O. Box 43963 - 00100 Nairobi, Kenya
T: +254(20)285 5000 | F: +254(20)285 5001 | www.pwc.com/ke
Partners: A Eriksson E Kerich B Kimacia K Muchiru M Mugasa A Murage F Muriu P Ngahu R Njoroge S N Ochieng' B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED *(continued)*

Key audit matter	How our audit addressed the matter
Valuation of policyholder liabilities Valuation of policy holder liabilities as disclosed in Notes 4 and 31 to the financial statements was considered a matter of most significant to the current year audit for the following reasons: • Numerous assumptions are applied in the estimation of this liability including mortality rates, expenses, interest rate, and lapses. • The valuation of these liabilities relies on accurate data about the volume, amount and the pattern of current and historic claims both internal and external to the business. • Policy holder liabilities are of significant magnitude (Shs 17,426 million) in relation to total liabilities (Shs 62,534 million).	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists: • Validating the accuracy of the data used by the Statutory Actuary by tracing the policyholder valuation input data, such as premiums, claims and expense data used in the valuation model back to information contained in the administration and accounting systems. • Performing a review of the methodology and assumptions used by the Statutory Actuary to compute the policy holder liabilities as at 31 December 2017 and assessing the valuation methods used against generally accepted actuarial practice approaches, in relation to the business written and expected risks. • Comparing that the policy holder liabilities reported in the financial statements were consistent with the results of the independent actuarial valuation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED *(continued)*

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED *(continued)*

- 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.
- 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED *(continued)*

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors' on page 141 to 142 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is Bernice Kimacia – Practising Certificate No. 1457.

Certified Public Accountants

28 March 2018

Nairobi

Consolidated Statement of *Comprehensive Income*

	Notes	Long term business 2017 Ksh '000	Short term business 2017 Ksh '000	Total 2017 Ksh '000	Long term business 2016 Ksh '000	Short term business 2016 Ksh '000	Total 2016 Ksh '000
Gross earned premiums	5	6,980,061	553,384	7,533,445	4,075,265	600,535	4,675,800
Less: reinsurance premiums ceded		(301,695)	(291,646)	(593,341)	(284,416)	(291,880)	(576,296)
Net earned premiums		**6,678,366**	**261,738**	**6,940,104**	**3,790,849**	**308,655**	**4,099,504**
Investment income	6	8,164,745	227,304	8,392,049	5,538,249	204,505	5,742,754
Commissions earned		96,219	429,317	525,536	25,304	362,843	388,147
Other operating income	7	157,234	8,661	165,895	(192,839)	2,185	(190,654)
Foreign exchange gains		5,679	(163)	5,516	(4,718)	(7,238)	(11,956)
Total investment and other income		**8,423,877**	**665,119**	**9,088,996**	**5,365,996**	**562,295**	**5,928,291**
Claims and policy holder benefits		12,490,511	193,422	12,683,933	3,884,150	312,791	4,196,941
Less: amounts recoverable from reinsurers		(84,182)	(86,935)	(171,117)	(58,952)	(207,555)	(266,507)
Net claims incurred	**8**	**12,406,329**	**106,487**	**12,512,816**	**3,825,198**	**105,236**	**3,930,434**
Commissions payable		681,882	117,180	799,062	606,564	112,173	718,737
Other operating expenses	9	1,161,882	506,221	1,668,103	1,068,525	414,056	1,482,581
Total expenses		**1,843,764**	**623,401**	**2,467,165**	**1,675,089**	**526,229**	**2,201,318**
Results of operating activities		852,150	196,969	1,049,119	3,656,558	239,485	3,896,043
Share of profit of associate, net of tax	19	-	165,754	165,754	-	122,363	122,363
Profit before income tax		**852,150**	**362,723**	**1,214,873**	**3,656,558**	**361,848**	**4,018,406**
Income tax expense	10	17,481	(42,962)	(25,481)	(687,275)	(63,852)	(751,127)
Profit for the year attributable to owners of the company		**869,631**	**319,761**	**1,189,392**	**2,969,283**	**297,996**	**3,267,279**
Other comprehensive income, net of tax: Items that may subsequently be reclassified to profit or loss							
Fair value gain arising on revaluation of available-for-sale financial assets	17	(7,406)	29,781	22,375	(17,798)	(2,717)	(20,515)
Exchange differences in translating foreign operations		4,597	(25,871)	(21,274)	(41,177)	(37,399)	(78,576)
Other comprehensive income; net of tax		**(2,809)**	**3,910**	**1,101**	**(58,975)**	**(40,116)**	**(99,091)**
Total comprehensive income for the year attributable to owners of the company		**866,822**	**323,671**	**1,190,493**	**2,910,308**	**257,880**	**3,168,188**
Earnings per share - Basic and Diluted (Ksh)	11			52.86			145.21

The notes on pages 157 to 216 are an integral part of these financial statements

Company Statement of *Comprehensive Income*

	Notes	Long term business 2017 Ksh '000	Short term business 2017 Ksh '000	Total 2017 Ksh '000	Long term business 2016 Ksh '000	Short term business 2016 Ksh '000	Total 2016 Ksh '000
Gross earned premiums	5	6,423,710	-	6,423,710	3,592,181	-	3,592,181
Less: reinsurance premiums ceded		(231,330)	-	(231,330)	(220,376)	-	(220,376)
Net earned premiums		**6,192,380**	**-**	**6,192,380**	**3,371,805**	**-**	**3,371,805**
Investment income	6	7,875,924	146,445	8,022,369	5,306,225	136,866	5,443,091
Commissions earned		129,073	-	129,073	52,278	-	52,278
Other operating income	7	156,708	5,432	162,410	(192,839)	3,481	(189,358)
Total investment and other income		**8,161,705**	**151,877**	**8,313,582**	**5,165,664**	**140,347**	**5,306,011**
Claims and policy holder benefits payable		12,163,151	-	12,163,151	3,595,287	-	3,595,287
Less: amounts recoverable from reinsurers		(78,354)	-	(78,354)	(50,462)	-	(50,462)
Net claims payable	**8**	**12,084,797**	**-**	**12,084,797**	**3,544,825**	**-**	**3,544,825**
Commissions payable		570,324	-	570,324	500,018	-	500,018
Operating and other expenses	9	997,783	125	997,908	912,555	607	913,162
Total expenses		**1,568,107**	**125**	**1,568,232**	**1,412,573**	**607**	**1,413,180**
Profit before income tax		**701,181**	**151,752**	**852,933**	**3,580,071**	**139,740**	**3,719,811**
Income tax expense	10	62,380	(39,875)	22,505	(661,881)	(36,699)	(698,580)
Profit for the year		**763,561**	**111,877**	**875,438**	**2,918,190**	**103,041**	**3,021,231**
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**763,561**	**111,877**	**875,438**	**2,918,190**	**103,041**	**3,021,231**
Earnings per share - Basic and Diluted (Ksh)	11			38.91			134.28

The notes on pages 157 to 216 are an integral part of these financial statements

Consolidated Statement of *Financial Position*

ASSETS	Notes	Long term business 2017 Ksh '000	Short term business 2017 Ksh '000	Total 2017 Ksh '000	Long term business 2016 Ksh '000	Short term business 2016 Ksh '000	Total 2016 Ksh '000
Investment properties	16	9,036,000	1,240,000	10,276,000	8,682,477	1,200,000	9,882,477
Motor vehicle and equipment	14	133,294	37,187	170,481	185,947	36,376	222,323
Intangible assets	15	18,232	2,293	20,525	28,971	4,115	33,086
Investment in associates	19	-	1,051,627	1,051,627	-	855,512	855,512
Deferred income tax	34	-	104,273	104,273	-	63,042	63,042
Mortgage loans	21(a)	493,758	-	493,758	386,788	-	386,788
Policy loans	21(b)	547,182	-	547,182	486,055	-	486,055
Government securities:							
- held to maturity	26	43,156,663	466,436	43,623,099	35,871,320	157,940	36,029,260
- held for trading	26	4,291,818	234,047	4,525,865	1,908,405	234,626	2,143,031
Corporate bonds held to maturity	25	1,429,498	4,879	1,434,377	1,194,239	5,937	1,200,176
Kenya motor pool balances	20	-	45,450	45,450	-	40,494	40,494
Equity securities:							
- available for sale	17	76,582	11,162	87,744	74,058	10,809	84,867
- at fair value through profit or loss	17	6,162,425	-	6,162,425	5,149,380	-	5,149,380
Statutory deposits		24,963	34,806	59,769	25,396	-	25,396
Deferred acquisition costs	22	-	33,542	33,542	-	41,286	41,286
Receivables arising out of reinsurance arrangements		21,050	185,030	206,080	-	160,001	160,001
Receivables arising out of direct insurance arrangements		-	114,847	114,847	-	249,833	249,833
Reinsurers' share of insurance contracts liabilities	23	47,067	128,139	175,206	26,050	111,058	137,108
Current income tax		45,329	30,342	75,671	46,487	21,842	68,329
Other receivables	24	411,476	170,488	581,964	176,035	264,492	440,527
Due from long term business		-	353,455	353,455	-	565,977	565,977
Deposits with financial institutions	27	3,333,747	408,146	3,741,893	2,339,843	313,359	2,653,202
Cash and bank balances		136,648	44,650	181,298	21,352	18,469	39,821
Total Assets		**69,365,732**	**4,700,799**	**74,066,531**	**56,602,803**	**4,355,168**	**60,957,971**
EQUITY AND LIABILITIES							
Equity							
Ordinary shares	28	150,000	300,000	450,000	150,000	300,0000	450,000
Statutory reserve	12	7,593,155	270,177	7,863,332	7,017,440	274,405	7,291,845
Revaluation reserve	12	9,145	56,248	65,393	(1,247)	44,265	43,018
Translation reserve	12	4,597	(245,241)	(240,644)	(41,177)	(178,193)	(219,370)
Retained earnings		67,529	3,326,832	3,394,361	124,916	2,851,540	2,976,456
Total Equity		**7,824,426**	**3,708,016**	**11,532,442**	**7,249,932**	**3,292,017**	**10,541,949**
Liabilities							
Current income tax		-	-	-	-	84,198	84,198
Unearned premiums	29	-	126,289	126,289	-	116,152	116,152
Due to short term business		353,455	-	353,455	565,977	-	565,977
Other payables	33	534,412	261,846	796,258	490,866	329,870	820,736
Payables arising from reinsurance arrangements		21,933	86,473	108,406	58,866	62,535	121,401
Payables arising from direct insurance arrangements		-	50,808	50,808	-	50,808	50,808
Payable under deposit administration contracts	32(a)	41,616,647	-	41,616,647	35,721,978	-	35,721,978
Payables under unit linked policies	32(b)	439,693	-	439,693	405,064	-	405,064
Insurance contract liabilities	30	17,212,035	213,723	17,425,758	10,556,834	178,347	10,735,181
Deferred income tax	34	1,363,131	253,644	1,616,775	1,553,286	241,241	1,794,527
Total Liabilities		**61,541,306**	**992,783**	**62,534,089**	**49,352,871**	**1,063,151**	**50,416,022**
Total Equity and Liabilities		**69,365,732**	**4,700,799**	**74,066,531**	**56,602,803**	**4,355,168**	**60,957,971**

The financial statements on pages 150 to 216 were approved and authorised by the board of directors on 20 March 2018 and were signed on its behalf by:

Chairman Director Principal officer

Company Statement of *Financial Position*

ASSETS	Notes	Long term business 2017 Ksh '000	Short term business 2017 Ksh '000	Total 2017 Ksh '000	Long term business 2016 Ksh '000	Short term business 2016 Ksh '000	Total 2016 Ksh '000
Investment properties	16	9,036,000	1,240,000	10,276,000	8,682,477	1,200,000	9,882,477
Motor vehicle and equipment	14	94,985	-	94,985	147,301	-	147,301
Intangible assets	15	18,232	-	18,232	28,971	-	28,971
Investment in subsidiaries	18	9,823	488,101	497,924	9,823	338,101	347,924
Investment in associate	19	-	328,567	328,567	-	328,567	328,567
Deferred income tax	34	-	50,982	50,982	-	50,982	50,982
Mortgage loans	21(a)	493,758	-	493,758	386,788	-	386,788
Policy loans	21(b)	469,627	-	469,627	431,955	-	431,955
Government securities held to maturity	26	41,874,486	305,576	42,180,062	35,061,581	23,995	35,085,576
Government securities held for trading	26	4,291,818	-	4,291,818	1,908,405	-	1,908,405
Corporate bonds held to maturity	25	1,429,498	-	1,429,498	1,194,239	-	1,194,239
Kenya motor pool balances	20	-	45,450	45,450	-	40,494	40,494
Equity investments at fair value through profit or loss	17	6,162,425	-	6,162,425	5,149,380	-	5,149,380
Receivables arising out of reinsurance arrangements		21,050	-	21,050	-	-	-
Reinsurers' share of insurance liabilities	23	9,023	-	9,023	10,356	-	10,356
Other receivables	24	366,808	46,863	413,671	122,824	169,989	292,813
Current income tax		4,684	14,402	19,086	4,368	-	4,368
Due from long term business		-	353,455	353,455	-	565,977	565,977
Deposits with financial institutions	27	2,929,183	170,410	3,099,593	1,789,449	136,830	1,926,279
Cash and bank balances		45,978	762	46,740	6,926	(4,286)	2,640
Total Assets		**67,257,378**	**3,044,568**	**70,301,946**	**54,934,843**	**2,850,649**	**57,785,492**
EQUITY AND LIABILITIES							
Equity							
Ordinary shares	28	150,000	300,000	450,000	150,000	300,000	450,000
Statutory reserve	12	7,437,916	-	7,437,916	6,972,499	-	6,972,499
Retained earnings		-	2,326,550	2,326,550	-	2,116,529	2,116,529
Total Equity		**7,587,916**	**2,626,550**	**10,214,466**	**7,122,499**	**2,416,529**	**9,539,028**
LIABILITIES							
Current income tax		-	-	-	-	84,198	84,198
Due to short term business		353,455	-	353,455	565,977	-	565,977
Other payables	33	405,592	109,584	515,176	369,487	53,489	422,976
Payables arising from reinsurance arrangements		-	3,981	3,981	41,136	3,981	45,117
Payables arising from direct insurance arrangements		-	50,808	50,808	-	50,808	50,808
Payable under deposit administration contracts	32(a)	40,786,023	-	40,786,023	35,031,026	-	35,031,026
Payables under unit linked policies	32(b)	439,693	-	439,693	405,064	-	405,064
Insurance contract liabilities	30	16,321,567	-	16,321,567	9,846,367	-	9,846,367
Deferred income tax	34	1,363,131	253,644	1,616,775	1,553,287	241,644	1,794,931
Total Liabilities		**59,669,462**	**418,018**	**60,087,480**	**47,812,344**	**434,120**	**48,246,464**
Total Equity and Liabilities		**67,257,378**	**3,044,568**	**70,301,946**	**54,934,843**	**2,850,649**	**57,785,492**

The financial statements on pages 150 to 216 were approved and authorised by the board of directors on 20 March 2018 and were signed on its behalf by:

Chairman Director Principal officer

Consolidated Statement of *Changes in Equity*

	Notes	Share capital Ksh '000	Statutory reserve Ksh '000	Revaluation reserve Ksh '000	Translation reserve Ksh '000	Retained earnings Ksh '000	Total Ksh '000
Balance as at 1 January 2016		450,000	4,795,062	63,533	(140,794)	2,665,960	7,833,761
Total comprehensive income for the year		-	2,969,283	(20,515)	(78,576)	297,996	3,168,188
Transfer from statutory reserve		-	(472,500)	-	-	472,500	-
Transaction with owners:							
Final dividend paid for 2015		-	-	-	-	(200,000)	(200,000)
Interim dividend paid for 2016		-	-	-	-	(260,000)	(260,000)
Balance as at 31 December 2016		**450,000**	**7,291,845**	**43,018**	**(219,370)**	**2,976,456**	**10,541,949**
Balance as at 1 January 2017		450,000	7,291,845	43,018	(219,370)	2,976,456	10,541,949
Total comprehensive income for the year		-	869,631	22,375	(21,274)	319,761	1,190,493
Transfer from statutory reseve		-	(298,144)	-	-	298,144	-
Transaction with owners:							
Final dividend paid for 2016	13	-	-	-	-	(200,000)	(200,000)
Balance as at 31 December 2017		**450,000**	**7,863,332**	**65,393**	**(240,644)**	**3,394,361**	**11,532,442**

The notes on pages 157 to 216 are an integral part of these financial statements.

Company Statement of *Changes in Equity*

	Notes	Share capital Ksh '000	Statutory reserve Ksh '000	Retained earnings Ksh '000	Total Ksh '000
Balance as at 1 January 2016		450,000	4,526,809	2,000,988	6,977,797
Total comprehensive income for the year		-	2,918,190	103,041	3,021,231
Transfer from statutory reserve	12	-	(472,500)	472,500	-
Transaction with owners:					
Final dividend paid for 2015		-	-	(200,000)	(200,000)
Interim dividends paid for 2016		-	-	(260,000)	(260,000)
Balance as at 31 December 2016		**450,000**	**6,972,499**	**2,116,529**	**9,539,028**
Balance as at 1 January 2017		450,000	6,972,499	2,116,529	9,539,028
Total comprehensive income for the year		-	763,561	111,877	875,438
Transfer from statutory reseve	12	-	(298,144)	298,144	-
Transaction with owners:					
Final dividend paid for 2016	13	-	-	(200,000)	(200,000)
Balance as at 31 December 2017		**450,000**	**7,437,916**	**2,326,550**	**10,214,466**

The notes on pages 157 to 216 are an integral part of these financial statements.

Consolidated & Company Statement of *Cash Flows*

		GROUP		COMPANY	
	Notes	2017 Ksh '000	2016 Ksh '000	2017 Ksh '000	2016 Ksh '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	35	5,263,348	2,023,158	5,015,982	1,838,325
Income tax paid		(332,161)	(202,609)	(254,183)	(117,366)
Net cash generated from operating activities		**4,931,187**	**1,820,549**	**4,761,799**	**1,720,959**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income		6,060,771	4,870,587	5,755,814	4,615,683
Purchase of property and equipment	14	(27,436)	(57,760)	(4,333)	(37,335)
Purchase of intangible assets	15	(15,055)	(25,640)	(14,965)	(24,768)
Additions to investment property	16	(52,870)	(228,172)	(52,870)	(228,172)
Investment in subsidiary		-	-	(150,000)	-
Proceeds from disposal of property and equipment		1,694	6,707	70	396
Purchase of quoted shares	17	(1,089,361)	(209,000)	(1,078,584)	(198,547)
Purchase of corporate bonds		(609,025)	(24,345)	(609,025)	(24,345)
Proceeds from disposal of government securities		15,730,214	1,924,749	15,825,790	2,094,651
Purchase of government securities		(25,560,119)	(10,385,345)	(25,168,074)	(10,461,486)
Policy loans advanced	21(b)	(152,059)	(147,388)	(129,097)	(121,669)
Policy loans recovered	21(b)	90,932	49,031	91,425	37,899
Mortgage loans advanced	21(a)	(175,877)	(97,705)	(175,877)	(97,705)
Mortgage loans recovered	21(a)	68,907	76,475	68,907	76,475
Proceeds from/(placement of) deposits with financial institutions		1,290,603	(1,615,279)	1,090,007	(1,408,063)
Proceeds from disposal of quoted shares		1,162,731	115,363	1,162,818	109,274
Redemption of corporate bonds		374,824	366,801	373,766	364,637
Dividend income on equity investments	6	304,981	315,346	301,559	312,419
Rental income	6	425,817	450,968	443,120	467,858
Statutory deposit		(34,373)	(1,591)	-	-
Net cash used in investing activities		**(2,204,701)**	**(4,616,198)**	**(2,269,549)**	**(4,477,798)**
CASH FLOWS FROM FINANCING ACTIVITIES					
2016 Final Dividends paid		(200,000)	(460,000)	(200,000)	(460,000)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**2,526,486**	**(3,255,649)**	**2,292,250**	**(3,216,839)**
Cash and cash equivalents at 1 January		789,413	4,144,156	498,024	3,714,864
Effect of translation of cash and cash eqiuvalents		(21,274)	(99,094)	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**35(b)**	**3,294,625**	**789,413**	**2,790,274**	**498,025**

The notes on pages 157 to 216 are an integral part of these financial statements.

1 - GENERAL INFORMATION

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

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

For the Kenyan Companies Act 2015 reporting purposes, in these financial statements the balance sheet is represented by/equivalent to the statement of financial position and the profit and loss account is presented in the statement of comprehensive income.

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

The Group comprises of eight entities; ICEA LION Life Assurance Company which is the parent company, ICEA LION Asset Management Company (Kenya), ITSL Trust Services Company (Kenya), Riverside Park Company (Kenya), ICEA General Insurance Company (Uganda), ICEA Life Assurance Company (Uganda) and ICEA Asset Management Company (Uganda).The Group also has a 25% stake in East Africa Reinsurance Company in Kenya, which is accounted for as an associate.

The Group is organised into two main divisions, General insurance and Long term business. Long term business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. General insurance business relates to all other categories of short term insurance business underwritten by the Group, analysed into several sub-classes of business based on the nature of the assumed risks.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of ICEA LION Life Assurance Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, available-for-sale financial assets and equity investments which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both cash and non-cash changes.

The Group's does not have liabilities arising from financial activities and thus the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standard	Effective date
IFRS 9 - Financial Instruments	1 January 2018 with earlier application permitted
IFRS 17 – Insurance Contracts	I January 2021
IFRS 15 - Revenue from Contracts with Customers (and the related Clarifications)	1 January 2018 with earlier application permitted
IFRS 16 - Leases	1 January 2019 with earlier application permitted
Amendments to IAS 40 - Transfer of Investment Property	1 January 2018 with earlier application permitted
Amendments to IFRSs - Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018 with earlier application permitted
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018 with earlier application permitted

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI.

All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss. IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented as profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39, the expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the type of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement

- Government Securities, corporate bonds and deposits with financial institutions held-to-maturity investments at amortized cost as disclosed in notes 25, 26 and 27: these

are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortized cost upon the application of IFRS 9;

- Government Securities classified as held for trading investments carried at Fair value as disclosed in note 26 are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the instruments in the open market, and the instruments contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal outstanding. Accordingly, these investments qualify for designation as measured at Fair value though profit and loss upon the application of IFRS 9;

- Equity Investments carried at fair value through profit and loss as disclosed in note 17: these are held within a business model. Accordingly, these financial assets will continue to be subsequently measured at fair value through profit and loss upon the application of IFRS 9;

- Available for Sale Equity instruments classified as available-for-sale investments carried at fair value as disclosed in note 17: these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS9, which is different from the current treatment. This will affect the amounts recognized in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income;

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward –looking 'expected credit loss' model. This will require considerable judgement over how changes in economic factors affect expected credit losses (ECLs) which will be determined on a probability-weighted basis.

Financial assets measured at amortized cost under IFRS 9 will be subject to the impairment provision of IFRS 9.

The group expects to apply the simplified approach to recognize lifetime expected credit losses for its receivables arising out of reinsurance arrangements and receivables arising out of direct insurance arrangements as required or permitted by IFRS 9. As regards the Government Securities measured at amortized cost as disclosed in note 27, the directors of the Company consider that they have low credit risk given their strong external credit rating and hence expect to recognize 12-month expected credit losses for these items. In relation to the amounts due from related parties (note 37) the directors have assessed that the credit risk of the amounts due from related parties is minimal, accordingly, the directors expect to recognize 12-month expected credit losses.

In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognized for these items.

IFRS 17-Insurance Contracts

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 re-measured on a current basis each reporting period. The unearned profit (contractual service margin) is recognized 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 recognized in profit or loss in the period in which they occur but over the remaining life in the contract.

The directors anticipate that the application of IFRS 17 will have a significant impact on the financial position and/or financial performance of the Group and are in the process of assessing the impact of its application.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

2 - Summary of significant accounting policies (continued)
a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)
2.2 New and revised IFRSs in issue but not yet effective (continued)
IFRS 15 Revenue from contracts with customers (continued)

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: recognize revenue when (or as) the entity satisfies a performance obligation Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

In April 2016, the IASB issued Clarification to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The directors of the Group anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

Annual Improvements to IFRSs 2014 – 2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

(b) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previous recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previous recognised in other comprehensive income are reclassified to profit or loss.

Investment in subsidiaries in the company books are carried at cost less provisions for impairment.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

The Group's investment in its associate is accounted for using the equity method and is recognized initially at cost.

The cost of the investment includes transaction costs. Subsequent to initial recognition, the financial statement includes the Group's share of the profit or loss and other comprehensive income of equity accounted investee until the date in which significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

(c) The Kenya Motor pool

The Kenya Motor Insurance Pool balances represent the group's share of the surplus and net assets of the pool.

Results of the company's share of the two Kenya Motor Insurance Pools are accounted for in profit or loss in accordance with the Pool's accounting year which runs from October of the previous year to September of the current year. As a result, the Pool's results for the 4th quarter of the group's accounting year are accounted for in the subsequent year.

(d) Insurance and investment contracts – classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur investment contracts are those contracts that transfer financial risk with no significant insurance risk. A number of insurance and investment contracts contain discretionary participation features (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

Long-term insurance business

Includes insurance business of all or any of the following classes, namely, life assurance business (ordinary life and Group life), superannuating business, industrial life assurance business and bond investment business and business incidental to any such class of business. Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for term dependent upon human life. Superannuating business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuating, Group life and permanent health insurance policy.

General insurance business

This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Aviation insurance, Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above. Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks. Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class. It also includes business of effecting and carrying out contracts of insurance against risk of persons insured incurring medical expenses.

(i) Recognition and measurement of insurance and investment contracts

Insurance contracts and investment contracts with DPF are classified into three main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

These contracts are casualty, property and short-duration life insurance contracts.

- Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities.
- Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost.
- Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission. Claims and loss adjustment expenses are charged to profit or loss for the year as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

2 - Summary of significant accounting policies (continued)

(d) Insurance and investment contracts – classification (continued)

Long-term insurance contracts without fixed terms and with DPF –Unit linked and universal life

These contracts insure human life events over a long duration. However, insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest (in the case of universal life contracts) or change in the unit prices (in the case of unit-linked contracts) and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. These liabilities are the contract holders' account balances. Revenue consists of fees deducted for mortality, policy administration and surrender charges. Interest or changes in the unit prices credited to the account balances and excess benefit claims in excess of the account balances incurred in the period are charged as expenses in the profit or loss for the year.

Investment contracts with DPF

Contributions are recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by administration fees and any withdrawals. These liabilities are the contract holders' account balances.

Revenue consists of fees deducted for administration.

(ii) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), and longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit or loss for the year.

(iii) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables related to insurance contracts and investment contracts are amounts due from / due to agents, brokers and insurance contract holders.If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss for the year.

(iv) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (i.e, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(v) Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortized over the life of the contracts.

(e) Revenue recognition (non - insurance contacts)

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

(i) Rendering of services

Revenue arising from asset management and other related services offered by the Group are recognized in the accounting period in which the services are rendered.

2 - Summary of significant accounting policies (continued)
(e) Revenue recognition (non – insurance contracts) (continued)

Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services. In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognizes these fees on a straight-line basis over the estimated life of the contract.

(ii) Investment Income

Rental income

Rental income is recognised as income in the period in which it is earned.

Dividend income

Dividend income from equity securities is recognised when the Group's right to receive payment has been established provided that it is probable that the economic benefits will flow to the fund and the amount of income can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Deposit administration contracts

The Group administers the funds of a number of retirement benefit schemes which are classified as investment contracts. The liabilities of the Group to the schemes have been treated as payables within the statement of financial position.

(g) Accrued leave benefits

Entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability in respect of annual leave accrued on the reporting period end.

(h) Motor vehicle and equipment

Motor vehicle and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation is calculated on motor vehicle and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life, on the following bases:

Motor vehicles	25%
Furniture fittings & equipment	12.5%
Computer equipment	30%

The residual values of items of motor vehicle and equipment and their estimated useful lives are reviewed at each reporting period end and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of motor vehicles and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(i) Intangible assets

Intangible assets comprise of computer software costs which are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated to write off the cost of computer software on a straight line basis over its estimated useful life of 3 years.

(j) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined annually by external independent valuers. Fair value is based on open market basis determined using the highest and best use valuation model.

Investment properties are not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss for the year.

(k) Financial instruments

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated as fair value financial assets through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as fair value financial assets through profit or loss or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Held to maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Measurement of financial assets

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss for the year. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated under a separate statement of changes in equity heading. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as net realised gains /losses on financial assets.

Impairment of financial assets

The Group assesses at each reporting period end whether there is objective evidence that a financial asset (or Group of financial assets) is impaired. Impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that those events have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The impairment loss so recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement, borrowings and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(m) Translation of foreign currencies and operations

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings rounded to the nearest thousand ("Shs"), which is the Group's presentation currency.

(ii) Transactions and balances

In preparing the financial statements of individual entities in the Group, transactions in foreign currencies during the year are recorded at rates ruling at the transaction dates. Assets and liabilities at the end of each reporting period which are expressed in foreign currencies are translated at rates ruling at that date. The resulting differences are dealt with in the statement of comprehensive income come in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the Groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(n) Accounting for Operating leases

An operating lease is a contract wherein the owner, called the Lessor, permits the user, called the Lesse, to use of an asset for a particular period which is shorter than the economic life of the asset without any transfer of ownership rights.

The group has entered into a number of operating leases for all the office location it operates in.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. The amount of unexpired operating leases are disclosed under note 38 of this financial statements

(o) Income tax expense

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2 - Summary of significant accounting policies (continued)
(o) Income tax expense (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same entity.

(p) Retirement benefit obligations

The Group operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Group and employees. The employees of the Group are also members of the statutory National Social Security Fund ("NSSF").The Group's contributions to the defined contribution scheme and NSSF are charged to the profit or loss in the year to which they relate.

(q) Dividends

Dividends on ordinary shares are charged to retained earnings in the year in which they are paid. Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the shareholders

(r) Share Capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

3 - CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparation of the annual financial statements, the Group makes use of estimates and assumptions that affect the reported amounts of its assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognized in the financial statements include:

a) Short-term insurance contract liabilities

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported (IBNR) are net of expected recoveries from salvage and subrogation. The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year.

b) Long term insurance contract liabilities

The long term insurance contract liabilities have been calculated in accordance with the actuarial method and basis set out in the insurance valuation of technical provisions for life insurance business guidelines, 2017.The liabilities have been determined using the Gross Premium Valuation (GPV) method on a policy by policy basis. The best estimate liability has been increased in accordance with the prescribed loadings risk margins. The assumptions underlying the compulsory risk margins have purely been based on the regulatory guidelines. The key assumptions that have been used in determining the actuarial liabilities at year end include; mortality, longevity, expense inflation, investment return and withdrawals.

The most significant valuation assumptions are as summarized below;

a) Mortality - The Company used KE 2007-2010 as base table of standard mortality for ordinary life and KE-2007-2010 plus 40% for annuitant life.
b) Withdrawals - The withdrawal rates used in the valuation were set as per the experience observed in the Company's data.
c) The discount rate assumptions used are based on risk free interest rate as at 31st December 2017 which is derived by converting the Nairobi Securities yield curve as at 31st December 2017 to zero coupon yield.
d) Expense and inflation - The level of renewal expenses were taken based on the current expense experience of the Company. The expense inflation has been assumed to be 6.3% for the year ended 31st December 2017.

SENSITIVITY ANALYSIS

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

	% change	2017 Kshs'000
Mortality	+10	36,184
Longevity	+10	145,475
Expense inflation	+10	41,020
Withdrawals	+10	7,150

The above sensitivity analysis is on the Company actuarial liabilities. Since the Company actuarial liabilities account for over 90% of the group actuarial liabilities the subsidiaries liabilities will not materially change this sensitivity position.

The table below summarizes details of the risk margins applied in the actuarial valuation of long term insurance contract liabilities:

	Risk Margins Applied	
	31st December 2017	31st December 2016
Mortality	10% decrease	10% decrease
Longevity	10% decrease	10% decrease
Withdrawals	25% decrease or 25% Increase	25% decrease or 25% Increase
Interest rate	15% decrease	10% decrease
Expenses	10% increase	10% increase
Expense inflation	10% increase	10% increase

c) Income Tax

The Group is subject to income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

d) Valuation of Investment property

Estimates are made in determining valuations of investment properties. Fair value is based on valuation performed by an independent valuation expert. In performing the valuation the valuer uses discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates as well as makes reference to recent sales. The independent valuers also use the highest and best use principle in determining the value of Investment property. The change in these assumptions could result in a significant change in the carrying value of investment property. Management monitors the investment property market and economic conditions that may lead to significant change in fair value, and conducts a formal and independent property valuation at least once every three years and adjusts the recorded fair values accordingly for any significant change.

SENSITIVITY ANALYSIS

The effect of changes in gross annual rental and yield will have the following effect on the fair value of investment property;

	% change	2017 Kshs'000	2016 Kshs'000
Gross annual rental	+10	934,054	837,671
Gross annual rental	-10	(934,054)	(837,671)
Yield	+0.5	8.9	9.5
Yield	-0.5	7.9	8.5

4 MANAGEMENT OF INSURANCE & FINANCIAL RISK

The Group's activities expose it to a variety of financial and insurance risks. The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The disclosures below summarises the way the Group manages key risks:

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

4 - Management of insurance and financial risk (continued)
4.1 Insurance risk Continued)

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Long-term business

Insurance risk arises from the writing of other non-participating life business, as these products are valued prospectively and therefore expose the long - term required capital to risk if actual experience differs from that which is assumed.

The Group is however also exposed to persistency risk in respect of other policyholder solutions and insurance risk in respect of insurance contracts.

The Group manages underwriting risk through Its product development process and underwriting policy to prevent anti - selection and ensure appropriate premium rates (loadings) for substandard risks. The Group also ensures there is adequate reinsurance arrangements to limit exposure per individual and manage concentration of risks. Other measured the Group uses to manage its Insurance risk includes ensuring that there is in place a sound claims handling policy and adequate pricing and reserving philosophy. Quarterly full actuarial valuations and the Group's regular performance reporting process assist in the timely identification of experience variances.

The following policies and practices are used by the Group as part of its underwriting strategy to mitigate underwriting risk;

i) All long-term insurance product additions and alterations are required to pass through the approval framework that forms part of the life insurance business' governance process.
ii) The statutory actuaries approve the policy conditions and premium rates of new and revised products;
iii) Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life;
iv) The experience of reinsurers is used where necessary for the rating of substandard risks
v) The risk premiums for Group risk business and some of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary.
vi) Regular investigations into mortality and morbidity experience are conducted to ensure that corrective action is taken where necessary.

Short-term business

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of road accidents and injuries to agricultural employees. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess, surplus and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than set limits per class of business in any one year. In addition to the overall Group reinsurance programme, individual business units are permitted to purchase additional reinsurance protection.

The Group has specialised claims units dealing with the mitigation of risks surrounding known claims. This unit investigates all claims and adjusts them where necessary. The claims records are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on all insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the

4 - Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and a large element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they have adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered and damage or loss to property.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

For contracts that survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present; these risks are monitored very closely and reassurance arrangements are in place to protect the impact of severity of claims and frequency from one event. There is also an underwriting policy in place which is strictly followed.

The underwriting strategy adopted is intended to ensure that the risks underwritten are well diversified in terms of type of risk and level of insured benefits. Medical selection is also included in underwriting procedures with premiums varied to reflect the health condition and family medical history of the insured. The Group has retention limit for standard risks (from a medical point of view). The Group does not have in place any reinsurance for contracts that insure survival risk but every year reserves are set aside to support the liabilities arising from such contracts. Insurance risk for contracts disclosed in this note is also affected by policyholder's right to pay reduced premiums or no future premiums or terminate the contract completely.

The table below discloses the maximum insured risk (sum assured) by the class of business in which the contract holder operates and included in the terms of the policy. The amounts are the carrying amounts of the insurance liabilities (gross and net of reinsurance) arising from insurance. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

GROUP

Year ended 31 December 2017

Life Business

Class of business		Maximum Insured loss			
		Shs 0 m-Shs 15 m	Shs 15 m-Shs 250 m	Shs 250 m and above	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Annuity	Gross/Net	6,826,765	3,972,294	-	10,799,059
Ordinary life	Gross	38,778,274	2,023,597	-	40,801,871
	Net	33,947,760	330,571	-	34,278,331
Group life	Gross	531,452	13,511,385	144,554,823	158,597,660
	Net	516,448	9,290,874	80,262,467	90,069,789
General business					
Fire	Gross	2,470	25,983	137,061	165,514
	Net	177	1,861	9,815	11,853
Motor	Gross	22,496	32,079	10,814	65,389
	Net	16,872	24,059	8,110	49,041
Accident	Gross	45,978	6,420	39,507	91,905
	Net	15,633	2,183	13,432	31,248
Others	Gross	108,595	12,867	95,570	217,032
	Net	52,126	6,176	45,874	104,176
Total	**Gross**	**46,316,030**	**19,584,625**	**144,837,775**	**210,738,430**
Total	**Net**	**41,375,781**	**13,628,018**	**80,339,698**	**135,343,497**

4 - Management of Insurance and Financial Risk (continued)
4.1 Insurance risk (continued)

COMPANY

Year ended 31 December 2017

Life Business

Class of business		Maximum Insured loss			
		Shs 0 m-Shs 15 m Shs'000	Shs 15 m-Shs 250 m Shs'000	Shs 250 m and above Shs'000	Total Shs'000
Annuity	Gross/Net	6,826,765	3,972,294	-	10,799,059
Ordinary life	Gross	34,104,972	1,290,784	-	35,395,756
	Net	29,668,817	310,705	-	29,979,522
Group life	Gross	239,918	1,0475,667	107,940,385	118,655,970
	Net	236,682	7,063,941	64,572,503	71,873,126
Total	**Gross**	**41,171,655**	**15,738,745**	**107,940,385**	**164,850,785**
Total	**Net**	**36,732,264**	**11,346,940**	**64,572,503**	**112,651,707**

GROUP

Class of business		Maximum Insured loss			
		Shs 0 m-Shs 15 m Shs'000	Shs 15 m-Shs 250 m Shs'000	Shs 250 m and above Shs'000	Total Shs'000
Life business					
Year ended 31 December 2016					
Annuity	Gross/Net	5,247,504	3,416,736	-	8,664,240
Ordinary life	Gross	35,286,698	1,946,629	-	37,233,327
	Net	31,427,258	910,557	-	32,337,815
Group life	Gross	1,245,763	14,675,893	160,409,008	176,330,664
	Net	1,214,225	10,237,850	103,260,722	114,712,797
General business					
Fire	Gross	1,886	19,848	104,698	126,432
	Net	189	1,985	10,470	12,644
Motor	Gross	4,344	6,194	2,088	12,626
	Net	3,301	4,707	1,587	9,595
Accident	Gross	96,292	13,446	82,740	192,478
	Net	34,665	4,840	29,786	69,291
Others	Gross	177,280	21,005	156,017	354,302
	Net	90,413	10,713	79,569	180,695
Total	**Gross**	**42,059,767**	**20,099,751**	**160,754,551**	**222,914,069**
Total	**Net**	**38,017,555**	**14,587,388**	**103,382,134**	**155,987,078**

COMPANY

Class of business		Maximum Insured loss			
		Shs 0 m-Shs 15 m Shs'000	Shs 15 m-Shs 250 m Shs'000	Shs 250 m and above Shs'000	Total Shs'000
Life business					
Year ended 31 December 2016					
Annuity	Gross/Net	5,247,504	3,416,736	-	8,664,240
Ordinary life	Gross	31,152,509	1,658,669	-	32,811,178
	Net	27,752,537	748,852	-	28,501,389
Group life	Gross	954,229	11,640,175	123,794,570	136,388,974
	Net	934,459	8,010,917	87,570,758	96,516,134
Total	**Gross**	**37,354,242**	**16,715,580**	**123,794,570**	**177,864,392**
Total	**Net**	**33,934,500**	**12,176,505**	**87,570,758**	**133,681,763**

4.2 Financial risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It manages these positions with an Asset Liability Management (ALM) framework that has been developed to achieve investment returns in excess of obligations under insurance contracts. The Group produces regular reports at portfolio and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's asset liability management (ALM) is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The Group does not use hedge accounting.

The Group has not changed the processes used to manage its risks from previous periods. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework.

The Group has exposure to the following risks arising from financial instruments;

a) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the Group is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand.

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of short-term insurance contracts as of 31 December 2017.

GROUP

		Contractual cash flows (undiscounted)				
Financial assets	Carrying amount 31.12.2017 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	973,864	-	417,337	72,836	67,196	416,495
- Corporate bonds – fixed rate	4,879	-	-	4,879	-	-
- Fixed deposits	408,146	-	408,146	-	-	-
Equities - available for sale	11,162	11,162	-	-	-	-
Deferred acquisition costs	33,542	-	33,542	-	-	-
Cash and cash equivalents	48,039	-	-	-	48,039	-
Receivables arising out of reinsurance arrangements	185,030	-	185,030	-	-	-
Assets arising from reinsurance contracts held short term	128,139	-	-	-	128,139	-
Receivables arising out of direct insurance arrangements	114,730	-	114,730	-	-	-
Total	**1,907,531**	**11,162**	**1,334,963**	**77,715**	**67,196**	**416,495**
Financial liabilities						
Insurance contracts-short term	213,723	-	213,723	-	-	-
Payables arising from reinsurance arrangements	86,473	-	86,473	-	-	-
Payables arising from direct insurance arrangements	50,808	-	50,808	-	-	-
Unearned premiums	126,289	-	126,289	-	-	-
Total	**477,293**	**-**	**477,293**	**-**	**-**	**-**
Difference in contractual cash flows	**1,430,238**	**11,162**	**857,670**	**77,715**	**67,196**	**416,495**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of short-term insurance contracts as of 31 December 2016.

GROUP

Financial assets	Carrying amount 31.12.2016 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	501,845	-	46,123	36,077	62,873	356,772
- Corporate bonds – fixed rate	5,937	-	-	-		5,937
- Fixed deposits	313,359	-	313,359	-	-	-
Equity securities at fair value through profit and loss:	10,809	10,809	-	-	-	-
Deferred acquisition costs						
Cash and cash equivalents	18,469	-	18,469	-	-	-
Receivables arising out of reinsurance arrangements	160,001	160,001	-	-	-	-
Receivables arising out of direct insurance arrangements	249,833	249,833	-	-	-	-
Total	**1,260,253**	**420,643**	**377,951**	**36,077**	**62,873**	**362,709**
Financial liabilities						
Insurance contracts-short term	178,347	-	178,347	-	-	-
Less assets arising from reinsurance contracts held short term	(111,058)	-	(111,058)	-	-	-
Payables arising from reinsurance arrangements	62,535	-	62,535	-	-	-
Payables arising from direct insurance arrangements	50,808	-	50,808	-	-	-
Unearned premiums	116,152	-	116,152	-	-	-
Total	**296,784**	**-**	**296,784**	**-**	**-**	**-**
Difference in contractual cash flows	**963,469**	**420,643**	**81,167**	**36,077**	**62,873**	**362,709**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's Assets and Liabilities Management (ALM) framework for management of Short-term insurance contracts as of 31 December 2017.

COMPANY

		Contractual cash flows (undiscounted)				
Financial assets	Carrying amount 31.12.2017 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	320,000	-	320,000	-	-	-
- Fixed deposits	170,410	-	170,410	-	-	-
Cash and cash equivalents	762	-	762	-	-	-
Total	**491,172**	**-**	**491,172**	**-**	**-**	**-**
Financial liabilities						
Payables arising from direct insurance arrangements	50,808	-	50,808	-	-	-
Payables arising from reinsurance arrangements	3,981	-	3,981	-	-	-
Total	**54,789**	**-**	**54,789**	**-**	**-**	**-**
Difference in contractual cash flows	**436,383**	**-**	**436,383**	**-**	**-**	**-**

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the company's Assets and Liabilities Management (ALM) framework for management of Short-term insurance contracts as of 31 December 2016.

		Contractual cash flows (undiscounted)				
Financial assets	Carrying amount 31.12.2016 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	26,228	-	26,228	-	-	-
- Fixed deposits	136,830	-	136,830	-	-	-
Cash and cash equivalents	(4,286)	-	(4,286)	-	-	-
Total	**158,772**	**-**	**158,772**	**-**	**-**	**-**
Financial liabilities						
Payables arising from direct insurance arrangements	50,808	-	50,808	-	-	-
Payables arising from reinsurance arrangements	3,981	-	3,981	-	-	-
Total	**54,789**	**-**	**54,789**	**-**	**-**	**-**
Difference in contractual cash flows	**103,983**	**-**	**103,983**	**-**	**-**	**-**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of long term insurance contracts as of 31 December 2017.

GROUP

		Contractual cash flows (undiscounted)				
Financial assets	Carrying amount 31.12.2017 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	86,928,022	-	7,497,573	5,554,900	7,114,987	66,760,562
- Corporate bonds – fixed rate	3,321,277	-	845,217	553,959	309,605	1,612,496
- Fixed deposits	4,499,480	-	3,333,747	-	-	1,165,733
- Available for sale	-	-	-	-	-	-
Equity securities at fair value through profit and loss:	6,162,425	6,162,425	-	-	-	-
Cash and cash equivalents	136,648	-	136,648	-	-	-
Mortgage loans	493,758	-	4,461	696	3,274	485,327
Policy loans	547,182	-	112,340	-	289,672	145,170
Total	**102,088,792**	**6,162,425**	**11,929,986**	**6,109,555**	**7,717,538**	**70,169,288**
Financial liabilities						
Insurance contracts-long term	49,490,699	-	997,114	429,924	1,003,189	47,060,472
Payables under unit linked policies	439,693	-	439,693	-	-	-
Less assets arising from reinsurance contracts held short term	(21,050)	-	(21,050)	-	-	-
Payables arising from reinsurance arrangements	21,933	-	21,933	-	-	-
Payables under deposit administration contracts	41,616,647	-	41,616,647	-	-	-
Total	**91,547,922**	**-**	**43,054,337**	**429,924**	**1,003,189**	**47,060,472**
Difference in contractual cash flows	**10,540,870**	**6,162,425**	**(31,124,351)**	**5,679,631**	**6,714,349**	**23,108,816**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of long term insurance contracts as of 31 December 2016.

GROUP

		Contractual cash flows (undiscounted)				
Financial assets	Carrying amount 31.12.2016 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity						
- Government securities-fixed rate	80,778,118	-	5,990,690	5,969,134	4,732,607	64,085,687
- Corporate bonds – fixed rate	3,454,900	-	644,161	743,095	490,917	-
- Fixed deposits	3,283,246	-	2,339,843	-	-	943,403
- Available for sale	74,058	74,058	-	-	-	-
Equity securities at fair value through profit and loss:	5,149,380	5,149,380	-	-	-	-
Cash and cash equivalents	21,352	-	21,352	-	-	-
Mortgage loans	386,788	-	3,878	2,283	23,495	357,132
Policy loans	486,056	-	99,790	-	257,313	128,953
Total	**93,633,898**	**5,223,438**	**9,099,714**	**6,714,512**	**5,504,332**	**67,091,902**
Financial liabilities						
Insurance contracts-long term	9,846,367	9,846,367	-	-	-	-
Payables under unit linked policies	405,064	405,064	-	-	-	-
Less assets arising from reinsurance contracts held short term	(26,050)	(26,050)	-	-	-	-
Payables arising from reinsurance arrangements	58,866	58,866	-	-	-	-
Payables under deposit administration contracts	35,721,978	35,721,978	-	-	-	-
Total	**46,006,225**	**46,006,225**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**47,627,673**	**(40,782,787)**	**9,099,714**	**6,714,512**	**5,504,332**	**67,091,902**

4 - Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's Assets and Liabilities Management (ALM) framework for management of long-term insurance contracts as of 31 December 2017.

COMPANY

		Contractual cash flows (undiscounted)					
Financial assets	Carrying amount 31.12.2017 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	2-3 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity							
- Government securities-fixed rate	84,818,230	-	-	5,990,690	5,969,134	4,732,607	64,085,687
- Corporate bonds	3,321,277	-	-	644,161	743,095	490,917	-
- Deposit with financial institutions	4,094,916	-	-	2,339,843	-	-	943,403
Equity securities - At fair value through profit and loss:	6,162,425	6,162,425	-	-	-	-	-
Mortgage loans	493,758	-	4,461	696	3,274	13,947	471,380
Policy loans	469,627	-	96,417	-	248,616		124,594
Cash and bank balances	45,978	-	45,978	-	-	-	-
Total	**99,406,211**	**6,162,425**	**11,074,437**	**5,651,486**	**7,282,058**	**14,633,726**	**54,602,079**
Long term insurance liabilities							
Insurance contracts- long term	48,600,231	-	106,646	429,924	1,003,189	1,318,888	45,741,584
Payables under unit linked policies	439,693	-	439,693	-	-	-	-
Less assets arising from reinsurance contracts	(9,023)	-	(9,023)	-	-	-	-
Payables under deposit administration contracts	40,786,023	-	40,786,023	-	-	-	-
Total	**89,816,924**	**-**	**41,323,339**	**429,924**	**1,003,189**	**1,318,888**	**45,741,584**
Difference in contractual cash flows	**9,589,287**	**6,162,425**	**(30,248,902)**	**5,221,562**	**6,278,869**	**13,314,838**	**8,860,495**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
a) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the company's Assets and Liabilities Management (ALM) framework for management of long-term insurance contracts as of 31 December 2016.

COMPANY

		Contractual cash flows (undiscounted)					
Financial assets	Carrying amount 31.12.2016 Shs'000	No stated Maturity Shs'000	0-1 yr Shs'000	1-2 yrs Shs'000	2-3 yrs Shs'000	3-4 yrs Shs'000	> 5 yrs Shs'000
Debt securities held to maturity							
- Government securities-fixed rate	79,651,350	-	5,730,230	5,756,363	4,395,176	5,935,897	57,833,684
- Corporate bonds	3,454,900	-	644,161	743,095	490,917	244,516	1,332,211
- Deposit with financial institutions	1,950,087	-	1,006,684	-	-	-	943,403
Equity securities - At fair value through profit and loss:	5,149,380	5,149,380	-	-	-	-	-
Mortgage loans	386,788	-	3,878	2,283	7,246	16,249	357,132
Policy loans	431,955	-	83,560	-	-	219,442	128,953
Cash and bank balances	6,926	-	6,926	-	-	-	-
Total	**91,031,386**	**5,149,380**	**7,475,439**	**6,501,741**	**4,893,339**	**6,416,104**	**60,595,383**
Long term insurance liabilities	9,846,367	9,846,367	-	-	-	-	-
Insurance contracts- long term	405,064	405,064	-	-	-	-	-
Payables under unit linked policies	41,136	41,136	-	-	-	-	-
Less assets arising from reinsurance contracts	(10,356)	(10,356)	-	-	-	-	-
Payables under deposit administration contracts	35,031,025	35,031,025	-	-	-	-	-
Total	**45,313,236**	**45,313,236**	**-**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**45,718,150**	**(40,163,856)**	**7,475,439**	**6,501,741**	**4,893,339**	**6,416,104**	**60,595,383**

a) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the financial instruments as the carrying amounts of the latter are not directly affected by changes in market risks.

The Group's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 1 percentage points in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the Group's overall exposure to interest rate sensitivities included in the Group's ALM framework and its impact in the Group's profit or loss by business.

An increase/decrease of one percentage point in interest yields would result in additional profit/loss for the year of Shs 435.5million (2016:Shs 388.1Million) investment income in long-term business and Shs 0.3 million (2016:Shs 7.6 Million) in short-term business.

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
b) Market risk (continued)

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

GROUP	Long term business 2017	Short term business and Investment Activities 2017	Total 2017	Total 2016
Assets	Shs'000	Shs'000	Shs'000	Shs'000
Mortgage loans	493,758	-	493,758	386,788
Policy loans	547,182	-	547,182	486,055
Corporate bonds held to maturity	1,429,498	4,879	1,434,377	1,200,176
Government securities held to maturity	43,156,663	466,436	43,623,099	36,029,260
Government securities held for trading	4,291,818	234,047	4,525,865	2,143,031
Deposits with financial institutions	3,333,747	408,146	3,741,893	2,653,202
Total interest bearing assets	**53,252,666**	**1,113,508**	**54,366,174**	**42,898,512**
COMPANY				
Assets				
Mortgage loans	493,758	-	493,758	386,788
Policy loans	469,627	-	469,627	431,955
Corporate bonds held to maturity	1,429,498	-	1,429,498	1,194,239
Government securities held to maturity	41,874,486	305,576	42,180,062	35,085,576
Government securities held for trading	4,291,818	-	4,291,818	1,908,405
Deposits with financial institutions	2,929,183	170,410	3,099,593	1,926,279
Total interest bearing assets	**51,488,370**	**475,986**	**51,964,356**	**40,933,242**

(ii) Currency risk

Foreign exchange currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities, which mitigate the foreign currency exchange rate risk. The currency risk is also effectively managed by ensuring that the transactions between the Group and other parties are designated in the functional currencies of the individual Group companies.

At 31 December 2017, if the Kenya shilling had weakened/strengthened by 1% against the Uganda Shillings with all other variables held constant the profit before tax for the year would have been increased/decreased by Shs 0.787 million (2016: Shs 0.367 million) mainly as a result of ICEA Life Assurance (U) Company Limited and ICEA General Insurance (U) Company Limited operations.

c) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- amounts due from corporate bond issuers
- Cash and cash equivalents (including fixed deposits)

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Groups of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

The Group has in place a well - developed counterparty model that is used to evaluate banks where the Group can place bank deposits. The model has incorporated Bank performance, governance structures and asset quality in arriving at counter party scores. The counter party model is reviewed bi-annually and banks that do not meet the deposit placement criteria and dropped from the approved bank deposit placement institutions.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs.

Classification of credit risk bearing assets

The tables below represents the maximum credit risk exposure to the Group attributable to receivables arising out of direct insurance and reinsurance contracts as at 31 December 2017 and 2016.

GROUP

31 December 2017	Neither past due nor Impaired Shs'000	Past due but not Impaired Shs'000	Impaired Shs'000	Impairment allowances Shs'000	Total Shs'000
Government securities held to maturity	43,623,099	-	-	-	43,623,099
Government securities held for trading	4,525,865	-	-	-	4,525,865
Receivables arising from insurance contracts held	-	114,730	107,025	(107,025)	114,730
Receivables arising from reinsurance contracts held	206,080	-	-	-	206,080
Mortgage loans	493,758	-	-	-	493,758
Policy loans	547,182	-	-	-	547,182
Corporate bonds	1,434,377	-	-	-	1,434,377
Deposits with financial institutions	3,741,893	-	-	-	3,741,893
Cash and bank balances	181,298	-	-	-	181,298
Other receivables	581,964	-	-	-	581,964
	55,335,516	**114,730**	**107,025**	**(107,025)**	**55,450,246**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
(c) Credit risk (continued)

GROUP

31 December 2016	Neither past due nor Impaired Shs'000	Past due but not Impaired Shs'000	Impaired Shs'000	Impairment allowances Shs'000	Total Shs'000
Government securities held to maturity	36,029,260	-	-	-	36,029,260
Government securities held for trading	2,143,031	-	-	-	2,143,031
Receivables arising from insurance contracts held	-	234,023	28,302	(12,492)	249,833
Receivables arising from reinsurance contracts held	160,001	-	-	-	160,001
Mortgage loans	386,788	-	-	-	386,788
Policy loans	486,055	-	-	-	486,055
Corporate bonds	1,200,176	-	-	-	1,200,176
Deposits with financial institutions	2,653,202	-	-	-	2,653,202
Cash and bank balances	39,821	-	-	-	39,821
Other receivables	440,527	-	218,023	(218,023)	440,527
	43,538,861	**234,023**	**246,325**	**(230,515)**	**43,788,694**

COMPANY

31 December 2017	Neither past due nor Impaired Shs'000	Past due but not Impaired Shs'000	Impaired Shs'000	Impairment allowances Shs'000	Total Shs'000
Government securities held to maturity	42,180,062	-	-	-	42,180,062
Government securities held for trading	4,291,818	-	-	-	4,291,818
Mortgage loans	493,758	-	-	-	493,758
Policy loans	469,627	-	-	-	469,627
Corporate bonds	1,429,498	-	-	-	1,429,498
Deposits with financial institutions	3,099,593	-	-	-	3,099,593
Cash and bank balances	46,740	-	-	-	46,740
Other receivables	413,671	-	-	-	413,671
	52,424,767	**-**	**-**	**-**	**52,424,767**

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
(c) Credit risk (continued)

COMPANY 31 December 2016	Neither past due nor Impaired Shs'000	Past due but not Impaired Shs'000	Impaired Shs'000	Impairment allowances Shs'000	Total Shs'000
Government securities held to maturity	35,085,576	-	-	-	35,085,576
Government securities held for trading	1,908,405	-	-	-	1,908,405
Receivables arising from reinsurance contracts held	386,788	-	28,302	(12,492)	386,788
Mortgage loans	431,955	-	-	-	431,955
Policy loans	1,194,239	-	-	-	1,194,239
Corporate bonds	1,926,279	-	-	-	1,926,279
Deposits with financial institutions	2,640	-	-	-	2,640
Cash and bank balances	292,813	-	-	-	292,813
Other receivables	200,342	-	218,023	(218,023)	200,342
	41,429,037	**-**	**218,023**	**(218,023)**	**41,429,037**

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

The past due debtors are not impaired and continue to be paid. The group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

Management makes regular reviews to assess the degree of compliance with the Group's procedures on credit. Exposures to individual policyholders and Groups of policyholders are tracked within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous Groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
(d) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities measured at fair value at 31 December 2017 and 31 December 2016.

GROUP	Level 1	Level 2	Level 3	Total
31 December 2017	Shs '000	Shs '000	Shs '000	Shs '000
Available for sale financial assets				
-Equity instruments	87,744	-	-	87,744
Financial assets at fair value through profit or loss				
- Equity securities	6,162,425	-	-	6,162,425
- Debt securities	4,525,865	-	-	4,525,865
Total financial assets	**10,776,034**	**-**	**-**	**10,776,034**
31 December 2016				
Available for sale financial assets				
- Equity instruments	84,867	-	-	84,867
Financial assets at fair value through profit or loss				
- Equity securities	5,149,380	-	-	5,149,380
- Debt securities	2,143,031	-	-	2,143,031
Total financial assets	**7,377,278**	**-**	**-**	**7,377,278**

There were no transfers between levels 1, 2 and 3 in the period (2016: None).

Reconciliation of level 3 fair value measurements

There were no financial assets or financial liabilities measured at fair value on level 3 fair value.

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

4 - Management of Insurance and Financial Risk (continued)
4.2 Financial risk (continued)
(d) Fair value estimation (continued)

The following table presents the Company's financial assets and liabilities measured at fair value at 31 December 2017 and 31 December 2016.

COMPANY	Level 1	Level 2	Level 3	Total
31 December 2017	Shs '000	Shs '000	Shs '000	Shs '000
Financial assets at fair value through profit or loss				
- Equity securities	6,162,425	-	-	6,162,425
- Debt securities	4,291,818	-	-	4,291,818
Total financial assets	**10,454,243**	**-**	**-**	**10,454,243**
31 December 2016				
Financial assets at fair value through profit or loss				
- Equity securities	5,149,380	-	-	5,149,380
- Debt securities	1,908,405	-	-	1,908,405
Total financial assets	**7,057,785**	**-**	**-**	**7,057,785**

There were no transfers between levels 1, 2 and 3 in the period (2016: None).

Reconciliation of level 3 fair value measurements

There were no financial assets or financial liabilities measured at fair value on level 3 fair value.

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

(e) Capital management

The Group maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings, consistent with the Group's risk profile and the regulatory and market requirements of its business.

The Group's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Group's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Group is focused on the creation of value for shareholders.

4 - Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

(e) Capital management (continued)

The Group has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders. The Group considers not only the traditional sources of capital funding but also the alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital. The Group manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The Group manages capital in accordance with these rules and has embedded in its ALM framework the necessary tests to ensure continuous and full compliance with such regulations. The Group has complied with all externally imposed capital requirements throughout the year.

Insurance entities in Kenya are governed by the Insurance Act and as such are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

The new capital requirement (Risk Based Capital) were introduced in the Finance Act, 2015. Insurance companies are required to hold paid up capital by the 30th June 2018; the higher of:-

(i) Shs 400 million; or

(ii) risk based capital determined by the Insurance Regulatory Authority (IRA) from time to time; or

(iii) 5% of the liabilities of the life business for the financial year.

In line with risk based methodology, IRA has developed a Risk Based Capital (RBC) model, which is aimed at introducing capital requirements that are commensurate to the levels of risk being undertaken, and provide appropriate incentives for good risk management. The RBC model is a factor based model that computes the capital requirement based on four risk segments: insurance, market, credit and operational risk.

The Company's Capital adequacy ratio position as at 31 December 2017 is as shown below;

	2017 Shs'000	2016 Shs'000
Available Capital	10,050,267	9,362,757
Required Capital	2,855,380	2,122,960
Capital Adequacy ratio	**352%**	**441%**
Required Capital Adequacy ratio	**150%**	**150%**

In Uganda, statutory capital is based on Section 6 of the Insurance Act, 2011.

The Uganda Insurance Act require each insurance company to hold the minimum level of paid up capital as follows;

- General insurance business companies: Ushs 4 billion and
- Long term insurance business companies: Ushs 3 billion

The Insurance Act, 2011further requires that 2% of the gross written premium or15% of the net profit, whichever is greater, be transferred to the contingency reserve until it equals the minimum paid up capital or 50% of the current year's net written premium, whichever is higher.

Additionally, for a general insurance company, the Insurance Act, 2011 requires that 5% of the net profit for the year be transferred to the capital reserve.

The two insurance companies in Uganda complied with these requirements during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. GROSS EARNED PREMIUMS

The premium income of the Group is analysed between the main classes of business as shown below:

	Group		Company	
	2017	2016	2017	2016
Long-term business				
Ordinary life	3,099,667	2,344,156	2,686,935	1,981,769
Group life	451,099	816,431	307,480	695,734
Annuity	3,429,295	914,678	3,429,295	914,678
	6,980,061	**4,075,265**	**6,423,710**	**3,592,181**
Short term business:				
Motor	168,414	192,318	-	-
Fire	83,902	77,261	-	-
Personal accident	103,780	88,059	-	-
Other	197,288	242,897	-	-
	553,384	**600,535**	**-**	**-**
	7,533,445	**4,675,800**	**6,423,710**	**3,592,181**

6. INVESTMENT INCOME

GROUP	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Long term business 2016 Shs'000	Short term business 2016 Shs'000	Total 2016 Shs'000
Investments held to maturity						
Interest from government securities	5,470,460	45,541	5,516,001	4,350,409	24,916	4,375,325
Interest from corporate bonds	183,637	-	183,637	146,316	-	146,316
Bank deposit interest	167,732	20,817	188,549	185,170	12,665	197,835
	5,821,829	**66,358**	**5,888,187**	**4,681,895**	**37,581**	**4,719,476**
Investments at fair value through profit or loss						
Fair value (loss) /gains on equity investments (Note 17)	1,010,021	-	1,010,021	(520,047)	-	(520,047)
Dividends receivable from equity investments	289,730	15,251	304,981	299,848	15,498	315,346
Gain on disposal of equity investments	87,258	-	87,258	21,266	-	21,266
Fair value gains on treasury bonds	135,615	11,153	146,768	24,647	3,426	28,073
Fair value gains on unit trusts	11,623	3,936	15,559	16,451	6,766	23,217
Interest income on treasury bonds	-	27,724	27,724	-	26,475	26,475
Interest income on unit trusts	-	5,593	5,593	-	6,928	6,928
	1,534,247	**63,657**	**1,597,904**	**(157,835)**	**59,093**	**(98,742)**
Loans and receivables						
Loan interest receivable-mortgages	62,639	-	62,639	56,231	-	56,231
Loan interest receivable-policy loans	76,628	-	76,628	61,650	-	61,650
	139,267	**-**	**139,267**	**117,881**	**-**	**117,881**
Investment properties						
Fair value gains on investment properties (Note 16)	300,653	40,000	340,653	519,555	30,000	549,555
Rental income from investment properties	368,695	57,122	425,817	375,942	75,026	450,968
	669,348	**97,122**	**766,470**	**895,497**	**105,026**	**1,000,523**
Other investments income						
Miscellaneous income	54	167	221	811	2,805	3,616
Net investment income	**8,164,745**	**227,304**	**8,392,049**	**5,538,249**	**204,505**	**5,742,754**

6. Investment income (continued)

COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Long term business 2016 Shs'000	Short term business 2016 Shs'000	Total 2016 Shs'000
Investments held to maturity						
Interest from government securities	5,299,419	18,704	5,318,123	4,227,370	2,633	4,230,003
Interest from corporate bonds	183,637	-	183,637	142,119	-	142,119
Bank deposit interest	110,274	12,845	123,119	124,549	6,213	130,762
	5,593,330	**31,549**	**5,624,879**	**4,494,038**	**8,846**	**4,502,884**
Investments at fair value through profit or loss						
Fair value (loss) /gains on equity investments (Note 17)	1,010,021	-	1,010,021	(520,047)	-	(520,047)
Dividends receivable from equity investments	286,559	15,000	301,559	297,419	15,000	312,419
Gain on disposal of equity investments	87,258	-	87,258	21,266	-	21,266
Fair value gains on treasury bonds	135,615	-	135,615	24,647	-	24,647
Fair value gains on unit trusts	11,291	3,881	15,172	16,047	6,784	22,831
	1,530,744	**18,881**	**1,549,625**	**(160,668)**	**21,784**	**(138,884)**
Loans and receivables						
Loan interest receivable-mortgages	62,639	-	62,639	56,231	-	56,231
Loan interest receivable-policy loans	68,296	-	68,296	56,568	-	56,568
	130,935	**-**	**130,935**	**112,799**	**-**	**112,799**
Investment properties						
Fair value gains on investment properties (Note 16)	300,653	40,000	340,653	519,555	30,000	549,555
Rental income from investment properties	385,998	57,122	443,120	392,833	75,026	467,859
	686,651	**97,122**	**783,773**	**912,388**	**105,026**	**1,017,414**
Other investments income						
Miscellaneous income	-	-	-	-	2,038	2,038
Investment Expenses	(65,736)	(1,107)	(66,843)	(52,333)	(828)	(53,161)
Net investment income	**7,875,924**	**146,445**	**8,022,369**	**5,306,224**	**136,866**	**5,443,090**

7. OTHER OPERATING INCOME

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Management fees on unit linked product	-	-	-	8,378
Gain on disposal of property and equipment	-	1,796	1,796	(1,496)
Bad debts recovered	-	-	-	1,929
Others	6,450	6,865	13,315	18,558
Reversal of impairment /(Impairment) of fixed deposit	150,784	-	150,784	(218,023)
	157,234	**8,661**	**165,895**	**(190,654)**

COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Others	5,924	5,432	11,356	28,665
Reversal of impairment /(Impairment) of fixed deposit	150,784	-	150,784	(218,023)
	156,708	**5,432**	**162,140**	**(189,358)**

The impairment provision is in relation to fixed deposits held with Chase Bank which is currently under statutory management.

8. CLAIMS & POLICYHOLDER BENEFITS PAYABLE

GROUP

	2017 Shs'000	2016 Shs'000
Long term insurance business		
Death and disability claims	347,751	337,273
Life maturity claims	921,760	479,032
Surrenders	118,438	129,027
Annuity payments	932,909	662,130
Interest payable to policy holders and on deposit admin contracts	3,746,63	3,038,823
Increase /(decrease) in actuarial liabilities	6,417,192	(762,135)
Reinsurance recoveries	(78,354)	(58,952)
	12,406,329	**3,825,198**
General insurance business		
Motor	60,563	97,252
Fire	12,124	26,040
Personal accident	20,138	29,996
Other	82,428	159,503
Reinsurance recoveries	(68,766)	(207,555)
	106,487	**105,236**
Total claims and policy holder benefits payable	**12,512,816**	**3,930,434**

8. Claims and policyholder benefits payable (continued)

COMPANY

Long term insurance business	2017 Shs'000	2016 Shs'000
Death and disability claims	312,790	314,874
Life maturity claims	862,737	436,052
Surrenders	118,438	129,027
Annuity payments	932,909	662,130
Interest payable to policy holders and on deposit admin contracts	3,597,855	2,815,338
Increase /(decrease) in actuarial liabilities	6,338,422	(762,134)
Reinsurance recoveries	(78,354)	(50,462)
	12,084,797	**3,544,825**

9. OTHER OPERATING EXPENSES

GROUP

	2017 Shs'000	2016 Shs'000
Employee benefit expense (see note below)	781,597	748,321
Auditors' remuneration	7,884	9,120
Directors' emoluments – fees	2,955	3,617
Depreciation and amortization	106,996	115,047
Impairment charge for doubtful receivables - premium debtors	81,831	12,492
Repairs and maintenance expenditure	6,964	8,246
Rental charges	160,420	135,940
Business promotions	74,614	80,796
Insurance premiums	33,968	37,448
Bank charges	33,850	32,278
Printing & stationery	16,982	22,558
Premium tax	37,081	34,303
Fund Administration fees	26,621	21,401
Technology expenditure	51,681	41,876
Professional fees	26,316	4,998
Communication expenditure	15,843	18,479
Other	202,500	155,661
Total claims and policy holder benefits payable	**1,668,103**	**1,482,581**

9. Other operating expenses (continued)

	2017 Shs'000	2016 Shs'000
Employee benefit expense		
Employee benefit expense comprise the following:		
- Salaries and wages	507,396	485,989
- NSSF costs	13,027	11,743
- Defined contribution scheme	60,503	54,189
- Performance bonus	90,153	82,405
- Medical expenses	31,315	29,122
- Training	15,011	21,584
- Travelling allowance	30,440	34,994
- Commuter allowance	709	4,399
- Subscription professional staff	1,003	427
- Staff mortgage subsidy	19,863	17,346
- Staff housing	12,177	6,123
	781,597	**748,321**

COMPANY

Employee benefit expense (see note below)	452,542	431,399
Auditors' remuneration	3,798	3,919
Directors' emoluments – fees	1,064	984
Depreciation and amortization	82,285	92,742
Repairs and maintenance expenditure	4,717	3,008
Rental charges	89,848	72,858
Business promotions	40,162	44,147
Insurance premiums	21,453	18,834
Bank charges	22,167	20,543
Printing & stationery	10,593	11,909
Premium tax	24,172	19,818
Fund Administration fees	26,621	21,401
Technology expenditure	37,030	27,553
Professional fees	22,552	3,879
Communication expenditure	10,322	11,397
Other	148,582	128,771
Other	202,500	155,661
Total claims and policy holder benefits payable	**997,908**	**913,162**

9. Other operating expenses (continued)

	2017 Shs'000	2016 Shs'000
Employee benefit expense		
Employee benefit expense comprise the following:		
- Salaries and wages	271,177	251,772
- NSSF costs	583	499
- Defined contribution scheme	44,828	39,658
- Performance bonus	65,231	60,101
- Medical expenses	22,919	24,131
- Training	7,496	14,135
- Travelling allowance	26,584	25,440
- Commuter allowance	709	4,399
- Subscription professional staff	571	231
- Staff mortgage subsidy	12,444	11,033
- Staff housing	12,177	6,123
	452,542	**431,399**

	Group		Company	
	2017	2016	2017	2016
The average number of employees during the year was as follows:				
Business Development	174	183	96	97
Operations	42	41	20	20
Management and administration	37	36	13	13
	253	**260**	**129**	**130**

10. INCOME TAX EXPENSE

GROUP

	2017 Shs'000	2016 Shs'000
Current income tax	240,618	281,651
Deferred income tax (credit) / charge (Note 34)	(215,137)	469,476
Income tax expense	**25,481**	**751,127**

10. Income tax expense (continued)

The income tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

GROUP

	2017 Shs'000	2016 Shs'000
Profit before income tax	1,214,873	4,018,406
Tax calculated at domestic tax rates applicable to profits in the respective countries 30% (2016: 30%)	364,462	1,205,522
Tax effects of:		
– Income not subject to tax	(810,839)	(877,607)
– Expenses not deductible for tax purposes	471,860	423,212
Income tax expense	**25,481**	**751,127**

COMPANY

	2017 Shs'000	2016 Shs'000
Current income tax	155,651	230,199
Deferred income tax (credit) / charge (Note 34)	(178,156)	468,381
Income tax expense	**(22,505)**	**698,580**

The income tax expense on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2017 Shs'000	2016 Shs'000
Profit before income tax	852,933	3,719,811
Tax calculated at domestic tax rates applicable to profits in the respective countries 30% (2016: 30%)	255,880	1,115,944
Tax effects of:		
– Income not subject to tax	(748,817)	(841,136)
– Expenses not deductible for tax purposes	470,432	423,772
Income tax expense	**(22,505)**	**698,580**

11. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the year for the attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2017 Shs'000	2016 Shs'000
Profit for the year (Shs' 000)	1,189,391	3,267,279
Number of ordinary shares	22,500	22,500
Basic earnings per share (Shs)	**52.86**	**145.21**

The basic earnings per share is the same as the diluted earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

12. RESERVES

Statutory reserves

The statutory reserve relates to;

Transfer from statutory reserve relates to the proportion of the life assurance business surplus which is distributable as dividends and therefore transferred to retained earnings.

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

(ii) The contingency reserve under the Uganda subsidiary which is set up under Section 47(2) (c) of the Uganda Insurance Statute 1996. The reserve is provided for at the greater of 2% of the gross premium income, and 15% of net profit each year effective from 1996 and is required to accumulate until it reaches the greater of either minimum paid up capital or 50% of the net premiums written.

Revaluation reserve

Revaluation reserve relates to gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale. The reserve is not distributable.

Currency translation reserve

Currency translation reserve relates to translation gains and losses arising as a result of translating opening balances using exchange rates at the close of the period rather than exchange rates at the beginning of the period on consolidation of the subsidiaries.

13. DIVIDENDS

In respect of 2017, no interim dividend was paid (2016: Shs 260 million). The directors recommend a final dividend of Shs 8.89 per share amounting to Shs 200 million (2016: Shs 8.89 per share amounting to Shs 200 million).

14. MOTOR VEHICLE & EQUIPMENT

GROUP

	Motor vehicles Shs'000	Computers Shs'000	Fittings and equipment Shs'000	Work in progress Shs'000	Total Shs'000
COST					
At 1 January 2016	42,606	129,843	260,347	-	432,796
Additions	11,807	32,123	9,706	4,124	57,760
Disposals	(10,367)	(8,776)	(4,753)	-	(23,896)
Exchange difference	(847)	(1,672)	(4,933)	-	(7,452)
At 31 December 2016	**43,199**	**151,518**	**260,367**	**4,124**	**459,208**
At 1 January 2017	43,199	151,518	260,367	4,124	459,208
Additions	5,780	9,804	11,852		27,436
Transfer from WIP	-	-	4,124	(4,124)	-
Disposals	(5,636)	(71)	(243)	-	(5,950)
Exchange difference	19	32	80	-	131
At 31 December 2017	43,362	161,283	276,180	-	480,825
DEPRECIATION					
At 1 January 2016	28,097	78,036	70,999	-	177,132
Charge for the year	9,138	40,102	35,000	-	84,240
Eliminated on disposals	(9,972)	(8,635)	(3,094)	-	(21,701)
Exchange differences	(526)	(1,025)	(1,235)	-	(2,786)
At 31 December 2016	26,737	108,478	101,670	-	236,885
At 1 January 2017	26,737	108,478	101,670	-	236,885
Charge for the year	7,408	34,127	37,844	-	79,379
Eliminated on disposals	-	(58)	(5,879)	-	(5,937)
Exchange differences	(4)	20	1	-	17
At 31 December 2017	34,141	142,567	133,636	-	310,344
NET BOOK VALUE					
At 31 December 2017	9,221	18,716	142,544	-	170,481
At 31 December 2016	16,462	43,040	158,697	4,124	222,323

14. Motor vehicle and equipment (continued)

COMPANY

	Motor vehicles Shs'000	Computers Shs'000	Fittings and equipment Shs'000	Work in progress Shs'000	Total Shs'000
COST					
At 1 January 2016	30,948	95,829	174,222	-	300,999
Additions	6,392	25,179	1,640	4,124	37,335
Disposals	(6,167)	-	-	-	(6,167)
At 31 December 2016	**31,173**	**121,008**	**175,862**	**4,124**	**332,167**
At 1 January 2017	31,173	121,008	175,862	4,124	332,167
Additions	-	4,333	-	-	4,333
Transfer from WIP			4,124	(4,124)	-
Disposals	-	-	(70)	-	(70)
At 31 December 2017	31,173	125,341	179,916	-	336,430
DEPRECIATION					
At 1 January 2016	23,772	55,660	46,902	-	126,334
Charge for the year	6,167	32,830	25,307	-	64,304
Eliminated on disposals	(5,772)	-	-	-	(5,772)
At 31 December 2016	24,167	88,490	72,209		184,866
At 1 January 2017	24,167	88,490	72,209	-	184,866
Charge for the year	3,809	25,568	27,202	-	56,579
At 31 December 2017	27,976	114,058	99,411	-	241,445
NET BOOK VALUE					
At 31 December 2017	3,197	11,283	80,505	-	94,985
At 31 December 2016	7,006	32,518	103,653	4,124	147,301

15. INTANGIBLE ASSETS

Basic earnings per share have been calculated by dividing the profit for the year for the attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

GROUP AND COMPANY– LONG TERM BUSINESS	2017 Shs'000	2016 Shs'000
COST		
At 1 January	92,479	67,711
Additions	14,965	24,768
At 31 December	107,444	92,479
AMORTISATION		
At 1 January	63,508	35,069
Charge for the year	25,704	28,439
At 31 December	89,212	63,508
NET BOOK VALUE		
At 31 December	**18,232**	**28,971**
GROUP– SHORT TERM BUSINESS		
COST		
At 1 January	16,143	15,524
Additions	90	872
Exchange difference	6	(253)
At 31 December	16,239	16,143
AMORTISATION		
At 1 January	12,028	9,843
Charge for the year	1,913	2,368
Exchange difference	5	(183)
At 31 December	13,946	12,028
NET BOOK VALUE		
At 31 December	**2,293**	**4,115**

16. INVESTMENT PROPERTIES – GROUP & COMPANY

	Long term business Shs'000	Short term business Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
At start of year	8,682,477	1,200,000	9,882,477	9,104,750
Additions	52,870	-	52,870	228,172
Fair value gains (Note 6)	300,653	40,000	340,653	549,555
At year end	**9,036,000**	**1,240,000**	**10,276,000**	**9,882,477**

The investment properties were last revalued on 31 December 2017 by Kiragu & Mwangi Limited, independent valuers, on an open market basis using the highest and best use principle. The properties are managed by Knight Frank Kenya Limited. The rental income received from the investment properties was Shs 425,817,000 (2016: Shs 450,968,000) (Note 6).

The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2017				
Investment property	-	10,276,000	-	10,276,000
At 31 December 2016				
Investment property	**-**	9,882,477	**-**	**9,882,477**

Valuation technique used to derive level 2 fair values

Level 2 fair value of investment properties has been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and location.

17. EQUITY INVESTMENTS

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Quoted investments - available for sale				
At 1 January	74,058	10,809	84,867	101,018
Additions	9,863	914	10,777	10,453
Disposals	-	-	-	-
Fair value (losses) /gains	(7,406)	(581)	(7,987)	(20,515)
Exchange adjustments	67	20	87	(6,089)
At 31 December	**76,582**	**11,162**	**87,744**	**84,867**

GROUP AND COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Quoted investments - at fair value through profit or loss				
At 1 January	5,149,380	-	5,149,380	5,558,888
Additions	1,078,584	-	1,078,584	198,547
Disposals	(1,075,560)	-	(1,075,560)	(88,008)
Fair value gains /((losses) (Note 6)	1,010,021	-	1,010,021	(520,047)
At 31 December	**6,162,425**	**-**	**6,162,425**	**5,149,380**

18. INVESTMENTS IN SUBSIDIARIES – AT COST

	COMPANY			
	Long term Shs'000	Short term Shs'000	2017 Shs'000	2016 Shs'000
ICEA LION Asset Management Limited	-	34,596	34,596	34,596
ITSL Trust Company Limited	-	10,000	10,000	10,000
Riverside Park Limited	9,823	-	9,823	9,823
ICEA Life Assurance Company Limited	-	151,234	151,234	151,234
ICEA Asset Management Limited	-	4,250	4,250	4,250
ICEA General Insurance Company Limited	-	288,021	288,021	138,021
	9,823	**488,101**	**497,924**	**347,924**

All the above subsidiaries are 100% owned by ICEA LION Life Assurance Company Limited.

Subsidiary	***Principal business activity***
ICEA LION Asset Management Limited	Management of investment portfolios for clients.
ITSL Trust Company Limited	Provision of administration and trustee services to retirement benefit schemes and other clients.
ICEA Life Assurance Company Limited - Uganda	Transacts life insurance business and pension scheme administration after transferring the general business to ICEA General Insurance Company Limited on 1st September 2014
ICEA General Insurance Company Limited - Uganda	Transacts general insurance business.
Riverside Park Limited	The company ceased trading on 31 December 1996 and is dormant.

19. INVESTMENTS IN ASSOCIATE

GROUP AND COMPANY– LONG TERM BUSINESS	2017 Shs'000	2016 Shs'000
Company's shares of net assets;		
At 1 January	855,512	733,149
Share of profit	165,754	122,363
Share of other comprehensive income	30,361	-
Understatement of profit in prior year	-	-
	196,115	122,363
At 31 December	**1,051,627**	**855,512**

19. Investments in associate (continued)

Further information on the associate company is shown below:

Company	*Share capital Shs*	*% owned*	*Country of Incorporation*	*Principal activity*
East Africa Reinsurance Company Limited	*1,000,000*	*25%*	*Kenya*	*Underwriting all classes of reinsurance and reassurance businesses*

A summary of financial information as of 31 December 2017 and for the year then ended in respect of the associate company is set out below:

	2017 Shs'000	2016 Shs'000
Total assets	8,981,149	7,768,854
Total liabilities	(4,896,088)	(4,346,808)
Net assets	4,085,061	3,422,046
Group's share of the net assets	1,021,265	855,512
Net earned premiums	3,645,640	3,247,401
Profit before income tax	817,398	668,354
Income tax expense	(215,831)	(202,796)
Profit for the year	601,567	465,558
Other comprehensive income	121,448	-
Total comprehensive income for the year	723,015	465,558

COMPANY

	2017 Shs'000	2016 Shs'000
At cost	328,567	328,567

20. KENYA MOTOR INSURANCE POOL- GROUP & COMPANY

The Kenya Motor Insurance Pool (KMIP) was a mandatory pool set up to provide motor cover under pooled arrangement. KMIP has ceased underwriting and is now dormant though its investments continue to earn income. This balance is recoverable from the pool through a refund amount due upon distribution of the pool assets.

(a) Details of the Group's share in the pool as at the end of the reporting period are as follows;

Name	Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held by the company	
			2017	2016
Kenya Motor Insurance Pool	Kenya	Sharing of pool business and risks by underwriting and investments.	5.34%	5.34%

20. Kenya Motor Insurance Pool- GROUP AND COMPANY (continued)

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

	2017 Shs'000	2016 Shs'000
At 1 January	40,494	38,941
Net increase in Group share of net assets of the pool	4,956	1,553
	45,450	**40,494**

21. LOANS RECEIVABLE

(a) Mortgage loans - GROUP AND COMPANY

	2017 Shs'000	2016 Shs'000
At 1 January	386,788	365,558
Loans advanced	175,877	97,705
Interest charged	24,232	21,266
Loans repayments	(93,139)	(97,741)
At 31 December	**493,758**	**386,788**

Maturity profile of mortgage loans:

Loans maturing:		
Within 1 year	4,461	3,878
1 to 5 years	17,916	25,778
Over 5 years	471,381	357,132
	493,758	**386,788**

GROUP

	2017 Shs'000	2016 Shs'000
At 1 January	486,055	387,698
Loans advanced	152,059	147,388
Interest charged	76,627	61,650
Loans repayments	(167,649)	(107,303)
Exchange adjustments	90	(3,378)
	547,182	**486,055**

21. Loans receivable (continued)

GROUP (continued)

	2017 Shs'000	2016 Shs'000
Maturity profile of policy loans:		
Loans maturing:		
Within 1 year	112,340	99,790
1-5 years	289,672	257,313
Over 5 years	145,170	128,952
	547,182	**486,055**

COMPANY

At 1 January	431,955	348,185
Loans advanced	129,097	121,669
Interest charged	68,295	56,568
Loans repayments	(159,720)	(94,467)
At 31 December	**469,627**	**431,955**

Maturity profile of policy loans:		
Loans maturing:		
Within 1 year	90,848	83,560
1-5 years	238,580	219,442
Over 5 years	140,199	128,953
	469,627	**431,955**

22. DEFERRED ACQUISITION COSTS

GROUP

	2017 Shs'000	2016 Shs'000
At start of the year	41,286	44,044
Net increase	(7,817)	102
Exchange adjustments	73	(2,860)
At end of the year	**33,542**	**41,286**

23. REINSURERS' SHARE OF INSURANCE LIABILITIES

	GROUP		COMPANY	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
Reinsurers' share of:				
- notified claims outstanding	175,206	137,108	9,023	10,356

24. OTHER RECEIVABLES

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Due from related companies (Note 38)	25,671	39,050	64,721	42,680
Staff advances	20,328	11,307	31,635	62,611
Others	365,477	120,131	485,608	335,236
	411,476	**170,488**	**581,964**	**440,527**
COMPANY				
Due from related companies (Note 38)	118,214	40,803	159,017	181,718
Staff advances	18,194	3,995	22,189	47,412
Others	230,400	2,065	232,465	63,683
	366,808	**46,863**	**413,671**	**292,813**

The carrying value of other receivables above approximates their fair value

25. CORPORATE BONDS

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Corporate bonds maturing:				
- within one year	86,847	-	86,847	130,455
- 1 to 5 years	1,342,651	4,879	1,347,530	855,121
- After 5 years	-	-	-	214,600
	1,429,498	**4,879**	**1,434,377**	**1,200,176**

25. Corporate bonds (continued)

COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Corporate bonds maturing:				
- within one year	86,846	-	86,846	130,455
- 1 to 5 years	1,342,652	-	1,342,652	855,121
- After 5 years	-	-	-	208,663
	1,429,498	**-**	**1,429,498**	**1,194,239**

26. GOVERNMENT SECURITIES

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Held to maturity				
Treasury bills and bonds maturing:				
- within one year	2,036,051	353,329	2,389,380	2,509,426
- 1 to 5 years	7,842,512	113,107	7,955,619	4,175,797
- After 5 years	33,278,100	-	33,278,100	29,344,035
	43,156,663	**466,436**	**43,623,099**	**36,029,258**
Held for trading				
Treasury bills and bonds maturing:				
- within one year	-	1,029	1,029	4,917
- 1 to 5 years	214,835	15,275	230,110	77,861
- After 5 years	4,076,983	217,743	4,294,726	2,060,253
	4,291,818	**234,047**	**4,525,865**	**2,143,031**
COMPANY				
Held to maturity				
Treasury bills and bonds maturing:				
- within one year	1,903,543	305,576	2,209,119	2,218,507
- 1 to 5 years	6,936,839	-	6,936,839	3,575,078
- After 5 years	33,034,104	-	33,034,104	29,291,991
	41,874,486	**305,576**	**42,180,062**	**35,085,576**

26. Government securities (continued)

COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Held for trading				
Treasury bills and bonds maturing:				
- within one year	-	-	-	-
- 1 to 5 years	214,835	-	214,835	73,336
- After 5 years	4,076,983	-	4,076,983	1,835,069
	4,291,818	**-**	**4,291,818**	**1,908,405**

Treasury bonds amounting to Shs 3,454,000,000 (2016: Shs 2,939,000,000) are held under lien with the Central Bank of Kenya.
The Company's government securities held to maturity if valued at fair value they could amount to Shs 41,741,526,000 (2016: Shs 34,233,216,000)

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Maturing within 90 days	2,718,091	395,236	3,113,327	749,592
Maturing after 90 days	615,656	12,910	628,566	1,903,610
	3,333,747	**408,146**	**3,741,893**	**2,653,202**
COMPANY				
Maturing within 90 days	2,586,034	157,500	2,743,534	495,385
Maturing after 90 days	343,149	12,910	356,059	1,430,894
	2,929,183	**170,410**	**3,099,593**	**1,926,279**

Weighted average effective rates – GROUP AND COMPANY
The following table summarises the weighted average effective interest rates at the year end on the principle interest bearing investments.

	2017	2016
Mortgage loans	15%	15%
Policy loans	15%	13%
Government securities	13%	13%
Corporate bonds	11%	11%

28. SHARE CAPITAL

GROUP AND COMPANY	Ordinary shares			
	Number of shares	Long term Shs'000	Short term Shs'000	Total Shs'000
Balance at 1 January 2016, 31 December 2016 and 31 December 2017	22,500,000	150,000	300,000	450,000

The total authorised number of ordinary shares is 22,500,000 with a par value of Shs 20 per share. All issued shares are fully paid.

29. UNEARNED PREMIUM

GROUP	2017 Shs'000	2016 Shs'000
At 1 January	116,152	128,740
Increase / (decrease)	9,937	(4,448)
Exchange adjustments	200	(8,140)
At 31 December	**126,289**	**116,152**

30. INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY	GROUP		COMPANY	
	2017 Shs'000	2016 Shs'000	2017 Shs'000	2016 Shs'000
(a) Long term insurance contracts				
- claims reported and claims handling expenses	172,196	146,539	104,731	113,781
- actuarial liabilities with respect to contracts in force	17,039,839	10,410,295	16,216,836	9,732,586
	17,212,035	**10,556,834**	**16,321,567**	**9,846,367**
(b) Short term non-life insurance contracts:				
- claims reported and claims handling expenses	185,846	155,084	-	-
- claims incurred but not reported	27,877	23,263	-	-
Total – short term	213,723	178,347	-	-
	17,425,758	**10,735,181**	**16,321,567**	**9,846,367**

Insurance contract liabilities comprises gross claims reported, claims handling expenses and actuarial liabilities with respect to all contracts in force for ordinary (including unit linked policies) and group life business.

Movements in insurance liabilities and reinsurance assets are shown in Note 31.

31. MOVEMENTS IN INSURANCE LIABILITIES & REINSURANCE ASSETS

	Gross Shs'000	Reinsurance Shs'000	Net 2017 Shs'000	Gross Shs'000	Reinsurance Shs'000	Net 2016 Shs'000
At 1 January						
Notified claims	155,084	(96,573)	58,511	287,261	(198,494)	88,767
IBNR	23,263	(14,485)	8,778	43,089	(29,774)	13,315
At 1 January	**178,347**	**(111,058)**	**67,289**	**330,350**	**(228,268)**	**102,082**
Claims incurred in current year	210,326	(103,827)	106,499	205,495	(100,259)	105,236
Payment for claims	(175,253)	86,935	(88,318)	(342,311)	207,555	(134,756)
Exchange difference	303	(189)	114	(15,187)	9,914	(5,273)
	35,376	**(17,081)**	**18,295**	**(152,003)**	**117,210**	**(34,793)**
At 31 December	**213,723**	**(128,139)**	**85,584**	**178,347**	**(111,058)**	**67,289**
Notified claims	185,846	(111,425)	74,421	155,084	(96,573)	58,511
IBNR	27,877	(16,714)	11,163	23,263	(14,485)	8,778
At 31 December	**213,723**	**(128,139)**	**85,584**	**178,347**	**(111,058)**	**67,289**

32 (A) AMOUNTS PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS

Deposit administration contract liabilities are recorded at amortised cost. Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. Interest was declared and credited to the customer accounts at a weighted average rate of 10% for the year (2016: 9%).

GROUP	2017 Shs'000	2016 Shs'000
At 1 January	35,721,978	31,006,566
Deposit administration contributions received	6,772,343	6,079,227
Surrenders	(4,394,546)	(4,429,591)
Interest payable to policyholders	3,504,156	2,757,987
Adjustment in actuarial liabilities	11,546	345,502
Exchange adjustments	1,170	(37,713)
At 31 December	**41,616,647**	**35,721,978**

32 - (a) Amounts payable under deposit administration contracts (continued)

COMPANY	2017 Shs'000	2016 Shs'000
At 1 January	35,031,026	30,417,618
Deposit administration contributions received	6,544,852	5,880,157
Surrenders	(4,236,317)	(4,286,468)
Interest payable to policyholders	3,446,462	2,709,475
	-	310,244
At 31 December	**40,786,023**	**35,031,026**

32. (B) AMOUNTS PAYABLE UNDER UNIT LINKED POLICIES

Deposit administration contract liabilities are recorded at amortised cost. Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. Interest was declared and credited to the customer accounts at a weighted average rate of 10% for the year (2016: 9%).

GROUP AND COMPANY	2017 Shs'000	2016 Shs'000
At 1 January	405,064	427,732
Premiums Received	47,151	53,269
Claims Paid	(50,427)	(77,363)
Investment Income on Unit Linked Products	183,733	(53,896)
Adjustment in actuarial liabilities	(145,828)	55,322
	439,693	**405,064**

33. OTHER PAYABLES

GROUP

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Amounts due to related companies (Note 38)	46,903	23,087	69,990	63,948
Accrued expenses	128,206	-	128,206	98,685
Rent deposits	37,107	17,317	54,424	15,756
Other liabilities	322,196	221,442	543,638	642,347
	534,412	**261,846**	**796,258**	**820,736**

33 - Other payables (continued)

COMPANY

	Long term business 2017 Shs'000	Short term business 2017 Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Amounts due to related companies (Note 38)	77,520	53,231	130,751	91,378
Accrued expenses	128,206	-	128,206	98,685
Rent deposits	37,107	17,316	54,423	15,756
Other liabilities	162,759	39,037	201,796	217,157
	405,592	**109,584**	**515,176**	**422,976**

The carrying value of other payables above approximates their fair value.

34. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). Deferred tax assets and liabilities are attributable to the following items:

Year ended 31 December 2017

	At 1 Jan 2017 Shs'000	(Credited/ charged to Profit and Loss Shs'000	Prior Year adjustment	At 31 Dec 2017 Shs'000
Deferred income tax asset				
Property and equipment on historical cost basis	72	(561)	-	(489)
Unrealised exchange gains	(21,594)	1,488	-	(20,106)
Provision for liabilities and charges	(39,908)	(25,271)	(4,247)	(69,426)
Tax losses carried forward	(1,612)	(12,640)	-	(14,252)
	(63,042)	**(36,984)**	**(4,247)**	**(104,273)**
Deferred income tax liability				
Property and equipment				
- on historical cost basis	302	-		302
- on revaluation surplus	(706)	-	401	(305)
Fair value gains on investment property	241,644	12,000		253,644
Actuarial reserve	1,553,287	(190,153)		1,363,134
	1,794,527	**(178,153)**	**401**	**1,616,775**
Net deferred tax liability	**1,731,485**	**(215,137)**	**(3,846)**	**1,512,502**

34 - Deferred income tax (continued)

Year ended 31 December 2016

	At 1 Jan 2016 Shs'000	(Credited/ charged to Profit and Loss Shs'000	At 31 Dec 2016 Shs'000
Deferred income tax asset			
Property and equipment on historical cost basis	3	69	72
Unrealised exchange gains	(22,668)	1,074	(21,594)
Provision for liabilities and charges	(39,908)	-	(39,908)
Tax losses carried forward	(1,564)	(48)	(1,612)
	(64,137)	**1,095**	**(63,042)**
Deferred income tax liability			
Property and equipment			
- on historical cost basis	302	-	302
- on revaluation surplus	(706)	-	(706)
Fair value gains on investment property	232,644	9,000	241,644
Actuarial surplus	1,093,906	459,381	1,553,287
	1,326,146	**468,381**	**1,794,527**
Net deferred tax liability	**1,262,009**	**469,476**	**1,731,485**

COMPANY

Year ended 31st December 2017

	At 1 Jan 2017 Shs'000	(Credited/ charged to Profit and Loss Shs'000	At 31 Dec 2017 Shs'000
Deferred income tax asset			
Provision for liabilities and charges	(50,982)	-	(50,982)
	(50,982)	**-**	**(50,982)**
Deferred income tax liability			
Fair value gains on investment property	241,644	12,000	253,644
Actuarial surplus	1,553,287	(190,156)	1,363,131
	1,794,931	**(178,156)**	**1,616,775**
Net deferred tax liability	**1,743,949**	**(178,156)**	**1,565,793**

34 - Deferred income tax (continued)

COMPANY

Year ended 31st December 2016	At 1 Jan 2016 Shs'000	(Credited/ charged to Profit and Loss Shs'000	At 31 Dec 2016 Shs'000
Deferred income tax asset			
Provision for liabilities and charges	(50,982)	-	(50,982)
	(50,982)	**-**	**(50,982)**
Deferred income tax liability			
Fair value gains on investment property	232,644	9,000	241,644
Actuarial surplus	1,093,906	459,381	1,553,287
	1,326,550	**468,381**	**1,794,931**
Net deferred tax liability	**1,275,568**	**468,381**	**1,743,949**

35. CASH GENERATED FROM OPERATIONS

a) Reconciliation of profit before taxation to cash generated from operations

		GROUP		COMPANY	
		2017 Shs'000	2016 Shs'000	2017 adjustment	2016 Shs'000
Profit before tax		1,214,873	4,018,406	852,933	3,719,811
Adjustments for:					
Depreciation and amortisation	14 & 15	106,996	115,048	82,283	92,743
Impairment charge for doubtful debtors	9	81,831	12,492	-	-
Gain on disposal of property and equipment	7	(1,796)	1,496	-	-
Share of associate profits	19	(196,116)	(122,364)	-	-
Gain on sale of shares	6	(87,258)	(21,266)	(87,258)	(21,266)
Fair value gains on investment properties	16	(340,653)	(549,555)	(340,653)	(549,555)
Fair value gains on treasury bonds	6	(146,768)	(28,247)	(135,615)	(24,647)
Fair value gain of quoted shares	17	(1,002,034)	520,047	(1,010,021)	520,047
Fair value gains on unit trusts	6	(15,559)	(23,217)	(15,172)	(22,831)
Dividend income	6	(304,981)	(315,346)	(301,559)	(312,419)
Rental income	6	(425,817)	(450,968)	(443,120)	(467,859)
Interest income	6	(6,060,771)	(4,870,587)	(5,755,814)	(4,615,683)
Changes in working capital:					
Trade and other receivables		(169,671)	(9,270)	(145,529)	2,655
Technical provisions		12,558,843	3,641,682	12,273,876	3,463,041
Trade and other payables		52,229	104,807	41,631	54,288
Cash generated from operations		**5,263,348**	**2,023,158**	**5,015,982**	**1,838,325**

35 - Cash generated from operations (continued)

(b) Cash and cash equivalents

	GROUP		COMPANY	
	2017 Shs'000	2016 Shs'000	2017 adjustment	2016 Shs'000
Cash and bank balances	181,298	39,821	46,740	2,640
Deposits with financial institutions (Note 27)	3,113,327	749,592	2,743,534	495,385
Cash generated from operations	**3,294,625**	**789,413**	**2,790,274**	**498,025**

36. CAPITAL COMMITMENTS

Capital expenditure not contracted for at the end of the reporting period date was as follows:

	GROUP		COMPANY	
	2017 Shs'000	2016 Shs'000	2017 adjustment	2016 Shs'000
Property and equipment	11,842	-	11,842	-

37. OPERATING LEASE COMMITMENTS

The GROUP and its subsidiaries as at 31st December 2017 had a number of outstanding leases ranging between one year and 6 years. The amounts of unexpired operating leases were as follows;

GROUP	2017 Shs'000	2016 Shs'000
Within 1 year	139,370	130,917
More than 1 year	232,849	311,305
	372,219	**442,222**

COMPANY	2017 Shs'000	2016 Shs'000
Within 1 year	99,477	91,023
More than 1 year	176,157	212,174
	275,634	**303,197**

38. RELATED PARTY BALANCES & TRANSACTIONS

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya. The ultimate holding company is Asset Managers Limited, which is incorporated in Kenya. In the normal course of business, the Group transacts with the following related entities.

- ICEA LION Asset Management Limited – 100% subsidiary
- ITSL Trust Company Limited – 100% subsidiary
- ICEA General Insurance Company Limited – 100% subsidiary
- ICEA Life Assurance Company Limited – 100% subsidiary
- ICEA LION General Insurance Company Limited - common ownership
- Knight Frank Kenya Limited - common ownership
- First Chartered Securities Limited - common ownership

	2017 Shs'000	2016 Shs'000
i) Transactions with related parties		
Management fees - ICEA LION Asset Management Limited	66,843	53,160
ITSL Trust Company Limited	24,234	21,401
Deposits held with other related institutions	1,015,064	344,358
ii) Outstanding balances with related parties		
Due to related parties		
GROUP		
First Chartered Securities Limited	19,276	-
ICEA LION General Insurance Company Limited	50,714	63,948
	69,990	**63,948**
COMPANY		
Riverside Park Limited	31,682	31,682
ICEA General Insurance Co. Limited	27,709	1,363
ICEA LION General Insurance Co. Limited	45,838	58,325
ICEA LION Asset Management Limited	7,030	-
First Chartered Securities Limited	15,467	-
ICEA LIFE Assurance Co. (U) Ltd	3,017	-
ICEA Trust Company Limited	8	8
	130,751	**91,378**

38 - Related party balances and transactions (continued)
ii) Outstanding balances with related parties (continued)

	2017 Shs'000	2016 Shs'000
Due to related parties		
GROUP		
ICEA LION General Insurance Company Limited	39,050	35,805
First Chartered Securities Limited	25,381	6,733
Knight Frank Kenya Limited	290	142
	64,721	**42,680**
COMPANY		
ICEA LION General Insurance Company Limited	39,050	35,805
ICEA General Insurance Company Limited	58,884	120,924
ICEA Life Assurance Company Limited	20,116	12,549
ICEA LION Asset Management Limited	8,162	3,674
First Chartered Securities Limited	25,381	6,733
ITSL Trust Company Limited	79	138
Riverside Park Limited	3	3
Knight Frank Kenya Limited	290	142
ICEA Investment services Uganda Ltd	7,052	1,750
	159,017	**181,718**

iii) Key management and directors' remuneration

COMPANY		
Directors' emoluments – fees	990	984
Key management remuneration	184,657	146,945
	185,647	**147,929**
GROUP		
Directors' emoluments – fees	2,091	3,617
Key management remuneration	308,707	253,387
	310,798	**257,004**

APPENDIX I

GROUP LONG TERM BUSINESS REVENUE ACCOUNT

	Other Superannuation Shs'000	Ordinary Life Fund Shs'000	Deposit Administration Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Net premiums written					
Gross premiums written	3,880,394	3,099,667	-	6,980,061	4,075,265
Reassurance premium	(202,167)	(99,528)	-	(301,695)	(284,416)
Net earned premiums	**3,678,227**	**3,000,139**	**-**	**6,678,366**	**3,790,849**
Exchange fluctuation	489	2,707	2,483	5,679	(4,718)
Investment income	1,323,290	1,231,306	5,767,383	8,321,979	5,345,410
Commissions earned	90,242	5,977	-	96,219	25,304
Total investment and other income	**1,414,021**	**1,239,990**	**5,769,866**	**8,423,877**	**5,365,996**
Claims paid; life and death	160,898	108,499	-	269,397	286,810
Surrenders	932,909	1,040,198	-	1,973,107	1,270,189
Interest payable to policyholders	-	14,024	3,662,601	3,676,625	2,861,627
Increase in actuarial liabilities	4,225,619	2,250,035	11,546	6,487,200	(593,428)
Total claims	**5,319,426**	**3,412,756**	**3,674,147**	**12,406,329**	**3,825,198**
Premium tax	2,154	30,363	-	32,517	27,046
Commissions payable	106,376	510,310	65,196	681,882	606,564
Operating expenses	178,650	645,234	305,481	1,129,365	1,041,479
	287,180	**1,185,907**	**370,677**	**1,843,764**	**1,675,089**
Increase in funds during the year	**(514,358)**	**(358,534)**	**1,725,042**	**852,150**	**3,656,558**
Income tax expense	(14,550)	(142,143)	174,174	17,481	(687,275)
Funds at the end of the year	**(528,908)**	**(500,677)**	**1,899,216**	**869,631**	**2,969,283**

APPENDIX II

COMPANY LONG TERM BUSINESS REVENUE ACCOUNT

	Other Superannuation Shs'000	Ordinary Life Fund Shs'000	Deposit Administration Shs'000	Total 2017 Shs'000	Total 2016 Shs'000
Gross earned premiums	3,736,775	2,686,935	-	6,423,710	3,592,181
Less: reassurance premiums ceded	(136,080)	(95,250)	-	(231,330)	(220,376)
Net earned premiums	**3,600,695**	**2,591,685**	**-**	**6,192,380**	**3,371,805**
Investment income	1,298,011	1,114,439	5,620,182	8,032,632	5,113,385
Commissions earned	80,354	48,719	-	129,073	52,278
Total investment and other income	**1,378,365**	**1,163,158**	**5,620,182**	**8,161,705**	**5,165,663**
Claims paid; life and death	128,084	106,352	-	234,436	264,412
Surrenders/annuities	932,909	981,175	-	1,914,084	1,227,209
Interest payable to policyholders	-	-	3,597,855	3,597,855	2,815,338
Adjustment in actuarial liabilities	4,211,079	2,127,343	-	6,338,422	(762,135)
Total claims	**5,272,072**	**3,214,870**	**3,597,855**	**12,084,797**	**3,544,824**
Premium tax	-	24,172	-	24,172	19,818
Commissions payable	85,061	420,542	64,721	570,324	500,018
Operating expenses	147,887	534,962	290,762	973,611	892,737
Total expenses	**232,948**	**979,676**	**355,483**	**1,568,107**	**1,412,573**
Increase/(Decrease) in funds during the year	**(525,960)**	**(439,703)**	**1,666,844**	**701,181**	**3,580,071**
Income tax expense	(11,792)	(116,653)	190,825	62,380	(661,881)
Funds at the end of the year	**(537,752)**	**(556,356)**	**1,857,669**	**763,561**	**2,918,190**

APPENDIX III

GENERAL BUSINESS CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Fire industrial Shs'000	Fire domestic Shs'000	Personal accident Shs'000	Medical Shs'000	Workmen's compensation Shs'000	Marine Shs'000	Engineering Shs'000	Public liability Shs'000	Theft Shs'000	Miscellaneous Shs'000	Motor private Shs'000	Motor commercial Shs'000	2017 Total Shs'000
Gross Premium written	81,865	2,038	103,780	40,812	14,234	22,858	26,131	25,973	54,084	23,132	48,205	120,210	563,322
Changes in gross UPR	(1,227)	(75)	(1,124)	1,030	(290)	(222)	(186)	(140)	(865)	(23)	(3,149)	(3,667)	(9,938)
Gross earned premiums	80,638	1,963	102,656	41,842	13,944	22,636	25,945	25,833	53,219	23,109	45,056	116,543	553,384
Less: Reinsurance payable	(59,435)	(610)	(68,230)	(28,389)	(4,743)	(20,316)	(19,980)	(23,360)	(23,387)	(20,635)	(5,042)	(17,519)	(291,646)
Net earned premium	21,203	1,353	34,426	13,453	9,201	2,320	5,965	2,473	29,832	2,474	40,014	99,024	261,738
Claims paid	12,066	58	20,138	29,675	3,958	8,983	13,393	2,038	24,381	-	16,800	43,763	175,253
Changes in gross outstanding claims	(1,005)	52	(1,751)	60	1,281	3,667	(388)	(151)	6,474	(806)	3,573	7,163	18,169
Claims recoverable	(7,349)	-	(13,740)	(21,908)	(233)	(8,324)	(10,770)	(974)	(8,522)	-	(608)	(14,507)	(86,935)
Total claims incurred	3,712	110	4,647	7,827	5,006	4,326	2,235	913	22,333	(806)	19,765	36,419	106,487
Commissions payable	24,446	466	23,869	5,029	3,354	5,431	6,672	5,961	11,741	5,148	6,794	18,269	117,180
Commissions receivable	(24,582)	(172)	(23,385)	(4,969)	(1,263)	(6,635)	(7,675)	(7,190)	(4,485)	(6,168)	(268)	(2,098)	(88,890)
Operating expenses	25,034	624	31,736	12,481	4,352	6,990	7,991	7,942	16,538	7,074	14,741	36,760	172,263
Total expenses	24,898	918	32,220	12,541	6,443	5,786	6,988	6,713	23,794	6,054	21,267	52,931	200,553
Underwriting profit/(loss)	(7,407)	325	(2,441)	(6,915)	(2,248)	(7,792)	(3,258)	(5,153)	(16,295)	(2,774)	(1,018)	9,674	(45,302)

SUPPLEMENTARY INFORMATION
For the year ended 31 December 2017

GENERAL BUSINESS CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Fire industrial Shs'000	Fire domestic Shs'000	Personal accident Shs'000	Medical Shs'000	Workmen's Comp Shs'000	Marine Shs'000	Engineering Shs'000	Public liability Shs'000	Theft Shs'000	Miscellaneous Shs'000	Motor private Shs'000	Motor commercial Shs'000	2016 Total Shs'000
Gross Premium written	74,459	2,229	87,407	41,530	26,085	19,630	71,450	44,902	20,243	17,258	71,982	118,912	596,087
Changes in gross UPR	556	17	652	310	195	146	533	335	151	129	537	887	4,448
Gross earned premiums	**75,015**	**2,246**	**88,059**	**41,840**	**26,280**	**19,776**	**71,983**	**45,237**	**20,394**	**17,387**	**72,519**	**119,799**	**600,535**
Less: Reinsurance payable	(48,618)	(542)	(56,320)	(28,923)	(3,552)	(14,111)	(64,582)	(34,995)	(384.00)	(15,154)	(5,094)	(19,605)	(291,880)
Net earned premium	**26,397**	**1,704**	**31,739**	**12,917**	**22,728**	**5,665**	**7,401**	**10,242**	**20,010**	**2,233**	**67,425**	**100,194**	**308,655**
Claims paid	26,572	369	31,069	44,040	16,470	11,726	18,746	73,771	14,572	37	35,429	69,511	342,312
Claims recoverable	(21,638)	(12)	(20,235)	(30,504)	(8,308)	(8,411)	(14,242)	(67,696)	(1,559)	-	(1,115)	(33,835)	(207,555)
Claims Net	4,934	357	10,834	13,536	8,162	3,315	4,504	6,075	13,013	37	34,314	35,676	134,757
Outstanding Claims C/F	(1,278)	(921)	(2,563)	(85)	(2,290)	(2,434)	(3,899)	(5,093)	(31,852)	(1,719)	(8,230)	(10,128)	(70,492)
Outstanding Claims B/F	(1,813)	(1,286)	(3,637)	(122)	(3,969)	(3,453)	(5,553)	(7,225)	(45,190)	(1,719)	(11,676)	(14,370)	(100,013)
Total claims incurred	**4,399**	**(8)**	**9,760**	**13,499**	**6,483**	**2,296**	**2,850**	**3,943**	**(325)**	**37**	**30,868**	**31,434**	**105,236**
Contribution to IRA	906	27	1,064	506	318	239	870	547	246	210	876	1,448	7,257
Commissions payable	21,181	487	17,826	4,384	5,798	4,411	16,319	7,892	4,403	3,625	6,502	19,447	112,275
Movement in DAC	(19)	(0)	(16)	(4)	(5)	(4)	(15)	(7)	(4)	(3)	(6)	(17)	(100)
Commissions receivable	(20,960)	(161)	(15,457)	(5,859)	(884)	(3,825)	(22,003)	(7,950)	(76)	(5,195)	(254)	(2,657)	(85,281)
Movement in DCI	1,284	10	947	359	54	234	1,348	487	5	318	16	163	5,225
Operating expenses	20,047	600	23,533	11,181	7,023	5,285	19,237	12,089	5,450	4,647	19,380	32,015	160,487
Total expenses	**22,439**	**963**	**27,897**	**10,567**	**12,304**	**6,340**	**15,756**	**13,058**	**10,024**	**3,602**	**26,514**	**50,399**	**199,863**
Underwriting profit/(loss)	**(441)**	**749**	**(5,918)**	**(11,149)**	**3,941**	**(2,971)**	**(11,205)**	**(6,759)**	**10,311**	**(1,406)**	**10,043**	**18,361**	**3,556**

06
Appendices

CORPORATE *INFORMATION*

REGISTERED OFFICE
ICEA LION Centre
Riverside Park - Chiromo Road, Westlands
P.O Box 46143-00100 Nairobi
Tel: +254 (0) 20 2750000
Mobile: +254 719 071000 | +254 730 151000
Customer Service; +254 719 071999 | +254 730 151999 | +254 (0) 20 2750999
Email: info@icealion.com

SUBSIDIARY COMPANIES
ICEA General Insurance Company Limited
G Kuria Chief Executive Officer

ICEA Life Assurance Company Limited
E Mwaka Chief Executive Officer

ICEA LION Asset Management Limited
E N Kihanda Chief Executive Officer

ITSL Trust Company Limited
J A Juma Head of Business

SECRETARY
Kennedy M Ontiti
Certified Public Secretary (Kenya)
First Chartered Securities Limited
ICEA LION Center, Riverside Park
Chiromo Road, Westlands
P.O Box 30345 – 00100 Nairobi

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants (Kenya)
PwC Tower
Waiyaki Way/Chiromo Road
Westlands
P.O. Box 43963 - 00100
Nairobi

ADVOCATES
Hamilton Harrison & Mathews
Delta Office Suites, 1st Floor Block A
Off Waiyaki Way, Muthangari
P.O. Box 30333 - 00100
Nairobi

CONSULTING ACTUARIES
Zamara Actuaries, Administrators and Consultants Limited
Landmark Plaza, 10th Floor
Argwings Kodhek Rd
P.O. Box 52439, 00200
Nairobi

BANKERS
NIC Bank Limited
City Centre Branch
P.O Box 30090 – 00100
Nairobi, Kenya

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P.O Box 30003 – 00100
Nairobi, Kenya

CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT *Listing 2013 - 2017*

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2017

No.	Project	Description	Category	Amount	Life Cost	General Cost
2013						
1	Kenya Paraplegic Organization	Bring Zack Back Campaign	Health	200,000.00	100,000.00	100,000.00
2	Kenya Paraplegic Organization	Charity Golf Tournament	Health	200,000.00	100,000.00	100,000.00
3	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	200,000.00	100,000.00	100,000.00
4	The Association of Kenya Insurers	Annual Medical Camp	Health	50,000.00	25,000.00	25,000.00
5	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	100,000.00	50,000.00	50,000.00
6	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	200,000.00	-	200,000.00
7	Rhino Ark Charitable Trust	Support of Rhino Charge Team	Environment	100,000.00	50,000.00	50,000.00
8	Kahawa Garisson	High School Project	Education	300,000.00	150,000.00	150,000.00
9	August 7 Memorial Trust	In Support of the Needy	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
10	SOS Children's Villages	In Support of the Needy Children	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
11	Lions Club of Kenya	Charity Golf Tournament	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
12	Faraja Cancer Support Trust	Faraja Cancer Centre Development	Health	2,000,000.00	1,000,000.00	1,000,000.00
13	KCB Safari Rally	*Official Event Insurer* June 2013 - June 2014	Brand Equity - Sports	1,000,000.00	-	1,000,000.00
Total Support Amount				**4,800,000.00**	**1,800,000.00**	**3,000,000.00**
2014						
1	Alexis Foundation	Charity Golf Tournament	Education	75,000.00	37,500.00	37,500.00
2	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	500,000.00	250,000.00	250,000.00
3	Heart to Heart Foundation	Heart Run (Karen Hospital)	Health	50,000.00	25,000.00	25,000.00
4	Faraja Cancer Support Trust	White Water Rafting - *Official Event Insurer*	Health	10,045.00	5,022.50	5,022.50
5	Faraja Cancer Support Trust	Purchase of Branded Tee Shirts	Health	200,000.00	100,000.00	100,000.00
6	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
7	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	100,000.00	50,000.00	50,000.00
8	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
9	The Association of Kenya Insurers	Annual Medical Camp - Kamangu Primary - Kiambu	Health	50,000.00	25,000.00	25,000.00
10	Drumbeat Ltd - Amazing Maasai Marathon	*Official Event Insurer*	Education	130,000.00	65,000.00	65,000.00
11	The Kenya Red Cross	Annual Gala Dinner for the Disaster Kitty	Special Projects - Disaster Preparedness	300,000.00	-	300,000.00
12	KCB Safari Rally	*Official Event Insurer* - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				**1,835,299.00**	**767,649.50**	**1,067,649.50**
2015						
1	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	-	50,000.00
2	Special Olympics Kenya	3 Air Tickets for Special Olympics Swim Team	Special Projects - Sports	500,000.00	250,000.00	250,000.00
3	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	-	300,000.00
5	The Association of Kenya Insurers	Annual Medical Camp - Ngurubaini Primary School - Mwea	Health	70,000.00	35,000.00	35,000.00
6	Consolata Youth Rehabilitation Programme	COYREP & ICEA LION Visit To Clean Up Deep Sea Slum	Brand Equity - Environment	100,000.00	50,000.00	50,000.00
7	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
8	Wema Centre Trust	Annual Fund Raising Dinner	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
9	Help Baby Ivannah	Medical Bill Support For The Late Baby Ivannah	Special Projects - Support of Needy	30,000.00	15,000.00	15,000.00
10	KCB Safari Rally	*Official Event Insurer* - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
11	KCB Safari Rally	Official Event Insurer Jun 2014 - Dec 2015	Brand Equity - Sports	3,000,000.00	-	3,000,000.00
Total Support Amount				**4,690,254.00**	**670,127.00**	**4,020,127.00**
2016						
1	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
2	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - *Official Event Insurer*	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	150,000.00	150,000.00
5	Association of Kenya Insurers	Joint Insurers Pensions Awareness Campaign	Special Projects - Financial Literacy	1,000,000.00	500,000.00	500,000.00
6	Jockey Club of Kenya - Horse Derby	111th Kenya Derby Prize Money For Riders	Brand Equity - Sports	1,000,000.00	500,000.00	500,000.00
7	Jockey Club of Kenya - Horse Derby	Social Media Boosting to Advertise Event	Brand Equity - Sports	17,492.80	8,746.40	8,746.40
8	Duke of Edinburgh's Presidential Award Scheme	Feeding Youth During Mt. Kenya Climb	Education	500,000.00	250,000.00	250,000.00
9	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
10	East African & Kenya Motor Sports Club	FIM MotoCross Of African Nations 2016	Brand Equity - Sports	500,000.00	250,000.00	250,000.00
11	East African Motor Sports Club	Refurbishing 16 Spectator Stands & Constructing 14 new ones	Brand Equity - Sports	1,397,000.00	698,500.00	698,500.00
12	The Association of Kenya Insurers	Annual Medical Camp - Karagita - Naivasha	Health	85,000.00	42,500.00	42,500.00
13	KCB Safari Rally	*Official Event Insurer* - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				**5,199,791.80**	**2,599,895.90**	**2,599,895.90**
2017						
1	The Association of Kenya Insurers	Annual Medical Camp - Gatanga - Thika	Health	85,000.00	42,500.00	42,500.00
2	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - *Official Event Insurer*	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	500,000.00	300,000.00	200,000.00
Total Support Amount				**645,045.00**	**372,522.50**	**272,522.50**
TOTAL CORPORATE SOCIAL RESPONSIBILITY SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2017				**17,170,389.80**	**6,210,194.90**	**10,960,194.90**

These costs exclude the launch event activities & related logistical costs

ICEA LION GROUP CORPORATE SOCIAL INVESTMENT - *# I SEE A LION* - SUPPORT - OCTOBER 2016 - OCTOBER 2017

No.	Project	Description	Category	Amount	Life Cost	General Cost
2017						
1	Eiwaso Lions - Lion Conservation Project	Warrior Watch & Lion Monitoring Equipment	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	862,554.00	431,277.00	431,277.00
2		Production of the Lion Conservation Video		3,838,634.00	1,919,317.00	1,919,317.00
3		Media (Facebook, Instagram & YouTube)		600,000.00	300,000.00	300,000.00
4	Kenya Wildlife Service (KWS) National Lion Census	KWS Methodology & Standardization Workshop Sponsorship	Corporate Social Investment Initiative - Lion Census	462,000.00	231,000.00	231,000.00
5		National Lion Census - Phase I - Lake Nakuru National Park		821,167.00	410,583.50	410,583.50
Total Support Amount				**6,584,355.00**	**3,292,177.50**	**3,292,177.50**
TOTAL CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2017				**23,754,744.80**	**9,502,372.40**	**14,252,372.40**

These costs exclude the launch event activities & related logistical costs

AWARDS & ACCOLADES
2012 - 2016

THINK BUSINESS AWARDS

WINNER

Life Assurer of the Year - 2017, 2016, 2015, 2014, 2013
Best Insurer in Product Marketing - 2017
Inaugural Corporate Risk Manager of the Year - 2017 - *Dorothy Maseke*
Lifetime Achievement Award –2016 - Life Assurance CEO – *Justus Mutiga*
ICT - 2016
Training - 2016
Customer Satisfaction - 2016
Customer Service - 2016, 2014
Claims Settlement - 2015
Risk Management Award - 2015, 2014

1ST RUNNERS UP

Best Insurer in Sustainable CSR - 2017
Customer Service - 2017
Claims Settlement - 2017, 2016
Risk Management Award - 2016
Training - 2015
Marketing Initiative of the Year - 2012

ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER

CEO of the Year – Life Assurance CEO – *Justus Mutiga* - 2017
Company Secretary of the Year - *Kennedy Ontiti* - 2016, 2015
Insurance Sector - 2015

1ST RUNNERS UP

Insurance Sector – ICEA LION Life Assurance - 2017
CEO of the Year – *Justus Mutiga* - 2015

2ND RUNNERS UP

Company Secretary of the Year - *Kennedy Ontiti* - 2017
Insurance Sector - 2016

KENYA INSTITUTE OF MANAGEMENT - COMPANY OF THE YEAR AWARDS (COYA)

WINNER Customer Orientation & Marketing - 2017

OVERALL DELOITTE'S BEST COMPANY TO WORK FOR

1ST RUNNERS UP Mid-Size Companies (under 500 employees) - 2016

DELOITTE'S BEST COMPANY TO WORK FOR

WINNER Insurance Sector - 2014, 2015

AWARDS & ACCOLADES
2012 - 2016 & GCR RATING

COMPUTER SOCIETY OF KENYA
WINNER Best Mobile Applivation in Insurance - *M-Insure* - 2014

INSTITUTE OF CUSTOMER SERVICE – ICS
WINNER Insurance Sector - 2014

INSURANCE INSTITUTE OF KENYA ANNUAL QUIZ 2017
WINNER

ASSOCIATION OF KENYA INSURERS AGENTS OF THE YEAR AWARDS AAYA
WINNER
Lifetime Achievement Award - 2017- *Anthony Gideon Kioko*
Best Loss Ratio - 2015

1ST RUNNERS UP
Overall Agent of the Year – *Anthony Gideon Kioko* - 2017, 2016, 2015, 2014
Most Improved Company - 2017 (25 to 44 qualifiers in the Top 50), 2015
Company of the Year - 2016, 2014

2ND RUNNERS UP
Number of Policies Sold Overall – 2017 - *James Nyarieko*
Company of the Year – 2017, 2015

QUALIFIERS
Top 50 Qualifiers - 2017- 9 Agents | 2016 -5 Agents | 2015 -5 Agents | 2014 -6 Agents
Qualifiers - 2017- 44 Agents | 2016 -20 Agents | 2015 -24 Agents | 2014 -25 Agents |
Top 10 Persistency AKI Agents of the Year Award - 2017 - 3 Agents – *Timothy Obala #6* | *Anthony Gideon Kioko #7* | *Lucy Kabeti #9*

ASSOCIATION OF KENYA INSURERS SPORTS DAY 2016
1ST RUNNERS UP OVERALL CHAMPIONS

GCR GLOBAL CREDIT RATING CO.
Local Expertise • Global Presence

ICEA LION Life Assurance Company Limited

Kenya Assurance Analysis — **September 2016**

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Financial strength	National	AA-(KE)	Stable	September 2017

REPORTING GUIDANCE *Index*

BASED ON INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC) FRAMEWORK

TOPIC	CONTENT ELEMENT NO.	PAGE NO.
Organizational overview and external environment	4A	7 - 56
Governance	4B	58 - 81
Business model	4C	55
Risks and opportunities	4D	86 - 91
Strategy and resource allocation	4E	16, 21, 56
Performance	4F	96 - 220
Outlook	4G	18, 20 - 21, 59 - 63
Basis of preparation and presentation	4H	2 - 4
General reporting guidance • Disclosure of material matters. • Disclosures about the capitals. • Time frames for short, medium and long term. • Aggregation and disaggregation.	4I	2 - 4, 88 - 91, 93 - 132

ICEA LION'S INTEGRATED LAB

Below is our team that spearheaded and delivered our inaugural Integrated Report that was developed and designed in-house. This is a first for the insurance industry in East Africa.

Nkatha Gitonga - Kinuthia
Group Manager
Marketing & Communications

ICEA LION Group

Dorothy Maseke
Group Manager
Risk & Compliance

ICEA LION Group

Zipporah Chege
Chief Finance Officer

ICEA LION General Insurance

Ronald Nyamosi
Chief Finance Officer

ICEA LION Life Assurance

"We're delighted to be at the forefront of the relentless pursuit of sustainability and shared value."

Special thanks to our in-house designer, **Brian Kimathi** and our professional editor, **Michelle Mathews**.

ICEA LION
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS
ICEA LION Centre - Riverside Park - Chiromo Road, Westlands
P.O. Box 46143 - 00100 Nairobi, Kenya
Tel: +254 (0) 20 2750999; +254 719 071999; +254 730 151999
contactcentre@icealion.com