Jubilee HOLDINGS

FINANCIAL **STRENGTH** TO SUPPORT GROWTH

ANNUAL REPORT & FINANCIAL STATEMENTS 2019

OUR VISION

Enabling people to overcome uncertainty.

OUR MISSION

To provide solutions to protect the future of our customers.

OUR VALUES

Integrity
Passion
Excellence
Teamwork

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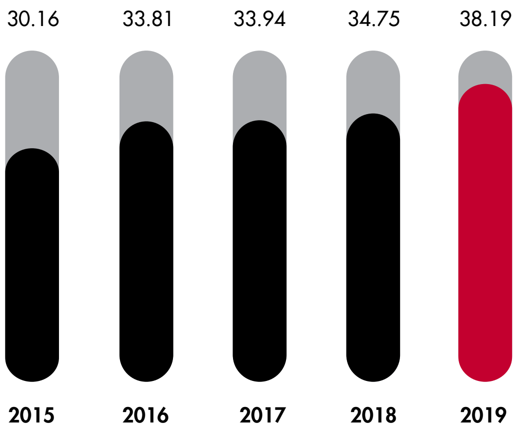
Jubilee
HOLDINGS

A HISTORY OF **FINANCIAL STABILITY** AND RELIABILITY

For over 80 years, Jubilee Insurance has pioneered the development of market-leading products and services to the East African market. Our growth and continued success stems from our reliability, a value the entire Jubilee team embraces to ensure we deliver quality products and services consistently and affordably.

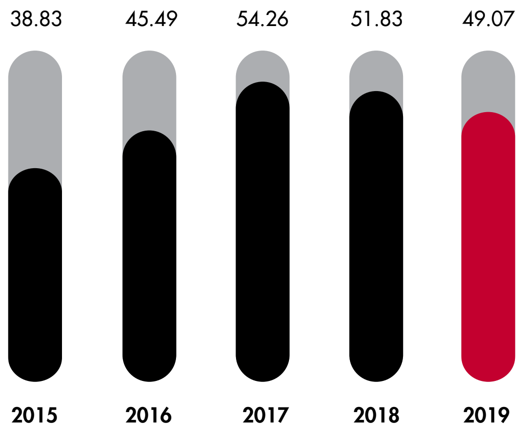
FIVE YEAR FINANCIAL HIGHLIGHTS

Gross Written Premiums and Deposit Administration Contributions (Kes Billion)



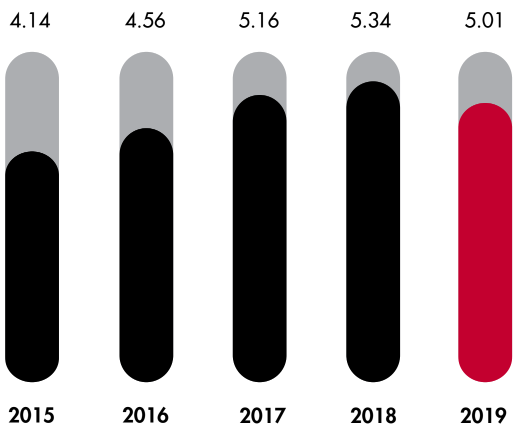
Gross Written Premiums and Deposit Administration Contributions increased to Kes 38.19 billion in 2019. The core Individual Life portfolio grew by 10% as capacity building in distribution networks continued traction, including the increase of Bancassurance in Uganda and Tanzania where the sales increased significantly.

Earnings per Share (Kes per Share)



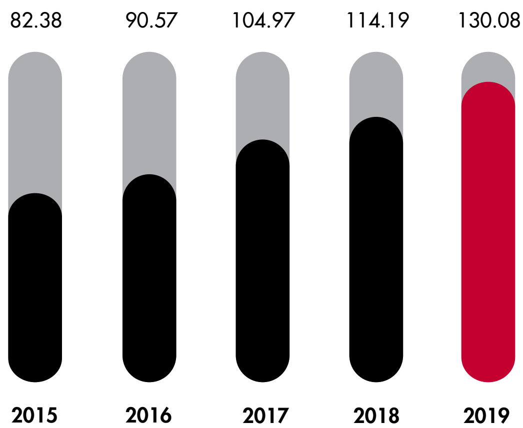
Earnings per share dropped by 5% to Kes 49.07 from Kes 51.83 due to economic activity slow down, higher insurance claims and underwriting costs.

Profit Before Tax (Kes Billion)



Profit before tax reduced by 6% to Kes 5.01 billion in 2019 attributed to higher insurance claims and underwriting costs.

Total Assets (Kes Billion)



Total assets grew by 14% to Kes 130.08 billion mainly as a result of increased funds generated by growth in long-term funds.

Capital and reserves	2019 Kes' 000	2018 Kes' 000
Authorised Capital	450,000	450,000
Issued Capital	362,365	362,365
Paid-up Capital	362,365	362,365
Retained Earnings	24,618,483	21,019,075

Registered Office

Jubilee Insurance House
Wabera Street
P O Box 30376 - 00100 GPO
Nairobi, Kenya
Telephone: 020 3821000, 0709 949 000
E-mail: talktous@jubileekenya.com; Website: www.jubileeinsurance.com

Subsidiaries

Jubilee Life Insurance Limited (formerly The Jubilee Insurance Company of Kenya Limited) (100%)
Jubilee General Insurance Limited (100%)
Jubilee Health Insurance Limited (100%)
The Jubilee Insurance Company of Uganda Limited (65%)
Jubilee Life Insurance Company of Uganda Limited (65%)
The Jubilee Insurance Company of Tanzania Limited (51%)
Jubilee Life Insurance Corporation of Tanzania Limited (51%)
The Jubilee Insurance Company of Burundi S.A. (70%)
Jubilee Life Insurance Company of Burundi S.A (70%)
Jubilee Insurance (Mauritius) Limited (80%)
Jubilee Financial Services Limited (100%)
Jubilee Investments Company Limited (Uganda) (100%)
Jubilee Investments Tanzania Limited (100%)
Jubilee Investments Burundi S.U. (100%)
Jubilee Center Burundi S.P.R.L. (80%)

Associates

PDM (Holdings) Limited (37.1%)
IPS Cable Systems Limited (33.3%)
FCL Holdings Limited (30.0%)
IPS Power Investment Limited (27.0%)
Bujagali Holding Power Company Limited (25.0%)

Auditor

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road
Westlands
P. O. Box 43963 - 00100
Nairobi

Corporate Lawyers

CMS Daly Inamdar Advocates
ABC Towers, 6th Floor
ABC Place, Waiyaki Way
P.O. Box 40034 - 00100
Nairobi

Share Registrar

Image Registrars

Group Principal Bankers

Diamond Trust Bank (Burundi, Kenya, Tanzania, Uganda)
Absa Bank (Kenya, Mauritius, Tanzania, Uganda)
Standard Chartered Bank (Kenya, Mauritius, Tanzania, Uganda)
KCB (Burundi, Kenya)
Citibank N.A (Kenya, Tanzania, Uganda)
Habib Bank Limited (Kenya, Mauritius, Tanzania, Uganda)
CRDB Bank (Burundi, Tanzania)
SBM Bank (Mauritius)

Jubilee Insurance Uganda, Kampala Headquarters

Bujagali Holdings Power Company Limited

It is an investment company which through its subsidiary, has invested in the equity of Bujagali Energy Limited, an electricity generation company in Uganda. The 250MW Bujagali Hydro Power Plant contributes up to 49% of Uganda's effective energy capacity. The project is Africa's largest privately financed hydropower project and currently the largest Clean Development Mechanism project registered in a Least Developed Country. The project was awarded Africa Deal of the Year 2007' by EuroMoney Project Finance Magazine in London.

IPS Cable Systems Limited (Seacom)

This is an investment company which has invested in the $650 million, 15,000 km Seacom submarine fiber optic cable project. This project, which links South Africa, Mozambique, Madagascar, Kenya and Tanzania with other international broadband cables, will provide low cost and high quality broadband capacity.

FCL Holdings Limited (Farmers Choice Limited)

FCL Holdings Limited is an investment vehicle company which has invested in the equity of Farmers Choice Limited, a company whose main objective is the sale of fresh and processed meat products.

PDM (Holdings) Limited (Nation Center)

PDM (Holdings) Limited is an East African real estate company that has pioneered innovative developments in Kenya for more than 50 years, shaping the direction of real estate trends in the country by pursuing a philosophy of developing properties that serve an economic purpose and also uplift the quality of life for the community.

PDM's landmark developments in Kenya include the IPS Building, which was the first high rise building in Nairobi, Nation Centre and the award winning Courtyard along General Mathenge Drive, Westlands.

IPS Power Investment Limited (Tsavo Power Company Ltd)

This is an investment vehicle company which, through its subsidiary, has invested in the equity of Tsavo Power Company which was established to own and operate the 74.5MW Kipevu II thermal power project located in Mombasa, generating power for the Kenyan grid.

Bujagali Holdings Power Company Limited

FCL Holdings Limited (Farmers Choice Limited)

IPS Cable Systems Limited (Seacom)

PDM (Holdings) Limited (Nation Center)

IPS Power Investment Limited (Tsavo Power)

NOTE ON THE 2020 ANNUAL GENERAL MEETING

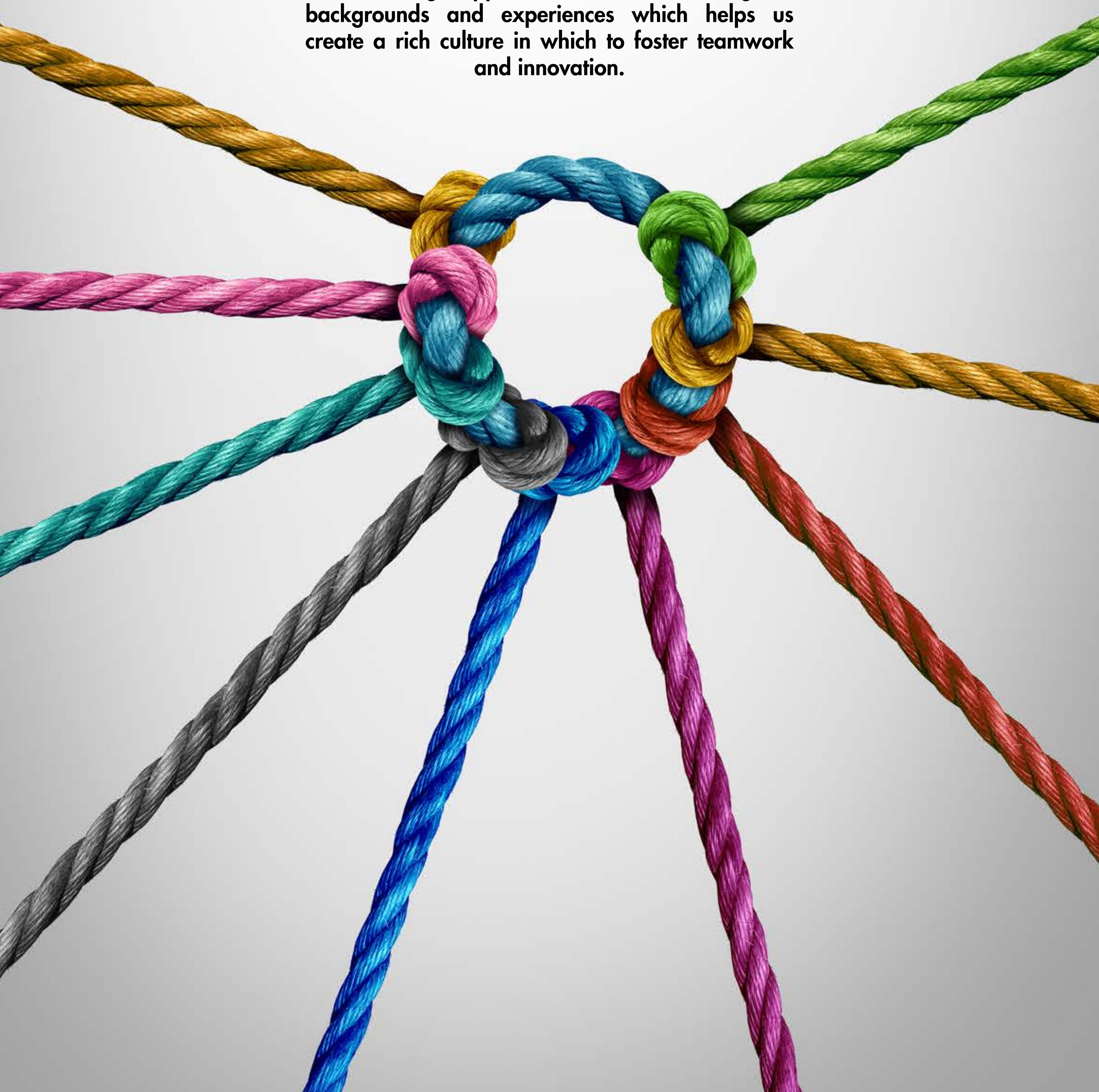
In view of the current COVID-19 pandemic which poses a number of challenges on the conduct of general meetings, the Company has sought and obtained approval from the Business Registration Services to postpone the holding its 2020 Annual General Meeting ("AGM"). The approval granted on 8th June 2020 allows the Company to hold its AGM within six (6) months of the due date or three (3) months of the lifting of the Government ban on public gatherings, whichever happens earlier.

Accordingly, the Notice of the 2020 AGM will be published in due course and informed to shareholders within the notice period and in the manner prescribed by the Company's Articles of Association.

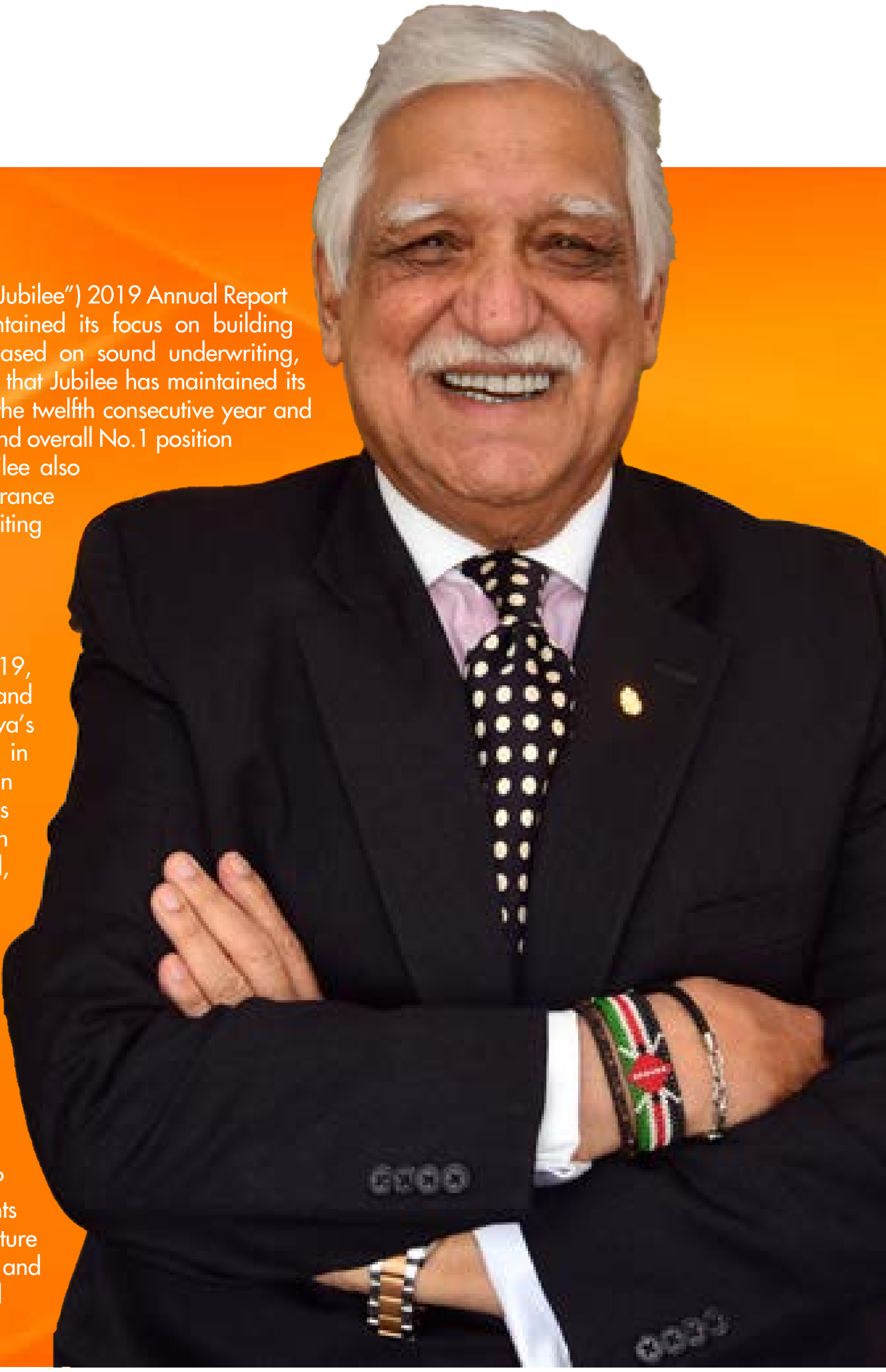
In the meanwhile, as advised to shareholders in our public notice of 21st May 2020, the Board has recommended a final dividend of Kes 8.00 per share. Further to guidance given by Capital Markets Authority in Circular No. 4/2020 dated 16th April 2020 authorising Boards of issuers of securities to the public to, where they deem appropriate, proceed to recommend, approve, declare and pay dividends subject to, inter alia, ratification by shareholders at the next AGM, the final dividend will be paid on or about 24th July 2020 to shareholders registered as at 30th June 2020.

LEADERSHIP THROUGH **TEAMWORK**

At Jubilee Insurance, we understand that diversity makes our company thrive. We promote an open, collaborative and caring working environment where we embrace diversity and new perspectives. We encourage applicants from a wide range of backgrounds and experiences which helps us create a rich culture in which to foster teamwork and innovation.



CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

I am pleased to introduce Jubilee Holding Limited's ("JHL"/ "Jubilee") 2019 Annual Report and Financial Statements. During the year, Jubilee maintained its focus on building sustainable insurance and asset management business based on sound underwriting, innovation and prudent risk selection. I am pleased to state that Jubilee has maintained its position as the largest composite insurer in East Africa for the twelfth consecutive year and retained the No.1 position in the health business in Kenya, and overall No.1 position in Uganda and in Tanzania in the general business. Jubilee also continues to maintain its pre-eminence of the health insurance sector in East Africa, both in terms of turnover and underwriting results.

EAST AFRICA'S ECONOMY

The East African regional economy continued to grow in 2019, assisted by commodity prices, infrastructure development and investment into the nascent oil production opportunity. Kenya's growth is estimated at 5.5% for 2019 compared to 6.3% in 2018. The reduction is attributed to the economic slowdown in agriculture, real estate, electricity and manufacturing sectors due to reduced liquidity in the economy. Headline inflation averaged 5.2% in 2019 compared to 4.7% in 2018; and, despite a drop in the yield curve, private sector credit growth remained muted, growing by a marginal 4.2% in 2019.

On the regional front, Tanzania's GDP is estimated to have grown at the same rate of 6.8% in the first three quarters of 2019 as in 2018. The growth was recorded in the context, as noted by the Bank of Tanzania, of a slowdown in infrastructure construction, information and communication, manufacturing, and mining sectors. Further, the private sector credit remains muted. In Uganda, GDP growth is estimated at 6.1%. This is reflective of the investments in information and communication services, agriculture production, construction sector, and strength in the industrial and services sectors. Mauritius GDP is estimated to have declined

> On the regional front, Tanzania's GDP is estimated to have grown at the same rate of 6.8% in the first three quarters of 2019 as in 2018.

3.4%, and Burundi GDP is estimated to have grown by 3.3%.

INSURANCE INDUSTRY

Preliminary data shows that the insurance industry in Kenya grew by only 1.6% in non-life and 11.9% in life business in 2019. Whilst the insurance industry has grown, the underlying challenges faced remain severe, as the sector struggles to fully implement insurance regulations and practice the underwriting discipline required to create a stronger and healthier industry. The non-life business in Kenya, which represents 57% of total insurance gross premiums, generated an underwriting loss of Kes 2.97 billion, an increase of 80% compared to the loss reported in 2018 as the motor business reported an underwriting loss of Kes 6.9 billion (2018: Kes 3 billion loss). Medical insurance reported a loss of Kes 75 million (2018: Kes 1.1 billion loss). Clearly such losses are not sustainable in the long run, eroding the capital of many companies within the industry and the capacity of these companies to adequately serve the insured.

In the region, preliminary data indicates that Uganda recorded growth of 3% for non-life and 21% in life. Tanzania grew by 19% in non-life, whilst life business growth was lower than expected at 11% as activity was hampered by regulations that have significantly increased the cost of building an agency force which is essential to the distribution of life products. Mauritius and Burundi recorded a growth of 9% and 17% respectively for non-life.

Despite this growth, insurance penetration in most of the regional economies remain at or below 1%. The insurance industry continues to face numerous challenges including a highly fragmented distribution system, high levels of risk, continued incidence of fraud, scarcity of qualified human resources and increasing competition in already crowded markets. These challenges are partly mitigated as insurance regulators work with the industry to introduce regulations that allow greater clarity in areas such as credit control, reinsurance, bancassurance and capital adequacy supervision. Laws enforcing premium payment before cover have been passed in Uganda and Tanzania that are already easing credit control challenges. A similar law introduced in Kenya in 2019 has stalled; the insured continue to face challenges as some intermediaries fail to forward collected premiums to insurance companies. This can delay payment of claims and significantly increases the overall cost of insurance.

Bancassurance is now well established in Kenya and Uganda and was introduced in Tanzania in February 2020. This is a welcome development as Bancassurance offers strong growth opportunities, including the rapid expansion of retail products in all segments.

FINANCIAL RESULTS

Placed against the perspective of challenging external factors, JHL delivered positive results. Overall Gross Written Premium, including Deposit Administration contributions, increased 9.9% to Kes 38.19 billion, whilst pre-tax profit decreased to Kes 5.01 Billion (2018 – Kes 5.41 billion), due to lower insurance results of Kes 2.63 billion compared to Kes 2.83 billion in 2018 and lower share of profits from our investments in associates.

The Group's total assets increased by 13% from Kes 114 billion to Kes 130.7 billion. Total shareholders' equity and reserves increased 3% from Kes 26.2 billion to Kes 27.02 billion. On the investment front, the NSE 20 declined by 4.5% in 2019, resulting in fair value losses, and the lower yields on Government bonds across the region resulted in subdued growth in investment income. Against this backdrop, Jubilee's overall investment portfolio performed satisfactorily as a result of our strategy to hold a broadly diversified and conservative portfolio of investments. Our core investment holdings include quoted securities, government bonds, real estate, unquoted securities and projects that generate US dollar returns.

SHORT TERM INSURANCE – MEDICAL

Medical insurance business premiums increased 9% to Kes 10.82 billion (2018 – Kes 9.94 billion). Growth was constrained in the Kenyan company due to intense price competition, which was countered by our continued focus on service and efficiency, which allowed the company to sustain underwriting margins whilst the industry overall continued to make losses. Uganda and Tanzania delivered positive medical results for the second year running, which together with initiatives to improve efficiency and deliver on our service charter promise, resulted in continued strong underwriting profit of Kes 721 million (2018 – Kes 753 million).

Jubilee continues to champion innovative and affordable healthcare across East Africa, as well as promote healthy living as the region grapples with a rising burden of lifestyle diseases. In July 2019, we introduced J-Inue, a fully digital insurance product that is an all-inclusive, affordable medical insurance product for individuals and families and which is digitally available through JubiApp and USSD. We also partnered with telemedicine providers starting from February 2020, and we offered this service free of charge to all our members during the COVID-19 crisis. The service allows our members to undertake face-to-face consultations with medical professionals through a mobile application. Additionally, we have continued to develop and digitize Maisha FITI, our Wellness initiative. This initiative expanded its reach to offer tailored education, mass vaccinations, and other preventive health interventions for groups such as expectant mothers, senior citizens, and those with chronic illnesses.

Jubilee has been at the forefront championing reduced cost of drugs which constitute a staggering 40% of total cost of care in the region. We continue informing our members, medical practitioners, and the public on the use of branded generic medications which are as effective as branded original drugs; this not only saves cost but also enables our members to remain covered for a longer period for the same amount insurance premium. Our research shows that the disbursement of generic medication should represent at least 80% of all medications prescribed in our region rather than the current 50%, hence significantly reducing affordability of care.

SHORT TERM INSURANCE – GENERAL

General insurance premiums grew 6% in 2019 to reach Kes 11.48 billion (2018 – Kes 10.8 billion), largely due to higher retention in an environment of intense competition and undercutting of prices across the region. Despite this, Jubilee recorded excellent General insurance results in Uganda, Tanzania, Mauritius and Burundi. However, as noted earlier, the General insurance industry environment in Kenya reported significant losses and against this challenging background, Jubilee's General business in Kenya made a significant underwriting loss resulting in an overall regional loss of Kes 480 million (2018 – profit Kes 609 million).

In 2019, Jubilee focused on transforming its Kenya business by combining technology and new business processes with our existing strengths, to create a business that is well prepared to compete in an increasingly digital business environment. This required significant investment, including; strengthening reserves, enhancing the senior management team, changes in underwriting and claims management practices, improved controls to reduce fraud and expense reduction to increase efficiency. This transformation has taken well over a year and has resulted in the business shedding loss-making accounts and relationships as the focus is now firmly on business quality and sustainability. Whilst the cost of this rebuilding process has been significant, it was clearly necessary, and the Kenya General business is now well positioned for profitable growth.

LONG TERM INSURANCE - LIFE AND PENSION

Life insurance business Gross Written Premium and Deposit Administration inflows registered a growth of 14% to Kes 15.9 billion (2018 – Kes 14 billion). Jubilee's core Individual Life portfolio grew by 16% as capacity building in distribution networks gained traction, including strong growth of bancassurance in Kenya and in Uganda, where the sales increased significantly. The Group Life portfolio grew by 19% and pension and annuities grew by 11%.

DIVIDEND

I am pleased to report that the Jubilee Holdings Board has recommended a cash dividend of 180% for the year 2019 (2018: 180%), on the share capital of Kes 362.4 million. An interim dividend of 20% (Kes 1.00 per share) was paid on 7th October 2019, and the Board is seeking approval for a final cash dividend of Kes 8.00 per share.

Jubilee share price closed 2019 at Kes 351, remaining stable as compared to prior year. Since listing in 1984, JHL has always declared dividends and has never declared a lower dividend than the previous year.

SPLIT OF COMPOSITE COMPANY IN KENYA

Vide Gazette Notice Nos. 12214 and 12215 of 24th December 2019, the Insurance Regulatory Authority approved the transfer of the General and Health insurance business from The Jubilee Insurance Company of Kenya Limited to Jubilee General Insurance Limited and Jubilee Health Insurance Limited, respectively.

CORPORATE SOCIAL RESPONSIBILITY

Jubilee insurance is committed to delivering social, economic, and environmental benefits to all our stakeholders. Towards this end, in 2019, Jubilee continued popular projects such as the Live Free Painting, School Renovation, Ear Operations and Eye project. The Live Free Painting project nurtures and encourages children to express their creativity through artwork.

Our CSR activities are further outlined on pages 29 to 33 of this Annual Report and going into the future, Jubilee Insurance will remain a proactive and a responsible corporate citizen committed to improving the lives of our local communities.

MARKET PRESENCE AND RECOGNITION

Jubilee was very pleased to be recognized by the business community and insurance industry for the excellence of our business practices by winning several awards. During the year 2019, Jubilee scooped 16 awards in total. Our major awards are listed on page 133 of this Annual Report.

OUTLOOK

The Group has taken considered and timely measures to deal with the COVID-19 global health crisis to ensure the continuation of operations and services to all our clients. Measures have also been taken to protect all our staff including providing full technology support to enable almost 80% of our staff to work from home. Social distancing protocols, hand sanitizing and other measures have been implemented to protect staff who need to continue to work from the office.

The Group's insurance companies will be donating towards the fight against the Covid19 pandemic in all the countries in the region where they operate. In Kenya, the Group recently donated desperately needed equipment & supplies to our brave healthcare providers through the Ministry of Health including 100,000 re-useable masks, 10,000 nasal swabs, 2,500 Virus Test sets. Jubilee Insurance will be donating beds & other facilities to enable the setting up of 40 of the 160 bed Field Hospital facility recently commissioned by Aga Khan University Hospital in Nairobi. In Tanzania, our insurance company will donate US$ 50,000 to the Aga Khan Hospital to set up a 100- bed field hospital at Dar es Salaam. In Uganda, our company has procured 1000 N 95 masks for Ugx 15m to be donated to National Task Force and donating a further Ugx 55.6 m to the Government's efforts to fight the disease. Similar efforts are being driven by our Mauritius and Burundi management.

Economic prospects for 2020 are fluid with the global economy being hit by the COVID–19 pandemic. While the regional economies have forecast growth ranging from 5% to 8%, these will now be unattainable as the world economy has fallen into a recession that will take time to overcome. The insurance industry in the region will also be hard hit by this global and regional recession and the outlook remains uncertain as to the length and depth of the recession. Economic recovery depends to a large extent on the ability of our governments and society to contain the health effects of COVID-19 until such time as a cure or vaccine is available. However, we are cautiously optimistic that the damage to the regional economy will be limited and recovery will be rapid once the global economy starts to recover. In the meantime, we continue to focus on our strategic goals to ensure that Jubilee Insurance meets the needs of our customers and to generate sustainable and stable returns for our shareholders in the long run. We will continue to focus on appropriate risk selection and best management practices and to balance our entrepreneurial approach to business opportunities whilst protecting profitability. Key strategic initiatives for 2020 include increased presence in the rapidly emerging digital economy, operational innovation and process reengineering to enable our staff to work productively from home and effectively serve our clients.

BOARD OF DIRECTORS

The Directors who held office in 2019 are listed on page 18 to 19 of this report. As we continue to expand our horizons, the Board continues to reflect your Company's regional and growth related outlook, while drawing from the Company's Vision, Mission and Values which continue to steer your Company.

APPRECIATION

The contributions of Jubilee's various stakeholders have ensured that continued strong performance is achieved. These are none other than our business partners, intermediaries and customers. I would like to thank all for your continued support and loyalty, which have been instrumental in reinforcing Jubilee's position as the market leader in the region.

I also thank all our staff across the region who continue to show dedication and provide superior service to our customers. I would also like to acknowledge with appreciation my colleagues on the JHL Board and those on the Boards of the subsidiaries for their diligence, guidance and support that has ensured that we achieve superior results during the year. It is this dedicated and loyal support that has enabled the company to become the largest insurance Group in East Africa, whose sustained growth over the decades and reputation as the most trusted insurer in the region has been built on our solid values and unyielding ethical practices, a strong and growing balance sheet and a commitment to fair settlement of claims. We are indeed very proud of these accomplishments and strive to continue to build on this solid foundation.

Nizar Juma
Chairman

20 May 2020

UPHOLDING HIGH ETHICS & **INTEGRITY**

BOARD OF DIRECTORS

Nizar Juma
CHAIRMAN

Sultan Allana

Lutaf Kassam

Jane Mwangi

John Metcalf

Board Audit and Compliance Committee

Board Finance Committee

Board Nominating and Human Resource Committee

Juma Kisaame

Shabir Abji

Margaret Kipchumba
COMPANY SECRETARY

Zul Abdul

Ashif Kassam

● Board IT Committee

● Board Property Committee

Mr. Nizar Juma (76) Non-Executive Chairman

Mr. Juma is a Non-Executive Director and Chairman of Jubilee Holdings Limited and its subsidiaries having been first appointed to the Board in 2004. He is also the regional Chairman of the Industrial Promotion Services group of companies and is a Chairman and Director in various other private entities in the industrial and commercial sectors. Mr. Juma holds a BSc. (Econ) Joint Hons in Economics, Law & Accountancy from the University of Wales – Cardiff. He is a recipient of a number of national awards including the Award of the Silver Star of Kenya by H.E. The President of Kenya for outstanding service to the nation (1982) and was awarded The Lifetime Achievement Award in the 2011 Insurance Industry Awards.

Mr. Sultan Ali Allana (60) Non-Executive Director

Mr. Sultan Ali Allana is a Director of the Aga Khan Fund for Economic Development (AKFED) and has the oversight responsibilities for AKFED's investments in Banking, Insurance and Aviation. Mr. Allana is a career banking professional with over 33 years of experience in retail, corporate and investment banking. Mr. Allana joined the Board in 2006.

Mr. Lutaf Kassam (66) Non-Executive Director

Mr. Kassam was appointed to the Board in 2006 and chairs the Board Finance Committee and is a member of the Board Property Committee. Mr. Kassam, a member of the AKFED Executive Committee, is responsible for AKFED's global portfolio on Industry and Infrastructure. He is also a Director on the Board of Kenya Association of Manufacturers, the East African Business Council (EABC), an advisory Board Member of the Sustainable Energy for All (SE4ALL) initiative under The UN Secretary-General and the World Bank Group, past First Vice Chairman of the Nairobi Stock Exchange (NSE) and a member of the National Economic and Social Council (NESC) in Kenya.

Mr. John Metcalf (60) Non-Executive Director

Mr. Metcalf was appointed to the Board in 2006. He has extensive international experience in the insurance industry and is currently the Head of Insurance for the Aga Khan Fund for Economic Development (AKFED). He is a Director on the Boards of the Company's insurance subsidiaries. Before joining the Company, he was the Executive Chairman of the Allianz Group Insurance subsidiaries in Egypt. Mr. Metcalf is a Fellow of the Chartered Insurance Institute and holds a BA (Hons) in Banking Insurance & Finance from Sheffield Hallam University. Mr. Metcalf is a member of the Board Finance Committee, Board Audit & Compliance Committee, Board Nominating & HR committee and Board IT Committee.

Mrs. Jane Mwangi (56) Non-Executive Independent Director

Mrs. Mwangi joined the Board in 2014 and chairs the Board Nominating & Remuneration Committee. She is the Managing Partner at Robson Harris & Co. Advocates and has previously worked at the Central Bank of Kenya, Deposit Protection Fund Board and the United Nations, Department of Oversight Services (OIOS). She is an Advocate of the High Court of Kenya with over 20 years' experience, a Notary Public, a Commissioner for Oaths and a member of the Chartered Institute of Arbitrators. She is an accredited Governance Auditor and a Certified Public Secretary. She holds a Master Degree in Business Law from the University of Nairobi and University of Hull, UK.

Mr. Juma Kisaame (57) Non-Executive Director

Mr. Kisaame was appointed to the Board in 2016 and is a member of the Board Audit & Compliance Committee and the Board IT Committee. He is the former Managing Director of DFCU Bank Uganda and has over 20 years' experience in the financial sector. Mr. Kisaame holds a Bachelors of Commerce degree majoring in Accounting from Makerere University and is an Alumni of the Advanced Management program at INSEAD, France. He has been a Director of Uganda Revenue Authority and Chairman of Uganda Investment Authority.

Mr. Shabir Abji (61) Non-Executive Independent Director

Mr. Abji joined the Board in 2013 and chairs the Board IT Committee and is also a member of the Board Finance Committee. Mr. Abji is a businessman and assisted in the running of the family business, and in 1984 set up the company operations in Uganda. As the Group Director, he was instrumental in setting up Uganda Oxygen, Twiga Chemical Industries Uganda, Service and Computer Industries Uganda (Formerly NCR) and American Communication and Technologies. Mr Abji has served as the Chairman of Aga Khan Health Services, Tanzania, a Councilor of the Confederation of Tanzania Industries and currently is the Chairman of Dar es Salaam Tourism Executive Board. He is also the Chairman of the Tanzania Asian Development Association (in formation) and has been involved in fund raising activities for various causes and is a member of the FAO sponsored Telefood Committee.

Mr. Zul Abdul (68) Non-Executive Independent Director

Mr. Abdul joined the Board in 2014. He is the CEO, Trans-Orbit Kenya Limited. He has previously held key leadership voluntary positions having served as the President of Aga Khan National Council in Kenya, the Chairman of Aga Khan Education Services, Chairman of the Jubilee Fund Limited, director of Anfield Holdings Ltd, a Property Development company and Executive Director of Wiggins Teape Ltd, an international company manufacturing and trading in paper. Mr. Abdul is the Chairman of the Board Audit & Compliance Committee and is a member the Board Property Committee and Board Nominating & Human Resources Committee. He was appointed the Vice Chairman of the Board on 27 March 2020.

Mr. Ashif Kassam (51) Non-Executive Director

Mr. Kassam was appointed to the Board on 28th March 2019 and a member of the Board Audit & Compliance Committee. He is a Fellow Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Chartered Certified Accountants, UK (ACCA). He is a practising Member of the Institute of Certified Public Accountants of Uganda and a Member of the Chartered Institute of Arbitrators UK. He is also a Member of the National Board of Accountants & Auditors, Tanzania. He is a recipient of the Order of the Grand Warrior (O.G.W.) as well as ACCA Achievement Award in recognition of his contribution to the development of the accountancy profession both locally and globally. He has extensive experience in audit & assurance, tax, transaction & risk advisory and management consulting and is currently the Executive Chairman of RSM Eastern Africa LLP. He also serves on the Boards of JHL's subsidiaries, The Jubilee Insurance Company of Kenya Limited and Jubilee Financial Services Limited. Mr. Kassam is a Board Member of the Entrepreneurs Organisation - Kenya and is the Accelerator Chair, a program that supports the development and growth of early stage entrepreneurs.

Mrs. Margaret Kipchumba (46) Company Secretary

Mrs. Kipchumba was appointed Company Secretary of Jubilee Holdings Limited in 2014. She also serves in the same capacity in the insurance and fund management subsidiaries in Kenya and has oversight responsibility for the company secretarial function in the regional subsidiaries. Mrs. Kipchumba is an Advocate of the High Court of Kenya, a Certified Public Secretary and an accredited Governance Auditor. She is a Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Institute of Directors, Kenya.


Jubilee
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COMMITTED TO **EXCELLENCE**

The Company views the application of good corporate governance practices as fundamentally key to achieving a healthy and sustainable return on investment for its shareholders while fulfilling its social mandate to improve the quality of life for all stakeholders. The Directors therefore remain committed to maintaining the highest standards of good corporate governance in all jurisdictions the Company operates in for the benefit of all stakeholders.

The Company has adopted the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("Code"). The Code sets out the principles and makes specific recommendations on structures and processes which companies should implement in making good corporate governance an integral part of their business dealings and culture. The Code requires that a governance audit is undertaken annually by an independent accredited governance auditor to assess the level of application of good governance practices in the Company.

The reporting template for disclosing the extent to which the Company has implemented the Code is available on the Company's website **www.jubileeinsurance.com**. This is the third year of reporting on the Code and the Board is happy to note that the Company has made progressive steps towards full application of the Code and this forms part of the efforts to constantly improve governance practices.

BOARD OF DIRECTORS

Composition of the Board

The Company is led by an effective Board that provides strategic direction, oversight over management and ensures that Management is creating value for all stakeholders.

The Code requires that a Board comprises of a majority of non-executive directors with at least one third independent non-executive directors. The Board currently comprises of nine (9) Directors all of whom are non-executive. Three (3) out of the nine (9) Directors are independent. In determining the independence status of the Directors, the Company has applied the criteria set out in the Code. All the independent Directors have served for a tenure less than 9 years. Each Director's profile is given on pages 18-19 of this Annual Report and highlights, amongst others, the Directors' qualifications, age, their independence status and other key board memberships. Notwithstanding a Director's non-executive and/or independence status on the Board, all Directors recognize that they are collectively responsible to the shareholders and stakeholders for the viable long-term sustainability of the Company. Whilst the Articles of Association allow for the appointment of alternate directors on the Board there are currently no alternate or shadow directors on the Board during the year to the date of this report.

Changes in Board membership

All appointments to and resignations from the Board are carried out in accordance with the Articles of Associations and are disclosed to the shareholders and to the public as prescribed by the Capital Markets Authority regulations and the Code. On 27 March 2020, Mr. Zul Abdul was appointed the vice chairman of the Board. There were no changes to the Board composition.

Also, in accordance with the Articles of Association, at least one third of the Directors retire by rotation at each Annual General Meeting and are eligible to seek re-election. In determining the Directors retiring by rotation, consideration is given to those who have been in office longest since their last election. The Directors retiring by rotation are listed in the Notice of the AGM on page 8-9.

Induction of New Board Members

Throughout the Group, newly appointed Directors undergo a comprehensive, formal and tailor-made induction programme to ensure their effective contribution on the Boards and committees. The induction amongst others, covers the nature of the Group's business, Group organizational structure, Board and Committee mandates, financial performance review over the previous financial periods as well as the role, duties and responsibilities of the Directors. The Directors receive an induction pack which comprises the Memorandum and Articles of Association, Board Charter and Directors' Code of Ethics, Committees Terms of Reference and minutes from previous Board meetings. The induction process is coordinated by the Chairman, the Group Chief Executive Officer and the Group Company Secretary. Following the approval by the Insurance Regulatory Authority in Kenya for the transfer of the General and Health insurance business from The Jubilee Insurance Company of Kenya Limited to Jubilee General Insurance Limited and Jubilee Health Insurance Limited, respectively, new Board members were appointed for the new entities. An induction was carried out for all the new members from 4th to 6th March 2020.

Board Charter

The Board has put in place a Board Charter that defines the governance parameters within which the Board exists and sets out specific responsibilities to be discharged by the Board and Directors collectively, as well as certain roles and duties incumbent upon Directors as individuals.

Each Director is called upon to subscribe to the Charter and in doing so, acknowledges the Company's values and commits to upholding them. The Charter was last reviewed in March 2019.

Role of the Board

The Board's primary responsibility is that of fostering the long-term business of the Company consistent with its fiduciary responsibility to the shareholders. The responsibilities of the Board are articulated in the Board Charter while the conduct of Board members is governed by the Directors' Code of Ethics and Conduct. Both documents are available on the Company's website, **www.jubileeinsurance.com**. The responsibilities imposed by these documents are in addition to those imposed by legislation and regulations applicable to the Company.

During the year under review the Board met five (5) times to monitor business performance against the business plan and budget. The record of attendance at the Board meetings is set out below:

Name	March	April	June	August	November
Nizar Juma	√	√	√	√	√
Zul Abdul	√	√	√	A	A
Sultan Allana	A	A	A	√	A
Lutaf Kassam	√	A	A	√	√
Juma Kisaame	√	A	√	√	√
John Metcalf	√	√	√	√	√
Shabir Abji	A	A	√	A	√
Jane Mwangi	√	√	√	√	√

Key:

√ - Present   A - Absent with apologies

Senior management including the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Finance Officer and any other officers as may be required, attend Board Meetings by invitation to ensure informed decision-making by the Board of Directors. The Company Secretary attends all the meetings of the Board to primarily advise on legal regulatory and governance issues and ensure accurate documentation of Board decisions and follow up on the same.

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

The Board Charter stipulates a clear separation of the role and responsibilities of the Chairman and the Group Chief Executive Officer (GCEO). The Chairman is a non-executive Director and his primary role is to direct the Board's business and act as its facilitator and guide, ensuring the Board is effective in its task of setting and implementing the Company's direction and strategy. The GCEO is responsible for the day-to-day leadership of the Company's business affairs and ensures the execution of strategy as set by the Board. The separation of the roles is to promote accountability and facilitate division of responsibilities as well as to ensure a balance of power and authority such that no one individual has unfettered powers of decision making.

BOARD COMMITTEES

In order to effectively carry out its governance responsibilities, the Board has established five standing committees as listed below and delegated specific mandates to them. These committees operate under clearly articulated terms of reference which clarify their responsibilities and scope of authority. The committees have unrestricted access to any information within the Company and have unfettered access to the Company Secretary and independent professionals to enable them effectively discharge their functions. All committees report to the Board at each Board meeting highlighting matters discussed at their respective meetings and recommended actions for Board approval in appropriate cases. Notwithstanding the delegated authority to these committees, the Board remains fully responsible for the areas overseen by the committees and activities of the committees.

The mandates of the committees and their membership are summarized as follows:

Board Audit & Compliance Committee (BACC):

The mandate of the BACC is broadly speaking to assist the Board in the following five (5) areas where the key responsibilities include financial reporting and compliance with applicable financial reporting standards, oversight of Internal Audit function and their review of financial and operational controls, liaising with external auditors including receiving and reviewing their reports and letters, monitor compliance with legal and regulatory requirements and review risk management issues within the Group. The Members of the BACC are Mr. Zul Abdul (Chairman) , Mr. John Metcalf , Mr. Juma Kisaame and Ashif Kassam. Their profiles are highlighted on pages 18-19.

Board Nominating and Human Resource Committee:

This committee reviews all new nominees to the Board and is mandated to assess the performance and effectiveness of Directors. The Committee also reviews and approves the HR strategy in the Company. The members of this committee are Mrs. Jane Mwangi (Chairperson), Mr. Nizar Juma, Mr. John Metcalf and Mr. Zul Abdul. Their profiles are highlighted on pages 18-19.

Board Finance Committee:

This committee reviews and makes recommendations on the financial and investment business of the Company The committee also provides guidelines and limits for investment of the Company's funds. The members of this committee are Mr. Lutaf Kassam (Chairman); Mr. John Metcalf and Mr. Shabir Abji. Their profiles are highlighted on pages 18-19.

Board Information Technology Committee:

This committee is responsible for IT governance, overseeing and monitoring the IT strategy and roadmap formulation, IT investment proposals, review IT investments such as new systems recommendations from a technical and operational perspective. The members are Mr. Shabir Abji (Chairman); Mr. John Metcalf and Mr. Juma Kisaame. Their profiles are highlighted on pages 18-19.

Board Property Committee:

The committee deals with the Company's property portfolio and makes recommendations to the Board. The members are Mr. Nizar Juma (Chairman); Mr. Lutaf Kassam and Mr. Zul Abdul. Their profiles are highlighted on pages 18-19.

REMUNERATION POLICIES

Directors:

The particulars of the Directors' remuneration are given in the Directors' Remuneration Report on page 28.

Senior Management:

The Board Nominating & Human Resources Committee is mandated to review and determine the Company's policy on remuneration and advise on the specific remuneration packages of senior managers so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance. All employees in the Company are eligible for an annual bonus which is determined by the overall performance of the Company and the individual's performance against a pre agreed Balanced Scorecard. The Company does not have any share options schemes for employees.

CONFLICT OF INTEREST

The Group ensures that the governance framework not only monitors compliance with legislation and regulations but also monitors the ethical climate within the organization. Towards this end, all employees' upon joining the Company and on an annual basis are required to sign up to the Code of Conduct and Ethics which aims to encourage honest and ethical business conduct. The Board has also adopted a Directors' Code of Ethics and Conduct. One of the key principles underlying ethical business conduct is the avoidance and disclosure of conflict of interest. Conflict of interest refers to a situation where an employee's or Director's private interest or that of a family member or associated institution interferes or appears to interfere with the interests of the Company as a whole. Directors are under statutory obligation to avoid a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or may conflict with the interests of the Company.

Where the conflict is inevitable, an employee is required to notify the Group Chief Executive Officer while a Director is required to notify the Chairman of the Board as promptly as practicable and absent himself/herself from any discussion or decision by the Board that relates to the matter giving rise to the conflict.

Disclosure on related party transactions:

The Company's disclosure on related party transactions is given in note 35 on pages 97 to 98 of this Annual Report.

INSIDER TRADING POLICY

The Capital Markets Authority Act has prescribed certain regulations that expressly prohibit the use of unpublished insider information. Insider information is generally information that:

- relates to the Company and the Company's securities;
- has not been made public;
- if it were made public, is likely to have a material effect on the price of the securities.

INSIDER TRADING POLICY (CONTINUED)

The Company has also adopted an Insider Trading Policy with the objective of promoting transparency and accountability by Directors, employees and members of their families including spouses, children, parents and siblings (collectively referred to as "Insiders"). The Company's Insider Trading Policy prohibits Insiders from trading in the securities of the Company at any time they are in possession of Insider Information. The policy also prescribes a Trading Window during which Insiders can trade in the securities of the Company subject to notifying the Group Company Secretary. This trading window opens twenty-four (24) hours after the release of any material or price sensitive information (including the interim and final financial results) and closes fourteen (14) calendar days later. In the year under review, and to the date of this report, there were no known cases of insider trading.

FRAUD AWARENESS AND WHISTLE BLOWING POLICY

The Company has a zero-tolerance approach to fraud and corruption and has put in place both proactive and reactive measures to address both. Employees are continuously sensitized on fraud awareness and their role in identifying, preventing and reporting fraudulent, corrupt and unethical business conduct.

To encourage employee partnership in the fight against fraud and corruption, the Company has adopted a Whistle Blowing Policy that aims to have an effective internal mechanism that enables employees to freely, voluntarily, in good faith and without fear of victimization come forward and share any information they may have regarding any financial misconduct, misuse of Company resources, unethical or dishonest behavior by co-workers (at all levels), service providers, suppliers or other stakeholders dealing with the Company. This policy is available on the Company's Website at **www.jubileeinsurance.com**. Towards this end and to facilitate reporting, the Company has signed up for an external and internationally accredited whistle blowing facility which enables employees and other external stakeholders to make reports via multiple reporting channels including telephone (toll-free or call back facility), email and web. This facility guarantees anonymity and enhances the Company's compliance with legislation on the protection of whistle blowers.

All reports are forwarded directly from the reporting center to the Group Chairman and Chairman of the Board Audit & Compliance Committee for appropriate direction on action to be taken. All reported fraud is investigated, the concerned individual given an opportunity to be heard and appropriate action taken.

ENGAGEMENT WITH SHAREHOLDERS AND STAKEHOLDERS

The Company values its relationship with all shareholders and ensures timely communication with them through the channels prescribed by law and listing regulations. The Company holds an Annual General Meeting (AGM) in every year and invites all shareholders to attend either in person or by proxy. At the AGM, the shareholders are invited to comment or ask questions on any issues tabled before the meeting and thereafter are given an opportunity to vote on the agenda items presented. All resolutions passed at every AGM are published within ten (10) days of the meeting and uploaded on the Company's website. Any decisions of the Board that require to be notified to the public such as final and interim financial results, Board appointments and resignations and other corporate actions are issued through public announcements at the same time to all shareholders within the prescribed timelines of twenty – four (24) hours from when the decision is made.

In view of the current COVID-19 pandemic which poses a number of challenges on the conduct of general meetings, the Company has sought and obtained approval from the Business Registration Services to postpone the holding its 2020 Annual General Meeting ("AGM"). The approval granted on 8th June 2020 allows the Company to hold its AGM within six (6) months of the due date or three (3) months of the lifting of the Government ban on public gatherings, whichever happens earlier.

Accordingly, the Notice of the 2020 AGM will be published in due course and informed to shareholders within the notice period and in the manner prescribed by the Company's Articles of Association.

In the meanwhile, as advised to shareholders in our public notice of 21st May 2020, the Board has recommended a final dividend of KES 8.00 per share. Further to guidance given by Capital Markets Authority in Circular No. 4/2020 dated 16th April 2020 authorising Boards of issuers of securities to the public to, where they deem appropriate, proceed to recommend, approve, declare and pay dividends subject to, inter alia, ratification by shareholders at the next AGM, the final dividend will be paid on or about 24th July 2020 to shareholders registered as at 30th June 2020.

Dispute Resolution:

Disputes are an inevitable part of life. In a business setting, disputes might arise from engagements with clients, service providers, employees and other stakeholders. The Company strives to mitigate the occurrence of disputes by ensuring all contractual engagements are documented and that the obligations and rights of the Company and its contracting partners are clearly articulated. All Company contracts are vetted by the Legal department and contain dispute resolution mechanisms which include escalation of disputes to senior identified individuals in the Company, mitigation or arbitration. As a last resort, where disputes cannot be amicably resolved, disputes are referred to the Courts of Law or relevant Tribunals, as may be appropriate, for resolution. Internally, any dispute relating to disciplinary action contemplated against an employee follows strict adherence to employment law with regard to giving the employee a chance to be heard. An employee who is aggrieved by a decision of the Company has, in the first instance, recourse to lodge an appeal against such decision with the Group Chief Executive Officer.

TEAMWORK MAKES THE DREAM WORK

It's the glue that binds us together and the oil that makes us run efficiently. Teamwork creates synergy, empowers people and encourages flexibility and responsiveness; it fosters camaraderie and motivation. This means that our customers enjoy a positive experience when dealing with any member of our valued team.

DIRECTORS REMUNERATION REPORT

The Directors' Remuneration Report for the year ended 31 December 2019 is in line with the Companies Act, 2015 and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, issued by the Capital Markets Authority.

Director Remuneration Policy

The Board has established a policy to ensure that the remuneration of Directors is formal, transparent and approved by Shareholders in a General Meeting. The Board has mandated the Board Nominating & Human Resource Committee (BNHRC) to, inter alia, review the remuneration of Non-Executive Directors and recommend changes from time to time. In considering the remuneration of Non-Executive Directors, the BNHRC considers amongst others, the business strategy and long-term objectives of the Company.

During the year under review, all Directors served on a Non-Executive basis. In recognition of their service to the Company, the Non-Executive Directors are paid fees and sitting allowances for attending Board and Committee meetings. Both the fees and sitting allowances are paid on a quarterly basis. The Non-Executive Directors are not covered by the Company's incentive programs nor do they receive performance-based remuneration. No pension contributions are payable on their fees and no Director is entitled to any compensation at the end of their tenure as a member of the Board. The Company reimburses travel and accommodation expenses related to attendance at Board and Committee meetings. During the year under review, no loans were advanced to the Directors.

The aggregate amount of emoluments received by the Directors of the Company during the year under review was Kes 2,815,000 (2018: Kes 3,420,000) and is shown on page 75 under note 11 (iii).

The fees and sitting allowance paid to each Director for the year ended 31 December 2019 together with the comparative figures for 2018 are given in the following table.

Year ended 31 December 2019	**Directors Fees**	**Sitting Allowance**	**Bonuses**	**Expense allowances**	**Total**
	Kes.	**Kes.**	**Kes.**	**Kes.**	**Kes.**
Mr. Nizar Juma*	-	-	-	-	-
Mr. Sultan Allana*	-	-	-	-	-
Mr. Lutaf Kassam*	-	-	-	-	-
Mr. Juma Kisaame	585,000	140,000	-	-	725,000
Mr. John Metcalf*	-	-	-	-	-
Mr. Shabir Abji	585,000	60,000	-	-	645,000
Mrs. Jane Mwangi	405,000	140,000	-	-	545,000
Mr. Zul Abdul	720,000	180,000	-	-	900,000
Mr. Ashif Kassam*	-	-	-	-	-
	2,295,000	**520,000**	**-**	**-**	**2,815,000**

* Waived

Year ended 31 December 2018	**Directors Fees**	**Sitting Allowance**	**Bonuses**	**Expense allowances**	**Total**
	Kes.	**Kes.**	**Kes.**	**Kes.**	**Kes.**
Mr. Nizar Juma*	-	-	-	-	-
Mr. Sultan Allana*	-	-	-	-	-
Mr. Lutaf Kassam***	540,000	120,000	-	-	660,000
Mr. Juma Kisaame	540,000	180,000	-	-	720,000
Mr. John Metcalf*	-	-	-	-	-
Mr. Shabir Abji	540,000	100,000	-	-	640,000
Mrs. Jane Mwangi	360,000	120,000	-	-	480,000
Mr. Zul Abdul	540,000	160,000	-	-	700,000
Mr. Moez Jamal**	180,000	40,000	-	-	220,000
	2,700,000	**720,000**	**-**	**-**	**3,420,000**

* Waived
** Mr. Moez Jamal retired from the Board on 5 July 2018
*** Fees paid to his employer

By Order of the Board

Jane Mwangi
Chairperson of the BNHR

Jubilee HOLDINGS

At the core of Jubilee Holdings, is our belief of doing business in a manner that delivers economic, social, and environmental benefits to all stakeholders. JHL engages in sustainable business practices and aligns its Socially Responsible Corporate Citizenship (SRC) with the Sustainable Development Goals (SDGs) that pledge to Leave No-one Behind and community transformation through the mantra the "Society We Want".During the year Jubilee Group have contributed towards 8 of the 17 SDGs namely:

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

7 AFFORDABLE AND CLEAN ENERGY

ENVIRONMENTAL PERFORMANCE

ANNUAL ENERGY CONSUMPTION OF JUBILEE CENTRE REDUCED FURTHER BY 8% IN 2019

723,162kWh

IN 2019, ENERGY EFFICIENCY INDEX (EUI) IMPROVED TO

248.76KWH/M2/ YEAR

FROM

276.4KWH/M2/ YEAR IN 2018

3 GOOD HEALTH AND WELL-BEING

WELLNESS

WITH PROGRAMS SUCH THE MUM'S CLUB, LIFESTYLE MANAGEMENT, SENIOR CLUB, TELEMEDICINE AND FREE DRUG DELIVERY. JUBILEE IS REVOLUTIONIZING THE HEALTHCARE INDUSTRY WITH AN AIM TO CHAMPION PREVENTIVE MEDICINE ACROSS EAST AFRICAN DRIVEN BY MAISHA FITI ITS FLAGSHIP LIFESTYLE, WELLNESS AND NURTURING SOLUTION

10 REDUCED INEQUALITIES

ECONOMIC DEVELOPMENT

5 GENDER EQUALITY

YOUTH EMPLOYMENT

80%

BELOW

40 YEARS

TOTAL STAFF COUNT

1,214

46.3%

ARE WOMEN

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CUTTING EDGE INNOVATIONS

JUBILEE INSURANCE EMPLOYS CUTTING EDGE TECHNOLOGY TO IMPROVE INSURANCE PRODUCT PENETRATION, ENHANCE CUSTOMER EXPERIENCE, AND IMPROVE PRODUCTIVITY

2,520

REGISTERED USERS ON ALL OUR DIGITAL PLATFORMS

OVER

6,700

INTERMEDIARIES: AGENTS, SUPPLIERS, LAWYERS, DOCTORS, GARAGES, ASSESSORS, SURVEYORS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1 NO POVERTY

NUMBER OF LIVES INSURED ARE OVER

1.9Million

68%

BEING LONG TERM CLIENTS

SOCIAL IMPACT

Jubilee Insurance remains a proactive and a socially responsible corporate (SRC) citizen committed to improving the lives of our local communities. In 2019, Jubilee Group's activities around the social responsibilities focused on conservation, education, health & wellbeing and sports which encompass youth and women engagement. We highlight below some of the group's key activities as a socially responsible corporate citizen;

CONSERVATION

Maasai Wilderness Conservation Trust (Kenya)

Jubilee Insurance committed to the Maasai Wilderness Conservation Trust in Kajiado to support their efforts in conservation of Tsavo West.

KOEE World Water Day Sponsorship (Kenya)

In pursuit of environmental conservation, Jubilee Insurance Kenya, participated in a tree planting exercise in Mwingi West Constituency where staff planted over 500 tree seedlings with another 2,000 seedlings distributed among the 19 participating schools to be planted in their respective schools.

Lewa Marathon (Kenya)

Jubilee Insurance Kenya sponsored the Lewa Marathon which since its inception 20 years ago, the marathon has helped raise funds for healthcare, livelihoods and the conservation of endangered species and their habitats across Kenya.

EDUCATION

Live Free Primary School Painting Competition (Uganda)

Jubilee Life Insurance Company of Uganda ran the 2nd edition of the Live Free Painting Competition in Primary Schools across Uganda with over 9,000 entries. The aim was to give these children an opportunity to share their vision on what Living Free means to them, in the form of art. 15 pupils from across the country, were awarded cash prizes and their schools received an assortment of scholastic materials while the top 3 pupils each received a 5-year Education Insurance Policy in addition to a cash prize.

Maasai Wilderness Conservation Trust (Kenya)

Jubilee Insurance committed to the Maasai Wilderness Conservation Trust in Kajiado to support their efforts in conservation of Tsavo West. As part of the pledge, Jubilee Insurance offered education scholarships worth Kes. 3 Million, that will go towards offering university bursaries to bright but needy students from the community.

Live Free Painting Competition Scholarship Program (Kenya)

Jubilee Insurance Kenya continues to offer secondary scholarships for its 25 winners of the Live free painting competition. This scholarship will run into the tertiary levels for the 25 winners. The students are currently spread in both primary and secondary schools.

Jubilee Children's Fund Scholarship Program (Kenya)

Through the revamped Jubilee Children's Fund, a total of nine needy but bright students were sponsored. This was in form of payment of school fees for the whole year as well as buying of school uniform for them.

Personality Development for Future Leaders (Mauritius)

Jubilee Mauritius sponsored a course on 'Personality Development for Future Leaders' for youth in Moka District conducted by the Academy for Integrated and Sustainable Development.

HEALTH AND WELLBEING

Cleaning of Makumbusho Bus Stop and Markets (Tanzania)

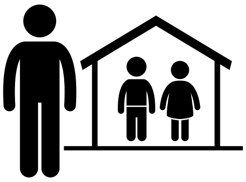
The Jubilee Insurance Tanzania team together with Kinondoni District Officers from Dar-es-Salaam as well as the City Mayor, joined hands to clean Makumbusho bus stop and markets. This activity was done to ensure that the traders operate in a conducive environment.

Amour et Espoir Association (Mauritius)

The Jubilee Insurance Mauritius team organized a charitable event for the Amour et Espoir Association. The 110 kids present at Coteau Raffin & La Gaulette enjoyed a nice lunch as the staff offered them goodie bags, gifts and school stationeries to support their schooling needs.

The Joy of Giving (Kenya)

Staff from Jubilee Insurance Kenya came together during the Christmas holidays to visit Hosanna Children's Home located in Kiambu County. During the visit, staff spent the day with the children, gave motivational talks and played with them exciting games as a way of bonding with them. Later on, they gifted them with some of the donations contributed by staff. These included; foodstuff, stationery, beddings and personal effects.

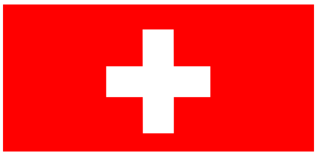


Orphanage Visit (Tanzania)

In the spirit of creating social impact within the community, Jubilee Life Tanzania team paid a visit to Umra Orphanage Centre at Magomeni, Dar es Salaam. The team was accompanied by their CEO, Mr. Kumar Sumit Gaurav and spent time with the children and made donations that benefited more than 20 young kids at the center during the 2019 Customer Service Week celebrations.

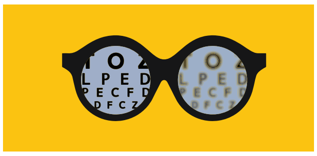
Ear Camps "Breaking the Silence" (Kenya)

Jubilee Insurance facilitated ear surgery camps in collaboration with Operation Ear drop in Nanyuki, Machakos, Kisumu and Nairobi counties. The services saw over 200 benefit from free services.



Mega Health Day (Mauritius)

Jubilee Mauritius organized a mega health day at Bagatelle. The objective was to provide with the assistance of the Company's partners, free health check-up, free eye check-up, free stress tests, free fitness advice & demonstration exercises. It was also an opportunity to promote the Company's health product with its new features.



Optical and Dental Check-Up at Umra Orphanage Center (Tanzania)

The Tanzanian team had an opportunity to give back to the community in need of medical care. Over 150 children below the age of 18 years at UMRA orphanage center in Mbagara Dar es salaam benefitted from free dental and optical check-up.

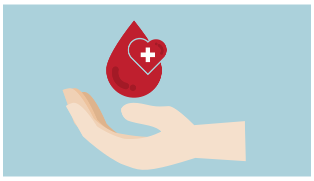
Cancer Support (Kenya)

They say sharing is caring. In the same spirit, during the Cancer Awareness month, Jubilee Insurance staff visited Kenyatta Hospital Children's Cancer Ward and donated an assortment of items that included plastic seats, toys and books for the children.

Hospital Visits (Tanzania)

Each year in October, we celebrate the Customer Service Week. This year we decided to do it a little bit differently based on the theme "Excellence Happens Here".

As part of giving back, we visited our clients who were admitted in different hospitals across the region throughout the week and created a more engaging environment in the office by taking turns to attend to walk-in customers. This was also replicated across all our branches countrywide.



Blood Donation (Tanzania)

Jubilee Insurance Tanzania team carried out a blood donation drive outside their offices at Amani place, Ohio Street, Dar es Salaam. The team engaged, encouraged and mobilized the public to donate safe blood to help thousands of people in need for safe blood in Tanzania.

Beyond Zero Campaign (Kenya)

Jubilee Insurance Kenya this year through the "Maisha Fiti" wellness solution ran for Zero Maternal Deaths during the 2020 Beyond Zeo Marathon. The company was the official Insurance sponsor, donating Kes. 3M for mobilization of medical resources and personnel including providing Group Personal Accident Covers for the over 30,000 participants, officials and volunteers during the Beyond Zero Marathon.

Each for Equal (Tanzania)

In celebration of International Women's Day, the female staff at Jubilee Life Insurance Corporation of Tanzania Ltd and Jubilee Insurance Company Limited visited Mwananyamala Referral Hospital. In the visit we donated various items of need to the women admitted at the maternity ward, an activity aimed at enhancing accessibility to proper health welfare. The female staff donated diapers, baby wipes, baby powder, female diapers, toilet paper and bar soap for the new moms who bring forth new life into the world.

SPORTS

Sports for the Youth (Burundi)

Jubilee Insurance Burundi carried out a CSR program to sponsor a local youth basketball team dubbed 'GYMKHANA'. The team is a project used to encourage and promote sport, health & social skills among the youth and helping those in need of education support and to prevent them from ending up on the streets. As such the company issued out jerseys for the basket team and a million BIF which was used to help these talented youth.

Kyokushinkai Martial Arts Federation (Mauritius)

For the second consecutive year, Jubilee Mauritius sponsored the KYOKUSHINKAI MARTIAL ARTS FEDERATION MAURITIUS for the Yearly Kyokushinkai Karate Cup. Kyokushinkai is rooted in a philosophy of self-improvement, discipline and hard training. It teaches kids from young age a way of life, protecting and defending themselves and remaining focused in whatever they do.

Kids of Africa Marathon (Uganda)

Jubilee Uganda joined the Kids of Africa, in a fun run sponsored to a tune of Ugx. 10 million. The funds will go towards the construction of modern sanitation facilities for the kids in public schools in Bugiri Village, Kisubi Ward, Katabi Town Council and Wakiso District.

Selous Marathon -Tanzania

Jubilee Tanzania sponsored the Selous Marathon, a program aimed at raising awareness of tourism attractions, conservation sensitization and assist in promoting healthy living in the southern part of Tanzania. The Jubilee team also took part in the run that was held in Morogoro and were among the over 4000 runners and 8,000 supports who managed to participate from all over the country.

Directors' interest in the shares of the company as at 31 December 2019

Name	Number of shares held	% Shareholding
Mr Nizar Juma (including shares held by his family and companies in which he has an interest)	9,446	0.01%

Distribution of Shareholders as at 31 December 2019

Number of shares	Number of shareholders	Number of shares held	% Shareholding
Less than 500 shares	1,945	267,292	0.37%
500 – 5,000 shares	3,122	6,324,685	8.73%
5,001 – 10,000 shares	735	5,097,763	7.03%
10,001 – 100,000 shares	553	13,886,233	19.16%
100,001 – 1,000,000 shares	32	6,086,213	8.40%
Over 1,000,000 shares	6	40,810,764	56.31%
Total	**6,393**	**72,472,950**	**100.00%**

List of 10 largest shareholders as at 31 December 2019

	Names	Number of shares held	% Shareholding
1	Aga Khan Fund for Economic Development	27,528,739	37.98%
2	Pyrus Investments Limited	7,531,980	10.39%
3	Stanbic Nominees Ltd. A/c NR3530153-1	1,599,759	2.21%
4	Freight Forwarders Limited	1,540,509	2.13%
5	United Housing Estates Limited	1,314,947	1.81%
6	Adam's Brown and Company Limited	1,294,830	1.79%
7	Investments & Mortgages Nominees Limited A/c 002983	800,000	1.10%
8	Gulshan Noorali Sayani	362,507	0.50%
9	Co-op Bank Custody A/c 23000	260,300	0.36%
10	Leila Amyn Abdulmalik Kanji	250,151	0.35%
	Total top 10 largest shareholders	**42,483,722**	**58.62%**
	Others	29,989,228	41.38%
	TOTAL	**72,472,950**	**100.00%**


Jubilee
HOLDINGS

PASSION
TO ACHIEVE
EXCELLENCE

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2019 which disclose the state of affairs of Jubilee Holdings Limited (the "Company") and its subsidiary companies (together the "Group").

COUNTRY OF INCORPORATION

The Company is incorporated in the Republic of Kenya under the Companies Act and is domiciled in Kenya. The Company is also registered as a foreign company in the Republic of Uganda and in the United Republic of Tanzania.

DIRECTORS

The directors who held office during the year and to the date of this report are as below;

Nizar N Juma (Chairman)
Zul Abdul (Appointed by the Board as vice Chairman on 27 March 2020)
Sultan A Allana *
Juma Kisaame***
Lutaf R Kassam
John J Metcalf ****
Shabir Abji**
Jane S Mwangi
Ashif Kassam

* Pakistani ** Tanzanian ***Ugandan **** British

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company, through its subsidiaries, provides a wide range of property, liability, health and life insurance, retirement products, and broader financial related services to customers in Kenya, Uganda, Tanzania, Burundi and Mauritius. It also owns investment companies and financial advisory companies in Kenya, Uganda, Tanzania and Burundi.

DIVIDENDS

An interim dividend of Kes 1.00 per share amounting to Kes 72.473 million (2018: Kes 72.473 million) was paid on 7 October 2019. The Directors recommend a final dividend of Kes 8.00 per share amounting to Kes 579.784 million (2018: Kes 579.784 million). The total dividend for the year represents 180% of the issued share capital as at 31 December 2019 (2018: 180%). Further to guidance given by Capital Markets Authority in Circular No. 4/2020 dated 16th April 2020 authorising Boards of issuers of securities to the public to, where they deem appropriate, proceed to recommend, approve, declare and pay dividends subject to, inter alia, ratification by shareholders at the next AGM, the final dividend will be paid on or about 24th July 2020 to shareholders registered as at 30th June 2020

BUSINESS REVIEW

The following is the summary of the results for the year ended 31 December 2019

	2019	**2018 Restated**
Profit analysis	**Kes'000**	**Kes'000**
Group profit before income tax	5,007,222	5,338,097
Income tax expense	(989,535)	(1,211,484)
Group profit after income tax	**4,017,687**	**4,126,613**
Non-controlling interest	(461,219)	(370,501)
Profit attributable to equity holders of the company	**3,556,468**	**3,756,112**

Additional details of the business overview are captured in the Chairman's Statement on pages 10 to 13.

Risk Management

The Group has developed an Enterprise Risk Management (ERM) framework to realize opportunities, while reducing threats to an acceptable level through the implementation of adequate controls. Through the ERM process decision makers, better understand business situations and how the likely outcomes may affect the Group as a whole, enabling them options that are aligned with the Group's risk appetite or options that can be aligned through implementation of effective controls.

Risk Management (continued)

Each entity within the Group has risk champions whose mandate is to spearhead the implementation of risk management and reporting on risks. There also exist structures for reporting the risk so that the Group's Board is given assurance that risks are being defined and managed at acceptable levels.

SPLIT OF JUBILEE INSURANCE COMPANY OF KENYA LIMITED (COMPOSITE COMPANY)

Vide Gazette Notice Nos. 12214 and 12215 of 24th December 2019, the Insurance Regulatory Authority of Kenya approved the transfer of the General and Health insurance business from The Jubilee Insurance Company of Kenya Limited to Jubilee General Insurance Limited and Jubilee Health Insurance Limited, respectively.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITORS

With respect to each director at the time this report was approved:

- there is, so 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 LLP continue in office in accordance with the Company's Articles of Association and Section 721 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

Nizar Juma
Chairman

20 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure the Company and Group keep proper accounting records that:

a) show and explain the transactions of the Group and Company;
b) disclose, with reasonable accuracy, the financial position of the Group and Company; and
c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

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

Having made an assessment of the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

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 May 2020 and signed on its behalf by:

Nizar N Juma
Chairman

20 May 2020

Zul Abdul
Director

20 May 2020

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Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Jubilee Holdings Limited (the Company) and its subsidiaries (together, the Group) set out on pages 44 to 120, which comprise the consolidated statement of financial position at 31 December 2019 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2019, and the Company statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of Jubilee Holdings Limited give a true and fair view of the financial position of the Group and the Company at 31 December 2019 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 (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of unquoted equity investments The Group holds significant unquoted investments, comprising investments in unlisted entities, measured at fair value through profit and loss. As explained under Note 17 of the financial statements, the Group uses a variety of approaches in estimating the fair value of these investments. The methods used in determining the fair value of the unquoted investments involves significant estimates and assumptions of unobservable inputs such as comparable market multiples, appropriate discounting rates and incorporation of illiquidity and marketability discounts.	Our testing approach included amongst others, the following procedures with the assistance of our valuation specialists; • We assessed management's processes and controls for determination of the fair values of investments. • We assessed the appropriateness of the valuation method used and the underlying assumptions such as the selected comparable entities, liquidity discounts, and any other adjustments. • We tested the accuracy of the computations. • We evaluated the adequacy and appropriateness of disclosures in the financial statements.

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

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Key audit matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
Changes in these assumptions could result in material adjustments to the carrying amounts of the investments in the statement of financial position and the recorded gains/losses in the statement of profit or loss and other comprehensive income. The sensitivity of the assumptions, the change in the measurement methodology during the year and significance of the balances to the financial statements makes this a key audit matter. ***Determination of insurance contract liabilities*** Valuation of insurance contract liabilities as disclosed in financial statements is made up of outstanding claims, incurred but not reported ("IBNR") claims in the short-term business and policy holder liabilities under the long-term business as disclosed under note 26. *Long term business* In the case of the long-term business, the Group's valuation of liabilities involves the selection of appropriate assumptions for the valuation of the liability. Key assumptions include mortality, morbidity, lapses and interest rates. Changes in these assumptions can lead to significant changes in actuarial liabilities. The methodology used can also have a material impact on the valuation of the liabilities. The valuation of insurance contract liabilities was considered a key audit matter as a change in the assumptions used in the valuation would have a material impact on the value of the liabilities. Significant reserving assumptions as disclosed in Notes 3 and 26 are made in the determination of the liabilities. *Short term business* For the short-term business, insurance contract liabilities comprise reported claims and incurred but not reported ("IBNR") claims. We considered claims provisions as a significant area of focus due to: • The estimation of the provisions involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. • The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts. Any material changes in the projected claims due to changes in the underlying assumptions and methodology can result in a material impact to the valuation of insurance contract liabilities.	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists; *Long term business* • Assessing the competence, capabilities and objectivity of the Group's Statutory Actuary and verifying their qualifications. • Tracing the policyholder valuation input data and on a sample basis policyholder information used in the valuation model back to information contained in the administration and accounting systems. • Considering the methodology and assumptions used by the appointed actuary to compute the policy holder liabilities and assessing the valuation methods used against generally accepted actuarial practice and entity-specific historical information. • Confirming that the policy holder liabilities reported in the financial statements were consistent with the results of the independent actuarial valuation. *Short term business* • Assessing the competence, capabilities and objectivity of the Group's Statutory Actuary and verifying their qualifications. • Agreeing a sample of the claims paid to supporting documentation and comparing the claim payments in 2019 to the reserves previously held; • Testing the reasonableness of claims outstanding by comparing the recorded amounts to the latest available information on source documents • 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 the information contained in the administration and accounting systems. • Performing a review of the methodology and assumptions used by the Statutory Actuary to compute the liabilities against generally accepted actuarial practice approaches, in relation to the business written and expected risks. • Back testing the robustness of the reserving process by performing an actual vs expected analysis on prior years' reserves to assess this for any surpluses or shortfalls.

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Other information

The other information comprises Financial Highlights, Group information, Notice of annual General meeting, Chairman's statement, Board of Directors, Corporate Governance Statement, Director's remuneration report, Sustainability and Corporate Social Responsibility journey, Principal Shareholders and Share distribution, Report of the Directors, Statement of Directors' Responsibilities, Supplementary Information and Achievements which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with 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 preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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.

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 directors' report on pages 36 to 37 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 28 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

PricewaterhouseCoopers LLP (LLP-2Y1AB7)
Certified Public Accountants
Nairobi

20 May 2020

CPA Bernice Kimacia, Practising certificate No. 1457
Signing partner responsible for the independent audit

WORKING WITH **PASSION** TO REACH NEW HEIGHTS

We are passionate and we have fun. We have a contagious, positive outlook. We give and get deep meaning from our work. We nurture the hearts and souls of each other and those we serve. What we do is not just a job, it's a passion.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Restated Kes '000
Gross Written Premium	6 (i)	29,812,194	26,898,470
Gross earned premium	6 (ii)	29,119,931	26,609,321
Insurance revenue ceded to reinsurers	6 (ii)	(9,630,273)	(9,359,748)
Net insurance premium revenue		**19,489,658**	**17,249,573**
Investment income	7	10,026,814	8,720,734
Net fair value gain/(loss) on financial assets at fair value through profit or loss	8	1,031,682	(374,945)
Commission income	9	2,281,181	2,344,571
Total income less reinsurance		**32,829,335**	**27,939,933**
Claims and policy holders' benefits expense	10	(20,536,551)	(16,790,070)
Return to holders of investment contracts liabilities	27	(4,530,923)	(3,903,232)
Reinsurer's share of claims and policy holders' benefits expense	10	5,340,543	4,763,392
Net insurance benefits and claims		**(19,726,931)**	**(15,929,910)**
Operating and other expenses	11 (i)	(5,446,599)	(4,682,646)
Commission expense	9	(3,637,104)	(3,328,793)
Total expenses and commissions		**(9,083,703)**	**(8,011,439)**
Result of operating activities		**4,018,701**	**3,998,584**
Share of associates profit	15 (i)	988,521	1,339,513
Group profit before income tax		**5,007,222**	**5,338,097**
Income tax expense	16 (i)	(989,535)	(1,211,484)
Profit for the year		**4,017,687**	**4,126,613**
Attributable to:			
Equity holders of the company		3,556,468	3,756,112
Non-controlling interest	15 (iii)	461,219	370,501
Total		**4,017,687**	**4,126,613**
Earnings Per Share (Kes)			
Basic and diluted	12	49.07	51.83

The notes on pages 53 to 120 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Restated Kes '000
Profit for the year		4,017,687	4,126,613
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value loss on equity investment	8 (ii)	(373,867)	(344,374)
Deferred tax on other comprehensive income	16 (iii)	101,889	76,425
Loss on valuation of Retirement Benefits		-	(34)
Items that may be reclassified subsequently to profit or loss			
Net translation gain/(loss)	31 (c) & 15 (iii)	52,639	(493,426)
Associate share of other comprehensive income	15 (i)	104,807	195,071
Total other comprehensive income, net of tax		**(114,532)**	**(566,338)**
Total comprehensive income for the year		**3,903,155**	**3,560,275**
Attributable to:			
Equity holders of the Company		3,432,389	3,285,822
Non-controlling interest	15 (iii)	470,766	274,453
Total comprehensive income for the year		**3,903,155**	**3,560,275**

The notes on pages 53 to 120 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Kes '000
Income			
Investment income	7	5,261,168	1,280,871
Capital gain on return of capital	7	1,700,000	-
Total income		**6,961,168**	**1,280,871**
Expenses			
Operating and other expenses	11 (i)	(44,592)	(47,309)
Total expenses		**(44,592)**	**(47,309)**
Finance (costs)/Income		(7,475)	72
Profit before income tax		**6,909,101**	**1,233,634**
Income tax expense	16 (i)	(14,328)	(14,075)
Profit for the year		**6,894,773**	**1,219,559**

The notes on pages 53 to 120 are an integral part of these financial statements.

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Kes '000
Profit for the year		**6,894,773**	**1,219,559**
Items that may not be reclassified to profit or loss			
Net fair value (loss)/gains on equity investments valued at fair value through other comprehensive income	8(ii)	(2,337)	6,804
Deferred tax on other comprehensive income	16 (iii)	702	(1,752)
Other comprehensive income			
Total other comprehensive income, net of tax		**(1,635)**	**5,052**
Total comprehensive income for the year		**6,893,138**	**1,224,611**

The notes on pages 53 to 120 are an integral part of these financial statements.

Jubilee HOLDINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Restated Kes '000	2017 Restated Kes '000
ASSETS				
Investment in associates	15 (i)	10,161,518	9,995,813	9,579,327
Investment properties	14	6,524,969	6,394,015	6,270,940
Property and equipment	13 (i)	287,574	318,021	281,187
Right of use assets	37	321,087	-	-
Intangible assets	13 (ii)	277,126	148,560	158,341
Deferred tax asset	16 (iii)	605,026	218,099	191,273
Unquoted equity investments	17	6,434,667	4,538,824	3,358,003
Mortgage loans	20 (i)	49,663	66,101	109,098
Loans on life insurance policies	20 (ii)	1,004,928	931,713	788,958
Quoted equity investments	21	5,364,632	6,563,307	8,130,295
Government securities	18	67,096,380	55,240,625	47,195,222
Commercial bonds at amortised cost	19 (i)	579,736	841,399	904,007
Receivables arising out of direct insurance arrangements	22	4,013,290	4,052,902	4,204,795
Receivables arising out of reinsurance arrangements	22	2,334,250	3,193,166	3,071,800
Reinsurers' share of insurance contract liabilities	23 (i)	7,131,813	6,004,434	7,250,563
Deferred acquisition costs	23 (ii)	447,631	186,290	147,132
Other receivables	24	1,874,749	1,396,233	1,080,642
Current income tax asset	16 (ii)	547,902	195,842	142,478
Deposits with financial institutions	25 (i)	9,496,402	11,315,417	10,585,597
Cash and bank balances	25 (ii)	5,523,595	2,588,451	1,517,872
Total assets		**130,076,938**	**114,189,212**	**104,967,530**
LIABILITIES				
Lease Liability	37	284,765	-	-
Investment contract liabilities	27	54,893,923	47,739,002	42,214,336
Deferred tax liability	16 (iii)	748,496	756,092	855,072
Insurance contract liabilities	26	29,729,180	25,539,077	24,983,504
Provision for unearned premium	28	8,414,682	7,697,507	7,571,212
Dividends payable	33 (ii)	473,034	431,293	369,176
Current income tax liability	16 (ii)	87,759	104,455	70,983
Creditors arising out of direct insurance arrangements		278,157	201,501	325,730
Creditors arising out of reinsurance arrangements		1,607,549	1,825,863	2,006,921
Other payables	29	3,037,763	2,539,644	1,995,468
Total liabilities		**99,555,308**	**86,834,434**	**80,392,402**
EQUITY				
Share capital	30	362,365	362,365	362,365
Reserves	31	2,687,299	3,506,575	2,441,475
Retained earnings	32	24,618,483	21,019,075	19,512,980
Proposed dividend	33 (i)	579,784	579,784	579,784
Equity attributable to owners of the company		**28,247,931**	**25,467,799**	**22,896,604**
Non-controlling interest	15 (iii)	2,273,699	1,886,979	1,678,524
Total equity		**30,521,630**	**27,354,778**	**24,575,128**
Total liabilities and equity		**130,076,938**	**114,189,212**	**104,967,530**

The financial statements on pages 44 to 120 were approved by the Board of Directors on 20 May 2020 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 53 to 120 are an integral part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 Kes '000	2018 Kes '000
ASSETS			
Investment in subsidiaries	15 (ii)	6,645,292	1,874,573
Investment in associates	15 (i)	1,457,677	838,251
Property and equipment	13 (i)	14,434	13,731
Unquoted equity investments	17	69,299	69,299
Quoted equity investments	21	656,200	23,405
Due from related parties	35	86,216	97,184
Other receivables	24	823,065	134,517
Deposits with financial institutions	25 (i)	109,555	919,427
Cash and bank balances	25 (i)	569,082	89,292
Total assets		**10,430,820**	**4,059,679**
LIABILITIES			
Deferred tax liability	16 (iii)	6,961	7,617
Current income tax liability	16 (ii)	4,687	616
Due to related parties	35	331,610	267,335
Borrowings from related parties	35	641,097	623,807
Dividends payable	33 (ii)	473,034	431,294
Other payables	29	25,346	21,806
Total liabilities		**1,482,735**	**1,352,475**
EQUITY			
Share capital	30	362,365	362,365
Reserves	31	104,774	106,409
Retained earnings	32	579,784	579,784
Proposed dividend	33 (i)	7,901,162	1,658,646
Total equity		8,948,085	2,707,204
Total liabilities and equity		**10,430,820**	**4,059,679**

The financial statements on pages 44 to 120 were approved by the Board of Directors on 20 May 2020 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 53 to 120 are an integral part of these financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital Kes '000	Reserves: Fair Value Reserves Kes '000	Reserves: General Reserves Kes '000	Reserves: Translation Reserves Kes '000	Reserves: Contingency Reserves Kes '000	Reserves: Statutory Reserve Kes '000	Retained Earnings Kes '000	Proposed dividends Kes '000	Equity Attributable to Owners Kes '000	Non-Controlling Interest Kes '000	Total Equity Kes '000
Year ended 31 December 2019												
At start of year												
As previously stated		**362,365**	**214,967**	**70,000**	**(943,724)**	**1,233,277**	**3,598,306**	**21,069,413**	**579,784**	**26,184,388**	**1,886,979**	**28,071,367**
Prior year adjustments	39	-	-	-	-	-	(666,251)	(50,338)	-	(716,589)	-	(716,589)
As restated		**362,365**	**214,967**	**70,000**	**(943,724)**	**1,233,277**	**2,932,055**	**21,019,075**	**579,784**	**25,467,799**	**1,886,979**	**27,354,778**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**3,556,468**		**3,556,468**	**461,219**	**4,017,687**
Other comprehensive income												
Net translation loss	31 (c) & 15 (iii)	-	-	-	41,041	-	-	-	-	41,041	11,598	52,639
Other comprehensive income		-	(165,120)	-	-	-	-	-	-	(165,120)	(2,051)	(167,171)
Total comprehensive income for the year		**-**	**(165,120)**	**-**	**41,041**	**-**	**-**	**3,556,468**	**-**	**3,432,389**	**470,766**	**3,903,155**
Transfers												
Transfer to contingency reserves	32	-	-	-	-	194,220	-	(194,220)	-	-	-	-
Transfer to Statutory reserves	31 (e)	-	-	-	-	-	488,051	(488,051)	-	-	-	-
Transfer from Statutory reserves	31 (e)	-	-	-	-	-	(1,377,468)	1,377,468	-	-	-	-
Total transfers		**-**	**-**	**-**	**-**	**194,220**	**(889,417)**	**695,197**	**-**	**-**	**-**	**-**
Transactions with owners:												
Dividends: Final for 2018 paid	33 (ii)	-	-	-	-	-	-	-	(579,784)	(579,784)	-	(579,784)
Paid to non-controlling interest	15 (iii)	-	-	-	-	-	-	-	-	-	(84,046)	(84,046)
Interim for 2019 paid	33 (i)	-	-	-	-	-	-	(72,473)	-	(72,473)	-	(72,473)
Proposed dividends	33 (i)	-	-	-	-	-	-	(579,784)	579,784	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**(652,257)**	**-**	**(652,257)**	**(84,046)**	**(736,303)**
At end of year		**362,365**	**49,847**	**70,000**	**(902,683)**	**1,427,497**	**2,042,638**	**24,618,483**	**579,784**	**28,247,931**	**2,273,699**	**30,521,630**

The notes on pages 53 to 120 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018 - RESTATED

			Reserves									
	Note	Share Capital Kes '000	Fair Value Reserves Kes '000	General Reserves Kes '000	Translation Reserves Kes '000	Contingency Reserves Kes '000	Statutory Reserve Kes '000	Retained Earnings Kes '000	Proposed dividends Kes '000	Equity Attributable to Owners Kes '000	Non-Controlling Interest Kes '000	Total Equity Kes '000
Year ended 31 December 2018	**Note**											
At start of year												
As previously stated		**362,365**	**337,751**	**70,000**	**(546,820)**	**1,050,993**	**2,185,073**	**19,512,980**	**579,784**	**23,552,126**	**1,678,524**	**25,230,650**
Prior year adjustments	39	-	-	-	-	-	(655,522)	-	-	(655,522)	-	(655,522)
At start of year as restated		**362,365**	**337,751**	**70,000**	**(546,820)**	**1,050,993**	**1,529,551**	**19,512,980**	**579,784**	**22,896,604**	**1,678,524**	**24,575,128**
IFRS 9 initial adoption		**-**	**-**	**-**	**-**	**-**	**35,765**	**(87,406)**	**-**	**(51,641)**	**-**	**(51,641)**
Prior year adjustments	39	-	-	-	-	-	(10,729)	-	-	(10,729)	-	(10,729)
Balance after IFRS 9 adoption restated		362,365	337,751	70,000	(546,820)	1,050,993	1,554,587	19,425,574	579,784	22,834,234	1,678,524	24,512,758
Profit for the year As previously stated		**-**	**-**	**-**	**-**	**-**	**-**	**3,806,450**	**-**	**3,806,450**	**370,501**	**4,176,951**
Prior year adjustments	39	-	-	-	-	-	-	(50,338)	-	(50,338)	-	(50,338)
As restated		**-**	**-**	**-**	**-**	**-**	**-**	**3,756,112**	**-**	**3,756,112**	**370,501**	**4,126,613**
Other comprehensive income												
Net translation loss	31 (c) & 15 (iii)	-	-	-	(396,904)	-	-	-	-	(396,904)	(96,522)	(493,426)
Other comprehensive income		-	(92,955)	-	-	-	-	19,569	-	(73,386)	474	(72,912)
Total comprehensive income for the year		**-**	**(92,955)**	**-**	**(396,904)**	**-**	**-**	**3,775,681**	**-**	**3,285,822**	**274,453**	**3,560,275**
Transfers												
Transfer to retained earnings on reclassification	32	-	(29,829)	-	-	-	-	29,829	-	-	-	-
Transfer to contingency reserves	31 (d)	-	-	-	-	182,284		(182,284)	-	-	-	-
Transfer to Statutory reserves		-	-	-	-		1,377,468	(1,377,468)	-	-	-	-
Total transfers		**-**	**(29,829)**	**-**	**-**	**182,284**	**1,377,468**	**(1,529,923)**	**-**	**-**	**-**	**-**
Transactions with owners:										**-**	**-**	**-**
Dividends: Final for 2017 paid	33 (ii)	-	-	-	-	-	-	-	(579,784)	(579,784)	-	(579,784)
Paid to non-controlling interest	15 (iii)	-	-	-	-	-	-	-	-	-	(65,998)	(65,998)
Interim for 2018 paid	33 (i)	-	-	-	-	-	-	(72,473)	-	(72,473)	-	(72,473)
Proposed dividends	33 (i)							(579,784)	579,784	-		-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**(652,257)**	**-**	**(652,257)**	**(65,998)**	**(718,255)**
At end of year		**362,365**	**214,967**	**70,000**	**(943,724)**	**1,233,277**	**2,932,055**	**21,019,075**	**579,784**	**25,467,799**	**1,886,979**	**27,354,778**

The notes on pages 53 to 120 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

			Reserves				
		Share Capital Kes '000	Fair Value Reserves Kes '000	General Reserves Kes '000	Retained Earnings Kes '000	Proposed dividends Kes '000	Total Equity Kes '000
	Note						
Year ended 31 December 2019							
At start of year		**362,365**	**36,409**	**70,000**	**1,658,646**	**579,784**	**2,707,204**
Profit for the year		**-**	**-**	**-**	**6,894,773**	**-**	**6,894,773**
Other comprehensive Income	**31 (a)**	**-**	**(1,635)**	**-**	**-**	**-**	**(1,635)**
Total comprehensive income for the year		**-**	**(1,635)**	**-**	**6,894,773**	**-**	**6,893,138**
Transactions with owners:							
Dividends: Final for 2018 paid	33 (ii)	-	-	-	-	(579,784)	(579,784)
Interim for 2019 paid	33 (i) & (ii)	-	-	-	(72,473)	-	(72,473)
Proposed dividends	33 (i)	-	-	-	(579,784)	579,784	-
Total transactions with owners		**-**	**-**	**-**	**(652,257)**	**-**	**(652,257)**
At end of year		**362,365**	**34,774**	**70,000**	**7,901,162**	**579,784**	**8,948,085**
Year ended 31 December 2018	**Note**						
At start of year		362,365	31,357	70,000	1,091,344	579,784	2,134,850
Profit for the year		**-**	**-**	**-**	**1,219,559**	**-**	**1,219,559**
Other comprehensive Income	31 (a)	-	5,052	-	-	-	5,052
Total comprehensive income for the year		**-**	**5,052**	**-**	**1,219,559**	**-**	**1,224,611**
Transactions with owners:							
Dividends: Final for 2017 paid	33 (ii)	-	-	-	-	579,784	579,784
Interim for 2018 paid	33 (i) & (ii)	-	-	-	(72,473)	-	(72,473)
Proposed dividends	33 (i)	-	-	-	(579,784)	(579,784)	(1,159,568)
Total transactions with owners		**-**	**-**	**-**	**(652,257)**	**-**	**(652,257)**
At end of year		**362,365**	**36,409**	**70,000**	**1,658,646**	**579,784**	**2,707,204**

The notes on pages 53 to 120 are an integral part of these financial statements.

	Note	2019 Kes '000	2018 Kes '000
Cash flow from operating activities			
Cash generated from operations	25 (iii)	320,127	3,315,610
Income tax paid	16 (ii)	(911,021)	(1,305,646)
Net cash (outflow)/inflow from operating activities		**(590,894)**	**2,009,964**
Cash flow from investing activities			
Rent, interest and dividend received		9,795,940	8,069,615
Dividends received from associates	15 (i)	557,318	421,805
Proceeds from sale of quoted shares		-	178,545
Proceeds from disposal of property and equipment		(5,321)	151
Proceeds from part redemptions of shares in associate	15 (i)	362,830	581,211
Purchase of property and equipment and intangible assets	13	(249,732)	(200,632)
Net additions of investment properties	14	(30,014)	(19,546)
Additional investment in subsidiary		-	-
Purchase of quoted equity investments	21	-	(182,973)
Purchase of unquoted equity investments	17	(202,203)	(305,790)
Mortgage loans advanced	20 (i)	(6,990)	(26,672)
Mortgage loans repaid	20 (i)	22,843	68,540
Loans on life insurance policies advanced	20 (ii)	(284,964)	(231,139)
Loans on life insurance policies repaid	20 (ii)	211,355	86,169
Net purchase of government securities	18	(11,459,014)	(7,401,200)
Net proceeds of commercial bonds	19	271,120	60,389
Net cash (outflow)/ inflow from investing activities		**(1,016,832)**	**1,098,473**
Cash flow from financing activities			
Dividends paid		(564,371)	(652,257)
Net cash outflow from financing activities		**(564,371)**	**(652,257)**
(Decrease)/Increase in cash and cash equivalents		(2,172,097)	2,456,180
Cash and cash equivalents at start of year	25 (ii)	17,187,969	14,796,784
Exchange loss on translation of cash and cash equivalents	31 (c)	4,125	(64,995)
Cash and cash equivalents at end of year	**25 (ii)**	**15,019,997**	**17,187,969**

The notes on pages 53 to 120 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		COMPANY	
		2019	**2018**
	Note	**Kes '000**	**Kes '000**
Cash flow from operating activities			
Profit before income tax		6,909,101	1,233,634
Adjustments for: -			
Depreciation	13 (i)	2,773	3,620
Investment income	7	(6,961,168)	(1,280,943)
Operating cash flows before changes to receivables and payables		**(49,294)**	**(43,689)**
Change in receivables		(677,580)	(16,197)
Change in payables		85,105	172,960
Cash generated from operations		**(641,769)**	**113,074**
Income tax paid	16	(24,721)	(5,968)
Net cash (outflow)/ inflow from operating activities		**(666,490)**	**107,106**
Cash flow from investing activities			
Rent, interest and dividend received	7	789,855	1,108,401
Dividends received from associates	7	121,875	172,470
Purchase of property and equipment and intangible assets	13 (i)	(3,476)	(70)
Net cash inflow from investing activities		**908,254**	**1,280,801**
Cash flow from financing activities			
Dividends paid		(564,371)	(652,256)
Net cash outflow from financing activities		**(564,371)**	**(652,256)**
(Decrease)/Increase in cash and cash equivalents		(322,607)	735,651
Cash and cash equivalents at start of year	25 (ii)	1,008,719	272,996
Exchange (loss)/ gain on translation of cash and cash equivalents	7	(7,475)	72
Cash and cash equivalents at end of year	**25 (ii)**	**678,637**	**1,008,719**

The notes on pages 53 to 120 are an integral part of these financial statements.

1. GENERAL INFORMATION

Jubilee Holdings Limited is a limited liability company incorporated and domiciled in Kenya. The address of its registered office is: Jubilee Insurance House, Wabera Street, Nairobi, Kenya. The Company has a primary listing on the Nairobi Securities Exchange and is cross listed on the Uganda Securities Exchange and Dar Es Salaam Stock Exchange.

The Company through its subsidiaries and associates (together forming the Group) underwrites Life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts liabilities to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. It has operations in Kenya, Uganda, Tanzania, Burundi and Mauritius and employs over 1,214 (2018: 1,209) people through its subsidiaries.

The insurance business of the Group is organized into three divisions, Short-Term (General) Business, Health Business and Long-Term (Life) Business. Long-term business relates to the underwriting of life risks relating to insured persons, the issue of investment contracts liabilities and the administration of pension funds. Short-term General business relates to underwriting of property and liability insurance business. The Health Business relates to underwriting of medical insurance business.

During the year, a 100% owned subsidiary Jubilee Insurance Company of Kenya Limited (JICK) transferred out general and medical businesses to new companies, in compliance with the Insurance Act which requires a split of composite insurance companies. JICK split and formed Jubilee Health Insurance Limited which deals with health insurance and Jubilee General Insurance Limited. JICK has been renamed to Jubilee Life Insurance Limited and will continue offering long term life insurance products, pensions and investment products.

As a result of the composite split, JICK has returned capital and distributed dividends. Jubilee Holdings Limited has in totality reinvested the funds to acquire 100% of the equity in Jubilee General Insurance Limited and Jubilee Health Insurance Limited. See further details under note 39.With a view to diversifying the Group's income base, the Group has invested in associate companies whose operational activities have been extended to include property development and management, power generation and international fibre optic broadband cable connectivity.

Within these financial statements and the notes to the financial statements the words "consolidated" and "Group" have been used inter-changeably to mean the Company and its subsidiaries.

For purposes of the Kenya Companies Act, 2015 reporting purposes, the balance sheet is represented by statement of financial position while the profit and loss account is represented by the statements of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out in Note 41. These policies have been consistently applied to all years presented, unless otherwise stated.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group maKes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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. Set out below are the areas that are most dependent on the application of estimates and assumptions:

a) Insurance contract liabilities

(i) Short-term business

Management applies judgment in the estimation of short-term insurance contract liabilities. The Group uses historical experience to estimate the ultimate cost of claims and the provision for incurred but not reported (IBNR) claims. 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 claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. The nature of claims is generally high frequency with short reporting periods. The Group estimates claims using projected ultimate loss ratios based on notified claims. Refer to the sensitivity analysis in Note 26.

(ii) Long-term business

The determination of the liabilities under long term insurance contracts is dependent on estimates made by the Group. Assumptions used to compute the liabilities include mortality, persistency and investment returns. The assumptions used also include margin for adverse deviation, for key variables, when considered appropriate. The Group uses standard mortality tables that reflect historical mortality experience.

The main source of uncertainty is that future mortality may end up being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

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

a) Insurance contract liabilities (continued)

(ii) Long-term business (continued)

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience. Refer to the sensitivity analysis in Note 26.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. However, we clarify that the current economic impact of the Covid-19 has not been incorporated into the estimates. These shall be assessed by the management during the course of 2020 and incorporated into the estimate for the financial year 2020.

b) 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.

c) Valuation of unquoted equity investments

The Group estimates the value of unquoted equity investments using techniques that include the use of observable inputs. Changes in these estimates could result in material changes in the fair value of the investment. See further disclosures and sensitivities done under Note 17.

d) Receivables

Critical estimates are made in determining the recoverable amount of impaired receivables. The carrying amount of the receivables are shown on Note 4 (c).

e) Impairment of reinsurance assets

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 statement of profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

f) Valuation of investment property

Investment property comprises leasehold land and buildings and is measured at fair value. Fair value is based on valuations performed every year by an independent valuation expert. In performing the valuation, the valuer obtains the market value of similar properties and compares with the carrying value of the investment property. Given that the valuer uses actual sales data obtained from the market in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

g) Accounting for leases

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary from lease to lease.

The Group assumed that all of the existing leases expiring within the following five years, that have an extension option, will be not be extended, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 37.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Group's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

focuses on the identification and management of risks and seeks to minimize 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 maximize return within an acceptable level of interest rate risk.

(i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

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 across the board 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.

The following tables illustrate the Group's concentration of insurance risk. The tables disclose the range of individual insured risk (sums assured) for the principal classes of business underwritten by the Group.

Year ended 31 December 2019		**Maximum insured loss**				
Class of business						
Short-term business		**Kes 0 m - Kes 15m Kes'000**	**Kes 15m - Kes 250m Kes'000**	**Kes 250m - Kes 1000m Kes'000**	**Kes 1000m + Kes'000**	**Total Kes'000**
Motor	Gross	87,858,239	22,854,745	8,272,576	10,530,753	129,516,313
	Net	58,322,079	21,808,141	7,400,029	9,146,164	96,676,413
Fire	Gross	27,724,647	142,752,799	120,718,636	1,519,620,566	1,810,816,648
	Net	17,705,303	120,745,296	48,784,519	111,340,618	298,575,736
Personal accident	Gross	3,402,129	19,591,122	9,697,750	240,408,024	273,099,025
	Net	2,650,286	13,990,601	7,163,911	28,504,116	52,308,914
Medical	Gross	13,767,674	127,625,491	16,607,131	130,763,607	288,763,903
	Net	8,594,000	66,367,501	24,578,367	18,296,832	117,836,700
Other	Gross	15,019,124	82,154,501	64,221,674	595,061,186	756,456,485
	Net	13,542,740	59,205,006	41,187,459	91,314,207	205,249,412
Long-term business						
Ordinary life	Gross	30,652,066	2,917,934	39,061	-	33,609,061
	Net	27,922,032	2,476,980	(429)	-	30,398,583
Group life	Gross	265,964,415	128,134,624	25,279,819	280,467,951	699,846,809
	Net	129,166,309	40,410,452	6,754,611	109,734,802	286,066,174
Annuity	Gross	11,973,476	47,585,711	27,422,435	1,370,145,010	1,457,126,632
	Net	11,188,394	41,051,766	24,409,781	133,271,879	209,921,820
Total	**Gross**	**456,361,770**	**573,616,927**	**272,259,082**	**4,146,997,097**	**5,449,234,876**
	Net	**269,091,143**	**366,055,743**	**160,278,248**	**501,608,618**	**1,297,033,752**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(i) Insurance risk (continued)

Year ended 31 December 2018 Class of business		**Maximum insured loss**				
		Kes0m - Kes 15m	**Kes 15m - Kes 250m**	**Kes 250m - Kes 1000m**	**Kes 1000m +**	**Total**
Short-term business		**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Motor	Gross	71,696,952	11,605,039	1,369,349	872,082	85,543,422
	Net	42,465,336	10,937,456	878,000	5,809	54,286,601
Fire	Gross	22,896,028	103,979,788	99,350,968	486,541,293	712,768,077
	Net	13,017,000	86,460,079	34,936,155	23,240,354	157,653,588
Personal accident	Gross	3,043,729	33,603,792	9,161,000	2,361,717	48,170,238
	Net	2,331,968	28,836,545	8,912,540	1,050,617	41,131,670
Medical	Gross	29,515,769	148,500,123	54,967,937	98,257,015	331,240,844
	Net	19,700,965	82,643,464	51,250,385	67,948,000	221,542,814
Other	Gross	53,148,699	122,547,452	80,708,163	534,012,426	790,416,740
	Net	21,442,771	82,075,989	46,609,253	190,155,167	340,283,180
Long-term business						
Ordinary life	Gross	28,986,090	3,564,142	38,747	-	32,588,979
	Net	26,581,430	2,952,434	-	-	29,533,864
Group life	Gross	1,105,642,601	648,891,719	51,397,414	10,960,710	1,816,892,444
	Net	652,297,190	226,352,786	22,050,868	6,777,373	907,478,217
Annuity	Gross	3,813,877	1,361,790	-	-	5,175,667
	Net	3,813,877	1,516,377	-	-	5,330,254
Total	**Gross**	**1,318,743,745**	**1,074,053,845**	**296,993,578**	**1,133,005,243**	**3,822,796,411**
	Net	**781,650,537**	**521,775,130**	**164,637,201**	**289,177,320**	**1,757,240,188**

(ii) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contract), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts . 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 Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price 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 manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group has exposure to the following risks arising from financial instruments:

(a) Market risk

Market risk will apply to quoted equity investments valued through profit or loss as well as those through equity, balances and investments carried in currencies other than reporting currency and investments in associates and investments that are translated to the Group reporting currency.

(i) Foreign exchange risk

The Group operates regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Uganda shilling and Tanzania Shilling, Mauritius Rupee and Burundi Francs. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group manages foreign exchange risk arising from future commercial transactions and recognized assets and liabilities by maintaining Dollar currency deposits to reduce loss against fluctuation in currency. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(a) Market Risk (continued)

(i) Foreign exchange risk (continued)

The Group had the following significant foreign currency exposures (all amounts expressed in Kenya Shillings thousands):

Group

Exchange Risk As at 31 December 2019:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000	Total Kes'000
ASSETS						
Receivables arising out of reinsurance arrangements	-	-	892,463	365,183	-	1,257,646
Deposit with financial institutions	13,993	-	988,505	67,149	822,489	1,892,136
Cash and bank balances	-	270	395,906	6,106	123,591	525,873
Total assets	**13,993**	**270**	**2,276,874**	**438,438**	**946,080**	**3,675,655**
LIABILITIES						
Insurance contract liabilities	-	32,063	2,129,737	3,112	108,376	2,273,288
Creditors arising out of reinsurance arrangements	-	-	(139,965)	72,811	193,737	126,583
Total liabilities	**-**	**32,063**	**1,989,772**	**75,923**	**302,113**	**2,399,871**
Net position	13,993	(31,793)	287,102	362,515	643,967	1,275,784

Group

As at 31 December 2018:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000	Total Kes'000
ASSETS						
Receivables arising out of reinsurance arrangements	-	28,809	853,408	300,053	87,697	1,269,967
Deposit with financial institutions	2,087	-	929,208	64,222	614,879	1,610,396
Cash and bank balances	-	3,459	138,070	114,780	193,901	450,210
Total assets	**2,087**	**32,268**	**1,920,686**	**479,055**	**896,477**	**3,330,573**
LIABILITIES						
Insurance contract liabilities	-	30,112	1,361,038	2,546	125,332	1,519,028
Total liabilities	**-**	**30,112**	**1,361,038**	**2,546**	**125,332**	**1,519,028**
Net position	**2,087**	**2,156**	**559,648**	**476,509**	**771,145**	**1,811,545**

At 31 December 2019, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the post-tax profit for the year would have been Kes 1,000,000 (2018: Kes 209,000) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

Company

Exchange Risk As at 31 December 2019:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000	Total Kes'000
ASSETS						
Due from related parties	-	-	3,617	1,062	81,537	86,216
Deposit with financial institutions	2,087	-	-	-	-	2,087
Cash and bank balances	-	270	-	-	-	270
Total assets	**2,087**	**270**	**3,617**	**1,062**	**81,537**	**88,573**
LIABILITIES						
Due to related parties	-	641,096	331,610	-	-	972,706
Total liabilities	**-**	**641,096**	**331,610**	**-**	**-**	**972,706**
Net position	**2,087**	**(640,826)**	**(327,993)**	**1,062**	**81,537**	**(884,133)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(a) Market Risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2019, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the post-tax profit for the year would have been Kes 209,000 (2018: Kes 209,000) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

Company

As at 31 December 2018:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000	Total Kes'000
ASSETS						
Due from related parties	-	46,400	11,463	860	60,620	119,343
Deposit with financial institutions	2,087	-	-	-	-	2,087
Cash and bank balances	-	3,459	-	-	-	3,459
Total assets	**2,087**	**49,859**	**11,463**	**860**	**60,620**	**124,889**
LIABILITIES						
Due to related parties	-	768,231	22,595	-	-	790,826
Total liabilities	**-**	**768,231**	**22,595**	**-**	**-**	**790,826**
Net position	**2,087**	**(718,372)**	**(11,132)**	**860**	**60,620**	**(665,937)**

The Group's exposure to the foreign currency risk of its subsidiaries and associated companies (where the entity's reporting currency is not Kenya Shilling linked) is summarized in the tables below by country and reporting currency:

Group

Exchange Risk As at 31 December 2019:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000
Subsidiaries					
Jubilee Uganda	-	3,811,524	-	-	-
Jubilee Tanzania	-	-	1,563,926	-	-
Jubilee Mauritius	-	-	-	333,168	-
Jubilee Burundi	-	-	-	-	439,695
Associates	-	-	-	-	-
Bujagali Holdings Power Company Limited	2,223,047	-	-	-	-
IPS Cable Systems Limited	2,556,185	-	-	-	-
IPS Power Investment Limited	71,918	-	-	-	-
Group gross foreign currency exposure	**4,851,150**	**3,811,524**	**1,563,926**	**333,168**	**439,695**
Non-controlling interest foreign currency exposure	-	(1,327,705)	(757,464)	(66,634)	(128,141)
Net foreign currency exposure	**4,851,150**	**2,483,819**	**806,462**	**266,534**	**311,554**
Exchange Rates					
Closing rate at 31 December 2019	101.337	36.167	22.677	2.960	18.545
Average rate during the year 2019	102.013	36.319	22.626	2.971	18.004

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(a) Market Risk (continued)

(i) Foreign exchange risk (continued)

Group

Exchange Risk As at 31 December 2018:	US Dollar Kes'000	Uganda Shillings Kes'000	Tanzania Shillings Kes'000	Mauritius Rupees Kes'000	Burundi Francs Kes'000
Subsidaries					
Jubilee Uganda	-	7,763,294	-	-	-
Jubilee Tanzania	-	-	1,297,071	-	-
Jubilee Mauritius	-	-	-	273,903	-
Jubilee Burundi	-	-	-	-	344,968
Associates	-	-	-	-	-
Bujagali Holdings Power Company Limited	2,321,370	-	-	-	-
IPS Cable Systems Limited	2,521,406	-	-	-	-
IPS Power Investment Limited	91,650	-	-	-	-
Group gross foreign currency exposure	**4,934,426**	**7,763,294**	**1,297,071**	**273,903**	**344,968**
Non-controlling interest foreign currency exposure	-	(1,105,292)	(626,559)	(54,781)	(100,347)
Net foreign currency exposure	**4,934,426**	**6,658,002**	**670,512**	**219,122**	**244,621**
Exchange Rates					
Closing rate at 31 December 2018	101.846	36.460	22.583	2.975	17.602
Average rate during the year 2018	101.299	36.800	22.476	2.979	17.467

(ii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either as financial assets at fair value through other comprehensive income or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Nairobi Securities Exchange (NSE), the Uganda Securities Exchange (USE) and Dar es Salaam Stock Exchange (DSE).

The following group and company assets were subject to price risk at the end of the year:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Kes'000	**Kes'000**	**Kes'000**	**Kes'000**
Government securities at fair value through profit or loss	12,289,945	10,264,809	-	-
Corporate bonds at fair value through profit or loss	-	38,460	-	-
Quoted equity investments at fair value through profit or loss	4,082,470	4,945,579	635,132	-
Quoted equity investments at fair value through other comprehensive income	1,282,162	1,617,728	21,068	23,405
Total Exposure	**17,654,577**	**16,866,576**	**656,200**	**23,405**

Group

At 31 December 2019, if the NSE, USE and DSE, indices had increased/decreased by 10% (2018:10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, the post-tax profit would have been Kes 318 million (2018 Kes 835 million) higher/lower, while post-tax other comprehensive income would have been Kes 100 million (2018: Kes. 346 million) higher/lower.

Company

At 31 December 2019 the shares held by the Company are traded on the Nairobi Securities Exchange and Uganda Securities Exchange (USE). If the USE indices had increased/decreased by 10% with all other variables held constant, all the companies' equity instruments moved according to the historical correlation to the index, then post-tax profit movement would not have been significant.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(b) Cash flow and fair value interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The following assets were subject to fair value interest risk at the end of the year:

	Group		Company	
	2019	2018	2019	2018
	Kes'000	Kes'000	Kes'000	Kes'000
Corporate bonds at amortised cost	579,736	802,939	-	-
Corporate bonds at fair value through profit or loss	-	38,460	-	-
Government securities at amortised cost	54,806,435	44,975,816	-	-
Government securities at fair value through profit or loss	12,289,945	10,264,809	-	-
Deposits with financial institutions	9,496,402	11,315,417	109,555	919,427
Total Exposure	**77,172,518**	**67,397,441**	**109,555**	**919,427**

There were no financial assets subject to floating rate as at 31 December 2019 (2018 – Nil)

At 31 December 2019, if the interest rates applicable to the above mentioned financial instruments had increased/decreased by 10% (2018:10%) with all other variables held constant, the change in the post-tax profit would not have been significant as the call deposits are held in the interim and placed in fixed interest rate instruments.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets. Key areas where the Group is exposed to credit risk are:

- receivables arising out of direct insurance arrangements;
- receivables arising out of reinsurance arrangements;
- corporate bonds;
- deposits with banks;
- government securities;
- mortgage receivables;
- Other receivables; and
- Loans on life insurance policies.

The Group structures the levels of credit risk it accepts by dealing with institutions with good credit ratings and placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to annual or more frequent reviews. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

Management information reported to the Group includes details of provisions for impairment on financial assets at amortized cost and subsequent write-offs. Internal audit maKes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing 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 Company risk department.

The credit quality of financial assets is assessed by reference to external credit ratings if available. Where external credit ratings are not available the counterparty is assessed based on historical information available relating to the counterparty default rates.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(c) Credit risk (continued)

The Group classifies counterparties as follows, based on their internal credit ratings where available.

The maximum exposure of the Group to credit risk (financial instruments subject to impairment) as at the balance sheet date is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2019	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Government Securities at amortised cost	54,806,435	-	-	54,806,435
Corporate Bonds at amortised cost	579,736	-	-	579,736
Mortgage loans	49,663	-	-	49,663
Loans from Life insurance policies	1,004,928	-	-	1,004,928
Receivables arising out of direct insurance arrangements	2,695,021	893,086	425,183	4,013,290
Receivables arising out of reinsurance arrangements	2,334,250	-	-	2,334,250
Other receivables	1,738,814	-	-	1,738,814
Deposits with financial institutions	9,496,402	-	-	9,496,402
Cash at Bank	5,523,595	-	-	5,523,595
Exposure to Credit Risk	**78,228,844**	**893,086**	**425,183**	**79,547,113**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
31 December 2018	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Government Securities at amortised cost	44,975,816	-	-	44,975,816
Corporate Bonds at amortised cost	802,939	-	-	802,939
Mortgage loans	39,318	-	28,679	67,997
Loans from Life insurance policies	931,713	-	-	931,713
Receivables arising out of direct insurance arrangements	2,241,441	1,816,743	818,345	4,876,529
Receivables arising out of reinsurance arrangements	1,396,006	1,797,159	132,384	3,325,549
Other receivables	888,593	-	19,006	907,599
Deposits with financial institutions	11,315,417	-	-	11,315,417
Cash at Bank	2,588,451	-	-	2,588,451
Exposure to Credit Risk	**65,179,694**	**3,613,902**	**998,414**	**69,792,010**

No collateral is held for any of the above assets other than the staff mortgage loans and car loans included under the other receivables. Properties in relation to staff mortgage loans are charged to the group as collateral and in relation to staff motor vehicle loans the motor vehicle log books/registration documents are registered in joint names noting Jubilee as the financier and deposited with the Company.

The surrender value of the life insurance policies and title documents are held as collateral for loans on life policies and mortgage loans respectively. All receivables that are neither past due nor impaired are within their approved credit limit, and no receivables have had their terms negotiated.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(c) Credit risk (continued)

Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, such as:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent 'step-up' (or 'step-down') between 12 month and Lifetime ECL;
- Additional allowance for new financial instruments recognised in the period, as well as releases for financial instruments;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind with ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements;
- Financial assets de-recognised during the period and write off of allowances related to assets that were written off during the period.

The table below explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors

Group

	Government Securities	Deposits with financial institutions	Cash and Bank balances	Corporate bonds	Insurance Receivables	Total
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
As at 1 January 2019	**3,648**	**1,061**	**1,443**	**7**	**682,033**	**688,192**
Movement in provisions	5,874	(3,437)	-	(242)	33,944	36,139
As at 31 December 2019	**9,522**	**(2,376)**	**1,443**	**(235)**	**715,977**	**724,331**
As at 1 January 2018	**1,038**	**1,067**	**919**	**14**	**724,416**	**727,454**
Movement in provisions	2,610	(6)	524	(7)	(42,383)	(39,262)
As at 31 December 2018	**3,648**	**1,061**	**1,443**	**7**	**682,033**	**688,192**

Maximum exposure to credit risk - financial instruments not subject to impairment

	Group		Company	
Maximum Exposure to credit risk	**2019**	**2018**	**2019**	**2018**
	Kes '000	**Kes '000**	**Kes '000**	**Kes '000**
Government securities at fair value through profit or loss	12,289,945	10,264,809	-	-
corporate bonds at fair value through profit or loss	-	38,460	-	-
Quoted securities at fair value through profit or loss	4,082,470	4,945,579	635,132	-
Total	**16,372,415**	**15,248,848**	**635,132**	**-**

There was no loss allowance recognised in the financial statements of the company

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.
The Group is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum level of bank overdraft facilities that should be in place to cover expenditure at unexpected levels of demand.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(d) Liquidity risk (continued)

The table below presents the undiscounted cash flows payable by the Group under financial and other liabilities by remaining contractual maturities at the reporting date except for insurance contract liabilities and investment contracts liabilities. Cash flows payable by the Company under insurance contract liabilities and deposit administration contracts are presented based on expected maturities at the reporting date.

Group

Year ended 31 December 2019	Up to 1 month Kes '000	1 to 3 months Kes '000	3 to 12 months Kes '000	Over 1 year Kes '000	Total Kes '000
Assets					
Mortgage loans	-	-	10,363	42,776	53,139
Loans on life insurance policies	20,774	30,554	127,396	872,204	1,050,928
Government securities	143,563	3,766,219	7,529,807	60,434,099	71,873,688
Commercial bonds	-	-	-	620,318	620,318
Other receivables	392,478	1,346,336	-	-	1,738,814
Insurance and reinsurance receivables	2,200,208	1,651,960	1,523,904	971,468	6,347,540
Deposits with financial institutions and cash and bank balances	1,888,404	10,582,049	2,881,778	-	15,352,231
Total assets	**4,645,427**	**17,377,118**	**12,073,248**	**62,940,865**	**97,036,658**
Liabilities					
Lease liabilities	15,609	31,218	140,481	351,189	538,497
Insurance contract liabilities	886,251	4,322,904	3,150,418	21,338,179	29,697,752
Payable under deposit administration contracts	522,385	1,737,764	13,074,947	62,921,126	78,256,222
Creditors arising out of direct insurance arrangements	43,788	72,184	78,177	84,007	278,156
Creditors arising out of reinsurance arrangements	606,579	418,561	375,246	207,162	1,607,548
Dividend and other payables	1,163,319	1,126,925	867,160	160,040	3,317,444
Total liabilities	**3,237,931**	**7,709,556**	**17,686,429**	**85,061,703**	**113,695,619**
Excess/(shortfall) of assets over liabilities	**1,407,496**	**9,667,562**	**(5,613,181)**	**(22,120,838)**	**(16,658,961)**

Year ended 31 December 2018	Up to 1 month Kes '000	1 to 3 months Kes '000	3 to 12 months Kes '000	Over 1 year Kes '000	Total Kes '000
Assets					
Mortgage loans	-	-	16,107	66,490	82,597
Loans on life insurance policies	11,220	21,406	126,427	887,517	1,046,570
Government securities	120,539	3,125,956	5,943,083	47,699,079	56,888,657
Commercial bonds	-	-	-	885,936	885,936
Other receivables	292,301	615,298	-	-	907,599
Insurance and reinsurance receivables	2,511,659	1,885,803	1,739,621	1,108,985	7,246,068
Deposits with financial institutions and cash and bank balances	1,743,656	9,658,894	2,501,317	-	13,903,867
Total assets	**4,679,375**	**15,307,357**	**10,326,555**	**50,648,007**	**80,961,294**
Liabilities					
Insurance contract liabilities	1,063,666	5,188,285	3,781,085	25,609,766	35,642,802
Payable under deposit administration contracts	454,297	1,511,262	11,370,747	54,719,932	68,056,238
Creditors arising out of direct insurance arrangements	31,721	52,291	56,633	60,856	201,501
Creditors arising out of reinsurance arrangements	688,956	475,404	426,206	235,296	1,825,862
Dividend and other payables	1,161,980	946,351	728,210	134,396	2,970,937
Total liabilities	**3,400,620**	**8,173,593**	**16,362,881**	**80,760,246**	**108,697,340**
Excess/(shortfall) of assets over liabilities	**1,278,755**	**7,133,764**	**(6,036,326)**	**(30,112,239)**	**(27,736,046)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(d) Liquidity risk (continued)

Company

Year ended 31 December 2019	Up to 1 month Kes '000	1 to 3 months Kes '000	3 to 12 months Kes '000	Over 1 year Kes '000	Total Kes '000
Assets					
Due from related parties	86,216	-	-	-	86,216
Other receivables	-	823,065	-	-	823,065
Deposits with financial institutions and cash and bank balances	-	678,637	-	-	678,637
Total assets	**86,216**	**1,501,702**	**-**	**-**	**1,587,918**
Liabilities					
Due to related parties	972,706	-	-	-	972,706
Dividend and other payables	498,380	25,346	-	-	523,726
Totals	**1,471,086**	**25,346**	**-**	**-**	**1,496,432**
(shortfall)/ excess of assets over liabilities	**(1,384,870)**	**1,476,356**	**-**	**-**	**91,486**

Company

Year ended 31 December 2018	Up to 1 month Kes '000	1 to 3 months Kes '000	3 to 12 months Kes '000	Over 1 year Kes '000	Total Kes '000
Assets					
Due from related parties	97,184	-	-	-	97,184
Other receivables	-	134,517	-	-	134,517
Deposits with financial institutions and cash and bank balances	991,219	17,500	-	-	1,008,719
Total assets	**1,088,403**	**152,017**	**-**	**-**	**1,240,420**
Liabilities			**-**	**-**	
Due to related parties	891,142	-	-	-	891,142
Dividend and other payables	431,294	21,806	-	-	453,100
Totals	**1,322,436**	**21,806**	**-**	**-**	**1,344,242**
(shortfall)/ excess of assets over liabilities	**(234,033)**	**130,211**	**-**	**-**	**(103,822)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as fair value through profit or loss and fair value through other comprehensive income. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group

		Carrying Amount					Fair value hierarchy			
As at 31 December 2019	**Note**	**Designated at fair value through profit or loss Kes '000**	**Amortised cost Kes '000**	**Designated at fair value through OCI Kes '000**	**Other financial liabilities Kes '000**	**Total Kes '000**	**Level 1 Kes '000**	**Level 2 Kes '000**	**Level 3 Kes '000**	**Total Kes '000**
Financial assets										
Equity securities	17 & 21	10,320,355	-	1,478,944	-	11,799,299	5,364,632	-	6,434,667	11,799,299
Mortgage loans	20 (i)	-	49,663	-	-	49,663	-	49,663	-	49,663
Loans on life insurance policies	20 (ii)	-	1,004,928	-	-	1,004,928	-	1,004,928	-	1,004,928
Government securities	18	12,289,945	54,806,435	-	-	67,096,380	67,096,380	-	-	67,096,380
Commercial bonds	19	-	579,736	-	-	579,736	-	579,736	-	579,736
Other receivables	24	-	1,874,749	-	-	1,874,749	-	1,874,749	-	1,874,749
Insurance and reinsurance receivables	4 (c)	-	6,347,540	-	-	6,347,540	-	6,347,540	-	6,347,540
Deposits with financial institutions and cash and bank balances	25 (i)	-	15,019,997	-	-	15,019,997	15,019,997	-	-	15,019,997
Total		**22,610,300**	**79,683,048**	**1,478,944**	**-**	**103,772,292**	**87,481,009**	**9,856,616**	**6,434,667**	**103,772,292**
Financial liabilities not measured at fair value										
Other payables	29	-	-	(3,037,763)	-	(3,037,763)	-	-	(3,037,763)	(3,037,763)
Dividend payable	33 (ii)	-	-	(473,034)	-	(473,034)	-	-	(473,034)	(473,034)
Total		**-**	**-**	**(3,510,797)**	**-**	**(3,510,797)**	**-**	**-**	**(3,510,797)**	**(3,510,797)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(e) Fair value estimation (continued)

Group

		Carrying Amount					Fair value hierarchy			
As at 31 December 2018	**Note**	**Designated at fair value through profit or loss Kes '000**	**Amortised cost Kes '000**	**Designated at fair value through OCI Kes '000**	**Other financial liabilities Kes '000**	**Total Kes '000**	**Level 1 Kes '000**	**Level 2 Kes '000**	**Level 3 Kes '000**	**Total Kes '000**
Financial assets										
Equity securities	17 & 21	9,289,790	-	1,812,341	-	11,102,131	6,563,307	-	4,538,824	11,102,131
Mortgage loans	20 (i)	-	66,101	-	-	66,101		66,101	-	66,101
Loans on life insurance policies	20 (ii)	-	931,713	-	-	931,713		931,713	-	931,713
Government securities	18	10,264,809	44,975,816	-	-	55,240,625	55,240,625	-	-	55,240,625
Commercial bonds	19	38,460	802,939	-	-	841,399	38,460	802,939	-	841,399
Other receivables	24	-	1,396,233	-	-	1,396,233	-	1,396,233	-	1,396,233
Insurance and reinsurance receivables	4 (c)	-	7,246,068	-	-	7,246,068	-	7,246,068	-	7,246,068
Deposits with financial institutions and cash and bank balances	25 (i)	-	13,903,868	-	-	13,903,868	13,903,868	-	-	13,903,868
Total		**19,593,059**	**69,322,738**	**1,812,341**	**-**	**90,728,138**	**75,746,260**	**10,443,054**	**4,538,824**	**90,728,138**
Financial liabilities not measured at fair value										
Other payables	29	-	-	(2,539,644)	-	(2,539,644)	-	-	(2,539,644)	(2,539,644)
Dividend payable	33 (ii)	-	-	(431,293)	-	(431,293)	-	-	(431,293)	(431,293)
Total		**-**	**-**	**(2,970,937)**	**-**	**(2,970,937)**	**-**	**-**	**(2,970,937)**	**(2,970,937)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(e) Fair value estimation (continued)

Company

		Carrying Amount					Fair value hierarchy			
31 December 2019	**Note**	**Designated at fair value through profit or loss Kes '000**	**Amortised cost Kes '000**	**Designated at fair value through OCI Kes '000**	**Other financial liabilities Kes '000**	**Total Kes '000**	**Level 1 Kes '000**	**Level 2 Kes '000**	**Level 3 Kes '000**	**Total Kes '000**
Financial assets										
Equity securities	17 & 21	635,132	-	90,367	-	725,499	656,200	-	69,299	725,499
Other receivables	24	-	823,064	-	-	823,064	-	823,064	-	823,064
Deposits with financial institutions and cash and bank balances	25 (i)	-	678,637	-	-	678,637	678,637	-	-	678,637
Total		**635,132**	**1,501,701**	**90,367**	**-**	**2,227,200**	**1,334,837**	**823,064**	**69,299**	**2,227,200**
Financial liabilities										
Other payables	29	-	-	-	(25,346)	(25,346)	-	(25,346)	-	(25,346)
Dividend payable	33 (ii)	-	-	-	(473,034)	(473,034)	-	(473,034)	-	(473,034)
Total		-	-	-	(498,380)	(498,380)	-	(498,380)	-	(498,380)

		Carrying Amount					Fair value heirarchy			
31 December 2018	**Note**	**Designated at fair value through profit or loss Kes '000**	**Amortised cost Kes '000**	**Designated at fair value through OCI Kes '000**	**Other financial liabilities Kes '000**	**Total Kes '000**	**Level 1 Kes '000**	**Level 2 Kes '000**	**Level 3 Kes '000**	**Total Kes '000**
Financial assets										
Equity securities	17 & 21	-	-	92,704	-	92,704	23,405	-	69,299	92,704
Other receivables	24	-	134,517	-	-	134,517	-	134,517	-	134,517
Deposits with financial institutions and cash and bank balances	25 (i)	-	1,008,719	-	-	1,008,719	1,008,719	-	-	1,008,719
Total		**-**	**1,143,236**	**92,704**	**-**	**1,235,940**	**1,032,124**	**134,517**	**69,299**	**1,235,940**
Financial liabilities										
Other payables	29	-	-	-	(21,806)	(21,806)	-	(21,806)	-	(21,806)
Dividend payable	33 (ii)	-	-	-	(431,293)	(431,293)	-	(431,293)	-	(431,293)
Total		**-**	**-**	**-**	**(453,099)**	**(453,099)**	**-**	**(453,099)**	**-**	**(453,099)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(e) Fair value estimation (continued)

The fair value of Government securities at amortised cost and corporate bonds at amortised cost has been computed by reference to the market prices prevailing at the end of the year for the same or similar asset. For the other assets, the fair value approximates the amortised cost.

The movements for the various financial assets are disclosed in the respective notes as indicated.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- Valuation of unquoted shares.

The Company uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Company reviewed several valuation techniques and selected a value that is based on discounted cash flow. The critical management judgment is in the selection of the discount rate and the growth rate applied and the determination of normalized earnings for the underlying investments.

(f) Capital risk management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are to:

- Comply with the capital requirements as set out in the regulations of the jurisdictions in which the Group entities operate;
- Comply with regulatory solvency requirements as set out in the Insurance Act;
- Safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- Provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The table below summarises the minimum required capital across the Group and the capital held against each of them as at 31 December 2019 and 2018. These figures are an aggregate number, being the sum of the statutory share capital in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction.

	2019					
	Kenya	**Uganda**	**Tanzania**	**Burundi**	**Mauritius**	**Total**
	Kes '000	**Kes '000**	**Kes '000**	**Kes '000**	**Kes '000**	**Kes '000**
Amount of issued and paid up capital	5,220,718	392,706	214,958	92,969	310,465	6,231,816
Regulatory capital requirements	1,600,000	228,947	117,442	92,969	275,561	2,314,919

	2018					
	Kenya	**Uganda**	**Tanzania**	**Burundi**	**Mauritius**	**Total**
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
Amount of issued and paid up capital	2,500,000	392,706	214,958	92,969	310,465	3,511,098
Regulatory capital requirements	1,000,000	228,947	117,442	92,969	275,561	1,714,919

During the year, a 100% owned subsidiary Jubilee Insurance Company of Kenya Limited (JICK) transferred out general and medical businesses to new companies, in compliance with the Insurance Act which requires a split of composite insurance companies. JICK split and formed Jubilee Health Insurance Limited which deals with health insurance and Jubilee General Insurance Limited. Refer to note 39.

The Group has different requirements depending on the country in which it operates. The three main countries are Kenya, Uganda and Tanzania.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(f) Capital risk management (continued)

Kenya

In Kenya the Insurance Act requires each insurance Company to hold the minimum level of paid up capital as follows;

- Composite insurance companies Kes 1billion;
- Short term insurance business companies Kes 600 million; and
- Long term insurance business companies Kes 400 million

Under the Risk Based Solvency requirements, solvency is determined based on the volume of business or implied risk of the asset as determined by the regulator. Insurance companies are required to hold capital equal to 100% of the higher of absolute minimum capital, volume of business or risk based capital minimum. During the year Jubilee Insurance Company of Kenya Limited, Jubilee General insurance Limited and Jubilee Health Insurance Limited held more than the minimum required capital to stand at 118% (2018: 111%), 120% (2018: 126%) and 136% (2018: 144%) respectively. Refer to note 39 on the composite split.

Uganda

In Uganda, statutory capital is based on Section 6 of the Insurance Act, 2011. The two insurance companies in Uganda complied with this requirement during the year.

The Insurance Act, 2011 further requires that 2% of the gross written premium or 15% of the net profit, whichever is greater, be transferred to the contingency reserve until it equals the minimum paid up capital or 50% of the current year's net written premium, whichever is higher.

Additional, for short-term company, the Insurance Act, 2011 requires that 5% of the net profit for the year be transferred to the capital reserve.

The two Ugandan insurance entities were in compliance with the regulatory requirements.

Tanzania

In Tanzania, capital requirement is regulated by regulations 27 (2) (a) of the Insurance Regulations and 27 (2) (b) on contingency reserve. General insurance businesses are required to transfer 20% of their net profit to the capital reserve and 3% on the net premium or 20% of net profit, whichever is higher, to the contingency reserve.

Long term insurance businesses are required to transfer 1% on premium to the contingency reserve.

The two Tanzanian insurance entities were in compliance with the regulatory requirements. However, the general Company had a technical breach on its solvency due to the long outstanding reinsurance receivables. The Company has undertaken all measures to liquidate these debts and there is improvement on the technical solvency as at the end of the first quarter of 2020. Further more, the component has discussed the matter with the subsidiary.

5. SEGMENT INFORMATION

(i) OPERATING SEGMENTS

Management has determined operating segments based on the manner in which the Executive management, who are the Chief operating decision maker, receives reports about business performance and makes strategic decisions. In line with the composite split carried out in the year, management classify the business into general business, health business, long-term business and investment business. In previous years, the business was classified into short term, long term and investments. The balance sheet however continues to be reviewed using the short term, long term and investments.

Segment information is set out in the following tables:

Operating Segments	**GROUP Kes '000**				
For the year ended 31 December 2019	**General**	**Health**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Gross earned premium	14,167,275	7,513,159	7,439,497	-	29,119,931
Insurance revenue ceded to reinsurers	(6,603,279)	(2,252,848)	(774,146)	-	(9,630,273)
Net insurance premium revenue	**7,563,996**	**5,260,311**	**6,665,351**	**-**	**19,489,658**
Investment income	940,268	267,219	8,386,569	432,758	10,026,814
Net fair value loss on financial assets	8,405	72,258	951,020	-	1,031,683
Commission earned	1,630,153	562,862	88,166	-	2,281,181
Total income	**10,142,822**	**6,162,650**	**16,091,106**	**432,758**	**32,829,336**
Claims and policy holders' benefits expense and distribution to holders of investment contracts	(8,347,715)	(5,317,569)	(11,402,190)	-	(25,067,474)
Reinsurer's share of claims and policy holders' benefits expense	3,302,176	1,616,169	422,198	-	5,340,543
Net insurance benefits and claims	**(5,045,539)**	**(3,701,400)**	**(10,979,992)**	**-**	**(19,726,931)**
Operating and other expenses	(2,671,138)	(946,284)	(1,717,767)	(111,411)	(5,446,600)
Commission payable	(1,744,664)	(665,688)	(1,226,752)	-	(3,637,104)
Total expenses and commissions	**(4,415,802)**	**(1,611,972)**	**(2,944,519)**	**(111,411)**	**(9,083,704)**
Result of operating activities	**681,481**	**849,278**	**2,166,595**	**321,347**	**4,018,701**
Share of result of associates	-	155,644	206,717	626,160	988,521
Group profit before income tax	**681,481**	**1,004,922**	**2,373,312**	**947,507**	**5,007,222**
Income tax expense	(313,426)	(90,303)	(512,987)	(72,819)	(989,535)
Profit for the year	**368,055**	**914,619**	**1,860,325**	**874,688**	**4,017,687**

For the year ended 31 December 2018 Restated	**Short term**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Gross earned premium revenue	20,475,790	6,133,531	-	26,609,321
Outward reinsurance	(8,734,810)	(624,938)	-	(9,359,748)
Net insurance premium revenue	**11,740,980**	**5,508,593**	**-**	**17,249,573**
Investment income	1,152,474	6,767,991	800,269	8,720,734
Net fair value gain / (loss) on financial assets	27,058	21,828	(423,831)	(374,945)
Commission earned	2,291,382	53,189	-	2,344,571
Total income	**15,211,894**	**12,351,601**	**376,438**	**27,939,933**
Claims and policy holders' benefits expense and distribution to holders of investment contracts	(11,468,879)	(9,224,423)	-	(20,693,302)
Reinsurer's share of claims and policy holders' benefits expense	4,182,846	580,546	-	4,763,392
Net insurance benefits and claims	**(7,286,033)**	**(8,643,877)**	**-**	**(15,929,910)**
Operating and other expenses	(3,196,212)	(1,379,337)	(107,097)	(4,682,646)
Commission payable	(2,262,764)	(1,066,029)	-	(3,328,793)
Total expenses and commissions	**(5,458,976)**	**(2,445,366)**	**(107,097)**	**(8,011,439)**
	-			-
Result of operating activities	**2,466,885**	**1,262,358**	**269,341**	**3,998,584**
Share of result of associates	152,067	260,209	927,237	1,339,513
Group profit before income tax	**2,618,952**	**1,522,567**	**1,196,578**	**5,338,097**
Income tax expense	(736,094)	(375,911)	(99,479)	(1,211,484)
Profit for the year	**1,882,858**	**1,146,656**	**1,097,099**	**4,126,613**

5. SEGMENT INFORMATION (CONTINUED)

(i) OPERATING SEGMENTS (CONTINUED)

	Kes '000			
As at 31 December 2019	**Short-term**	**Long-term**	**Investments**	**Total**
Total assets	28,596,369	91,657,620	9,822,949	**130,076,938**
Total liabilities	16,414,079	81,233,940	1,907,289	**99,555,308**
Investment in associates	-	3,435,366	6,726,152	**10,161,518**
Additions to non-current assets	28,432	36,136	12,971	**77,539**
Depreciation	66,666	41,272	1,392	**109,330**
Amortisation of intangible assets	26,332	16,750	-	**43,082**

As at 31 December 2018 restated	**Short-term**	**Long-term**	**Investments**	**Total**
Total assets	28,148,734	74,951,191	11,089,287	**114,189,212**
Total liabilities	17,794,646	68,327,278	712,510	**86,834,434**
Investment in associates	1,949,419	1,963,905	6,082,489	**9,995,813**
Additions to non-current assets	89,196	57,856	302	**147,354**
Depreciation	64,324	39,563	2,160	**106,047**
Amortisation of intangible assets	36,232	26,026	-	**62,258**

(ii) GEOGRAPHICAL SEGMENTS

The Group's geographical segments are Kenya, Uganda, Tanzania, Burundi and Mauritius. Kenya is the home country of the parent Company. The Group has investments in these geographical segments as per the below table:

For the year ended	Kes '000					
31 December 2019	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Total income from general, health and long term	24,041,525	2,625,876	3,198,847	917,095	369,049	**31,152,392**
Total income from investments	5,171	921,635	3	-	-	**926,809**
Share of associate profit	504,773	484,762	-	-	-	**989,535**
Group profit before income tax	2,177,191	2,272,802	395,680	27,616	133,933	**5,007,222**
Total assets	104,479,802	17,890,241	6,320,713	-	1,386,182	**130,076,938**
Total liabilities	83,991,881	10,650,863	3,969,377	-	943,187	**99,555,308**

For the year ended	Kes '000					
31 December 2018- Restated	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Total income from general, health and long term	20,328,944	3,367,995	2,729,094	889,614	319,759	**27,635,406**
Total income from investments	689,701	957,138	13	-	9,723	**1,656,575**
Share of associate profit	631,217	708,296	-	-	-	**1,339,513**
Group profit before income tax	2,367,464	2,567,389	297,516	(71)	105,799	**5,338,097**
Total assets	93,422,839	12,597,443	5,934,726	1,035,934	1,198,270	**114,189,212**
Total liabilities	75,286,378	5,579,836	4,422,118	759,018	787,084	**86,834,434**

6 (i) GROSS WRITTEN PREMIUM

Group

	2019 Kes'000	2018 Restated Kes'000
Gross written premium	29,812,194	26,898,470
Movement in unearned premium reserve	(692,263)	(289,149)
Gross earned premium	**29,119,931**	**26,609,321**

6 (ii) GROSS EARNED PREMIUM AND REINSURANCE CEDED

Short-term Business

Premium earned by principal class of business:	2019			2018 Restated		
	Gross Kes'000	Reinsurance Kes'000	Net Kes'000	Gross Kes'000	Reinsurance Kes'000	Net Kes'000
Motor	4,549,535	(278,091)	4,271,444	4,237,066	(396,531)	3,840,535
Fire	3,181,687	(2,546,081)	635,606	2,813,586	(2,273,062)	540,524
Accident	3,061,927	(1,899,258)	1,162,669	2,993,355	(1,759,125)	1,234,230
Medical	10,284,777	(3,771,292)	6,513,485	9,815,999	(3,938,917)	5,877,082
Other	583,807	(355,011)	228,796	615,785	(367,174)	248,611
Total Short-Term	**21,661,733**	**(8,849,733)**	**12,812,000**	**20,475,791**	**(8,734,809)**	**11,740,982**

Long-term Business

Premium earned by principal class of business:	2019			2018 Restated		
	Gross Kes'000	Reinsurance Kes'000	Net Kes'000	Gross Kes'000	Reinsurance Kes'000	Net Kes'000
Ordinary life	4,824,959	(21,389)	4,803,570	4,148,826	(18,434)	4,130,392
Group life	1,548,130	(759,151)	788,979	1,297,126	(606,505)	690,621
Pension/annuity	1,085,109	-	1,085,109	687,578	-	687,578
Total Long -Term	**7,458,198**	**(780,540)**	**6,677,658**	**6,133,530**	**(624,939)**	**5,508,591**
Total Short-Term and Long - Term	**29,119,931**	**(9,630,273)**	**19,489,658**	**26,609,321**	**(9,359,748)**	**17,249,573**

7. INVESTMENT INCOME

	Group		Company	
	2019 Kes'000	2018 Kes'000	2019 Kes'000	2018 Kes'000
Government securities interest	7,717,224	6,586,677	-	-
Bank deposit interest	814,101	657,647	36,445	48,318
Net rental income from investment properties	575,448	394,562	-	-
Dividends received from equity investments	371,794	202,370	132,122	2,147
Fair value gain on investment properties (Note 14)	92,226	185,067	-	-
Policy loans interest	104,204	68,833	-	-
Other income	373,679	550,496	-	-
Mortgage loan interest	5,843	5,228	-	-
Exchange (loss)/ gain	(27,705)	69,854	(7,475)	72
Dividends received from associates	-	-	121,875	172,470
Dividends received from subsidiaries	-	-	4,978,201	1,057,864
Capital gains from return of captital*	-	-	1,700,000	-
Total	**10,026,814**	**8,720,734**	**6,961,168**	**1,280,871**

*During the year, the company had a Capital gain of Kes 1.7 billion from return of capital arising from capital reorganisation carried out in one of its subsidiaries, The Jubilee Insurance Company of Kenya. (See Note 39).

8. FAIR VALUE MOVEMENTS ON FINANCIAL ASSETS

(i) Through profit and loss

	Group	
	2019	**2018**
	Kes'000	**Kes'000**
Fair value (loss) on quoted equity investments (Note 21)	(871,336)	(1,214,788)
Fair value gain on unquoted equity investments (Note 17)	1,894,789	839,843
Exchange Differences	8,229	-
Total	**1,031,682**	**(374,945)**

(ii) Through other comprehensive income

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Kes'000	**Kes'000**	**Kes'000**	**Kes'000**
Fair value (loss)/gain on financial asset (Note 21)	(373,867)	(348,043)	(2,337)	3,135
Fair value gain on financial asset (Note 17)	-	3,669	-	3,669
Total	**(373,867)**	**(344,374)**	**(2,337)**	**6,804**

9. COMISSION EXPENSE AND INCOME

Group

Commission Expenses and Income

Short-term Business

Commission expense and income by principal class of business:	2019			2018		
	Expense	**Income**	**Net**	**Expense**	**Income**	**Net**
	Kes'000	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Motor	492,160	(28,378)	463,782	484,542	(68,266)	416,276
Fire	583,135	(612,523)	(29,388)	530,833	(573,694)	(42,861)
Accident	416,396	(469,257)	(52,861)	390,026	(458,013)	(67,987)
Medical	906,895	(981,250)	(74,355)	789,665	(1,087,470)	(297,805)
Other	58,928	(101,605)	(42,677)	67,696	(103,940)	(36,244)
Total Short-term	**2,457,514**	**(2,193,013)**	**264,501**	**2,262,762**	**(2,291,383)**	**(28,621)**

Long-term Business

Commission expense and income by principal class of business:	2019			2018		
	Expense	**Income**	**Net**	**Expense**	**Income**	**Net**
	Kes'000	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Ordinary life	845,543	(4,452)	841,091	832,232	(3,496)	828,736
Group life	213,829	(83,716)	130,113	154,804	(49,692)	105,112
Annuity	120,218	-	120,218	78,995	-	78,995
Total Long-term	1,179,590	(88,168)	1,091,422	1,066,031	(53,188)	1,012,843
Total Short-term and Long-term	**3,637,104**	**(2,281,181)**	**1,355,923**	**3,328,793**	**(2,344,571)**	**984,222**

10. CLAIMS AND POLICY HOLDER BENEFITS EXPENSE

Group

Claims payable by principal class of business	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
Motor	3,350,078	(132,654)	3,217,424	2,623,892	(204,341)	2,419,551
Fire	1,050,524	(838,883)	211,641	837,049	(650,802)	186,247
Accident	1,137,776	(567,837)	569,939	820,150	(343,788)	476,362
Medical	7,328,408	(2,701,446)	4,626,962	7,077,230	(2,938,887)	4,138,343
Other	784,499	(676,042)	108,457	110,559	(45,027)	65,532
Total Short-term	**13,651,285**	**(4,916,862)**	**8,734,423**	**11,468,880**	**(4,182,845)**	**7,286,035**

Long-term Business

Claims payable by principal class of business	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
Ordinary life	2,362,907	(3,317)	2,359,590	1,537,213	(1,710)	1,535,503
Group life	760,721	(420,364)	340,357	879,764	(578,837)	300,927
Annuity	1,041,068	-	1,041,068	526,107	-	526,107
Total Long-term	**4,164,696**	**(423,681)**	**3,741,015**	**2,943,084**	**(580,547)**	**2,362,537**

	2019			2018		
Increase/(decrease) in policy holders benefits	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
Ordinary life	1,649,541	-	1,649,541	1,866,426	-	1,866,426
Group life	27,602	-	27,602	(39,582)	-	(39,582)
Annuity	1,043,427	-	1,043,427	551,262	-	551,262
Total Long-term	**2,720,570**	**-**	**2,720,570**	**2,378,106**	**-**	**2,378,106**
Total Long-term - Claims & policy holders' benefits	**6,885,266**	**(423,681)**	**6,461,585**	**5,321,190**	**(580,547)**	**4,740,643**
Total Short-term and Long-term	**20,536,551**	**(5,340,543)**	**15,196,008**	**16,790,070**	**(4,763,392)**	**12,026,678**

11. (i) OPERATING EXPENSES

The breakdown of operating expenses is given below:

OPERATING EXPENSES	Group		Company	
	2019	2018	2019	2018
	Kes'000	Kes'000	Kes'000	Kes'000
Employee expense (Note 11 (ii))	2,670,923	2,538,966	338	176
Administrative costs*	1,001,867	684,495	34,196	15,877
Premium tax and policy holder compensation fund	168,050	269,672	-	-
Impairment charge for doubtful premium receivables	360,689	267,036	-	-
Rent expenses	342,806	305,277	-	-
Marketing costs	278,920	127,902	-	-
Professional fees	174,988	149,180	13	18,359
Depreciation and amortisation (Note 13 and 37 (i))	260,911	188,306	2,773	3,620
Travelling costs	69,777	71,512	2,223	5,790
Repairs and maintenance expenditure	39,737	28,006	1,568	943
Communication costs	44,586	19,996	576	99
Auditors' remuneration	33,345	32,298	2,905	2,445
Total	**5,446,599**	**4,682,646**	**44,492**	**47,309**

*Administrative costs comprise motor vehicles maintenance, security, professional subscriptions, newspapers, trade license, and insurance.

11. (ii) EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Kes '000	**Kes '000**	**Kes '000**	**Kes '000**
Salaries and wages	2,158,637	2,086,107	-	-
Social security costs	60,899	60,619	-	-
Retirement benefit costs – defined contribution plan	117,185	98,615	-	-
Other benefits	334,202	293,625	338	176
Total	**2,670,923**	**2,538,966**	**338**	**176**

* Other benefits include staff training, staff medical cover expenses, club subscriptions, staff relocation and other staff welfare expenses.

As at 31 December 2019 a total of 1,214 (2018: 1,209) and 10 (2018: 9) staff were employed within the Group and the Company respectively.

11. (iii) KEY MANAGEMENT COMPENSATION AND DIRECTORS' REMUNERATION

	Group			Company
Key management compensation & directors fees	**2019**	**2018**	**2019**	**2018**
	Kes '000	**Kes '000**	**Kes '000**	**Kes '000**
Salaries and other employment benefits	1,248,226	695,840	-	-
Fees for services as directors	4,311	6,137	2,815	3,420
Total	**1,252,537**	**701,977**	**2,815**	**3,420**

There were no loans given to Directors in the year ended 31 December 2019 (2018: Nil).

12. EARNINGS PER SHARE -RESTATED

Earnings per ordinary share is calculated by dividing the net profit attributable to Shareholders by the number of shares outstanding at the end of the year.

	Group	
	2019	**2018 Restated**
Net profit attributable to Shareholders (Kes'000)	3,556,468	3,756,112
Number of ordinary shares in issue ('000)	72,473	72,473
Earnings per share (Kes)-Basic and diluted	**49.07**	**51.83**

There were no potentially dilutive shares in issue at 31 December 2019 and 31 December 2018. Diluted earnings per share are therefore the same as basic earnings per share.

13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

(i) PROPERTY AND EQUIPMENT

Group

Year ended 31 December 2019	Computer equipment	Motor vehicles	Furniture, fixtures, fittings & office equipment	Total
	Kes '000	Kes '000	Kes '000	Kes '000
Cost				
At start of year	581,434	86,356	523,970	1,191,760
Additions	36,703	14,665	26,089	77,457
Disposals	(59,612)	(26,495)	(37,703)	(123,810)
Exchange differences	(7,600)	(2,645)	(13,345)	(23,590)
At end of year	**550,925**	**71,881**	**499,011**	**1,121,817**
Accumulated depreciation				
At start of year	466,053	58,380	349,307	873,740
Charge for the year	61,614	7,742	39,974	109,330
Disposals	(63,254)	(30,221)	(39,882)	(133,357)
Exchange differences	1,202	(3,048)	(13,624)	(15,470)
At end of year	**465,615**	**32,853**	**335,775**	**834,243**
Net book value	**85,310**	**39,028**	**163,236**	**287,574**

Year ended 31 December 2018	Kes '000	Kes '000	Kes '000	Kes '000
Cost				
At start of year	509,340	80,378	469,786	1,059,504
Additions	78,674	9,446	59,234	147,354
Disposals	-	(754)	-	(754)
Exchange differences	(6,580)	(2,714)	(5,050)	(14,344)
At end of year	**581,434**	**86,356**	**523,970**	**1,191,760**
Accumulated depreciation				
At start of year	419,538	51,902	306,877	778,317
Charge for the year	51,357	9,497	45,193	106,047
On disposals	-	(603)	-	(603)
Exchange differences	(4,842)	(2,416)	(2,764)	(10,022)
At end of year	**466,053**	**58,380**	**349,306**	**873,739**
Net book value	**115,381**	**27,976**	**174,664**	**318,021**

Company

	Computer equipment	Furniture, fixtures, fittings & office equipment	Total
Year ended 31 December 2019	**Kes '000**	**Kes '000**	**Kes '000**
Cost			
At start of year	2,686	36,699	39,385
Additions	176	3,300	3,476
At end of year	**2,862**	**39,999**	**42,861**
Accumulated depreciation			
At start of year	2,573	23,081	25,654
Charge for the year	112	2,661	2,773
At end of year	**2,685**	**25,742**	**28,427**
Net book value	**177**	**14,257**	**14,434**

13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

(i) PROPERTY AND EQUIPMENT (CONTINUED)

Company

	Computer equipment	Furniture, fixtures, fittings & office equipment	Total
Year ended 31 December 2018	**Kes '000**	**Kes '000**	**Kes '000**
Cost			
At start of year	2,686	36,629	39,315
Additions	-	70	70
At end of year	**2,686**	**36,699**	**39,385**
Accumulated depreciation			
At start of year	1,806	20,228	22,034
Charge for the year	767	2,853	3,620
At end of year	**2,573**	**23,081**	**25,654**
Net book value	**113**	**13,618**	**13,731**

(ii) INTANGIBLE ASSETS

Group

	2019	2018
	Kes '000	**Kes '000**
Cost		
At start of year	318,722	267,297
Additions	172,275	53,278
Exchange differences	(784)	(1,853)
At end of year	**490,213**	**318,722**
Accumulated amortisation		
At start of year	170,162	108,956
Charge for the year	43,082	62,258
Exchange differences	(157)	(1,052)
At end of year	**213,087**	**170,162**
Net carrying amount	**277,126**	**148,560**

Intangible assets relate to computer software.

14. INVESTMENT PROPERTIES

	Group	
	2019	**2018**
	Kes '000	**Kes '000**
At start of year	6,394,015	6,270,940
Net additions	30,014	19,546
Fair value gains (Note 7)	92,226	185,067
Exchange differences	8,714	(81,538)
At end of year	**6,524,969**	**6,394,015**

Investment property comprises a number of commercial properties that are leased to third parties. Investment property for the Group was valued by Redfearn International Limited on the basis of open market value. Investment properties include properties situated within Kenya valued at Kes 4,476 million (2018: Kes 4,458 million) and those outside Kenya valued at Kes 2,049 million (2018: Kes 1,936 million).

14. INVESTMENT PROPERTIES (CONTINUED)

The investment properties are leased to third parties under IFRS 16 and partly occupied by the Group. No contingent rents are charged.

There is neither restriction on the realisability of the investment properties nor are there contractual obligations pegged to the investment properties.

All investment properties as at the end of the year are measured at fair value. In arriving at the open market value of the lettable properties, the valuer obtains the realised value of recent property sales of similar properties and compares with the carrying value of the investment property. The investment properties are disclosed at level 2 of the fair value measurement hierarchy.

Given that the valuer uses actual sales data in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

15. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES

In determining the Group's and Company's significant control over the investments in associates it considered that they have:

- power over the associates and subsidiaries based on the shareholding;
- exposure, or rights, to variable returns from their involvement with the associates and subsidiaries; and
- the ability to use their power over the associates and subsidiaries to affect the amount of the its returns, based on representation with the various entity Boards

(i) INVESTMENT IN ASSOCIATES

The Group has invested in thee associate companies whose information is as follows:

IPS Power Investment Limited - an investment vehicle company, which through its subsidiary has invested in the equity of Tsavo Power Company Limited that generates electricity for sale.

Bujagali Holding Power Company Limited - an investment vehicle company which through its subsidiary has invested in the equity of Bujagali Energy Limited an electricity generating company in Uganda.

PDM (Holding) Limited - an investment vehicle company which has invested in the equity of Property Development and Management (K) Limited which conducts property investment, development and management. The Jubilee insurance Company of Kenya owns 37.1% of this Company.

FCL Holdings Limited - an investment vehicle company which has invested in the equity of Farmers Choice Limited with its main objective being sale of fresh and processed meat products.

IPS Cable Systems Limited - an investment vehicle company which has invested in the 15,000 km Seacom submarine fiber optic cable project.

All of the above entities have been accounted for as associates based on the percentage holding the Group has in the companies that gives the Group control through voting rights and representation in the respective Boards.

Movement in Net Assets

Group	**Opening Balance**	**Redemptions**	**Dividends received**	**Share of profit**	**Share of OCI**	**Translation gain/(loss)**	**Closing Balance**
Year 2019	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
IPS Power Investments Ltd	91,650	-	(80,953)	62,034	-	(813)	71,918
PDML (Holding) Limited	2,481,012	-	(14,223)	119,623	(30,514)	-	2,555,898
Bujagali Holding Power Company Ltd	2,321,370	(362,830)	(218,392)	484,762	8,924	(10,787)	2,223,047
FCL Holding Ltd	2,580,375	-	(243,750)	291,448	126,397	-	2,754,470
IPS Cable Systems Ltd	2,521,406	-	-	30,654	-	4,125	2,556,185
Total	**9,995,813**	**(362,830)**	**(557,318)**	**988,521**	**104,807**	**(7,475)**	**10,161,518**

Group	**Opening Balance**	**Additions/ (redemptions)**	**Dividends received**	**Share of profit**	**Share of OCI**	**Translation gain/(loss)**	**Closing Balance**
Year 2018	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
IPS Power Investments Ltd	98,435	-	(66,961)	60,176	-	-	91,650
PDML (Holding) Limited	2,407,987	-	(9,904)	107,197	(24,268)	-	2,481,012
Bujagali Holding Power Company Ltd	2,264,303	(581,211)	-	708,296	-	(70,018)	2,321,370
FCL Holding Ltd	2,289,281	-	(344,940)	416,695	219,339	-	2,580,375
IPS Cable Systems Ltd	2,519,321	-	-	47,149	-	(45,064)	2,521,406
Total	**9,579,327**	**(581,211)**	**(421,805)**	**1,339,513**	**195,071**	**(115,082)**	**9,995,813**

Equity accounting has been applied for the associates in these financial statements using results based on the financial statements as at 31 December 2019. During the year, shares in Bujagali Holding Power Company that had been issued at a premium were redeemed and re-issued at par.

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

Company

Investment at cost	**2019**	**2018**
	Kes'000	**Kes'000**
FCL Holding Ltd	484,969	484,969
IPS Cable Systems Ltd	353,282	353,282
PDML (Holding) Limited	619,426	-
Total	**1,457,677**	**838,251**

As part of the composite split 9.275% of the investments in PDML (Holding) Limited has been recognized within the Company. Refer to note 39.

The following table summarizes the information relating to each of the Group's associate:

Group

	IPS Power Investments Limited	**PDML Holdings Limited**	**Bujagali Holding Power Company Limited**	**FCL Holdings Limited**	**IPS Cable Systems Limited**	**Total**
	Kes'000	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**	**Kes'000**
Country of incorporation	**Kenya**	**Kenya**	**Uganda**	**Kenya**	**Mauritius**	
Interest held	**27%**	**37%**	**25%**	**30%**	**33%**	
Year 2019						
Non-current Assets	1,126,881	8,989,170	8,686,487	4,358,341	8,952,901	**32,113,780**
Current Assets	118,546	1,167,860	269,085	3,988,371	21,494	**5,565,356**
Non-current Liabilities	-	(1,889,867)	-	-	-	**(1,889,867)**
Current Liabilities	523	(764,274)	(62,930)	(478,319)	(306,492)	**(1,611,492)**
Net Assets	**1,245,950**	**7,502,889**	**8,892,642**	**7,868,393**	**8,667,903**	**34,177,777**
Revenue	298,051	1,178,008	2,031,615	10,550,570	131,737	**14,189,981**
Profit after tax	297,835	360,617	1,821,204	1,268,859	103,912	**3,852,427**
Other Comprehensive Income	-	(77,389)	-	70,302	-	**(7,087)**
Cashflows (used in) /generated from Operating activities	(816)	157,172	(335,007)	1,172,733	-	**994,082**
Cashflows generated from /(used in) investing activities	551,887	(235,837)	1,120,172	(165,885)	-	**1,270,337**
cashflows used in financing activities	(575,177)	(44,469)	(867,775)	(831,843)	-	**(2,319,264)**
Net increase/(decrease) in cash and cash equivalents	**(24,106)**	**(123,134)**	**(82,610)**	**175,005**	**-**	**(54,845)**
Year 2018						
Non-current assets	1,244,205	8,613,275	9,120,399	4,396,608	8,997,923	**32,372,410**
Current assets	143,369	1,550,666	265,094	3,666,350	13,295	**5,638,774**
Non-current liabilities	-	(2,136,321)	-	(1,081,862)	-	**(3,218,183)**
Current liabilities	(142,435)	(767,342)	(100,015)	(599,579)	(404,161)	**(2,013,532)**
Net assets	**1,245,139**	**7,260,278**	**9,285,478**	**6,381,517**	**8,607,057**	**32,779,469**
Revenue	477,830	773,344	(142,598)	10,110,268	194,493	**11,413,337**
Profit after tax	477,508	388,411	(241,816)	1,163,393	161,115	**1,948,611**
Other comprehensive income	-	(144,912)	-	1,012,070	-	**867,158**
Cash flows (used in)/generated from operating activities	(6,998)	407,051	(72,778)	1,458,759	(4,317)	**1,781,717**
Cash flows generated from/(used in) investing activities	465,042	(368,487)	1,259,068	(134,365)	194,493	**1,415,751**
Cash flows used in financing activities	(403,961)	(81,537)	(1,048,384)	(1,150,000)	(398,628)	**(3,082,510)**
Net (decrease)/increase in cash and cash equivalents	**54,083**	**(42,973)**	**137,906**	**174,394**	**(208,452)**	**114,958**

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

Company

	FCL Holdings Limited	IPS Cable Systems Limited	PDML Holdings Limited	Total
	Kes'000	Kes'000	Kes'000	Kes'000
Country of incorporation	Kenya	Mauritius	Kenya	
Interest held	30%	33%	9.275%	
Year 2019				
Non-current assets	4,358,341	8,952,901	2,247,293	15,558,535
Current assets	3,988,371	21,494	291,965	4,301,830
Non-current liabilities	-	-	(472,467)	(472,467)
Current liabilities	(478,319)	(306,492)	(191,069)	(975,880)
Net assets	**7,868,393**	**8,667,903**	**1,875,722**	**18,412,018**
Revenue	10,110,268	131,737	773,344	11,015,349
Profit after tax	1,163,393	103,912	388,411	1,655,716
Other comprehensive income	1,012,070	-	(144,912)	867,158
Cash flows generated from operating activities	1,458,759	-	407,051	1,865,810
Cash flows (used in) investing activities	(134,365)	-	(368,487)	(502,852)
Cash flows used in financing activities	(1,150,000)	-	(81,537)	(1,231,537)
Net increase/(decrease) in cash and cash equivalents	**174,394**	**-**	**(42,973)**	**131,421**
Year 2018				
Non-current assets	4,396,608	8,997,923	-	13,394,531
Current assets	3,666,350	13,295	-	3,679,645
Non-current liabilities	(1,081,862)	-	-	(1,081,862)
Current liabilities	(599,579)	(404,161)	-	(1,003,740)
Net assets	**6,381,517**	**8,607,057**	**-**	**14,988,574**
Revenue	10,110,268	194,493	-	10,304,761
Profit after tax	1,163,393	161,115	-	1,324,508
Other comprehensive income	1,012,070	-	-	1,012,070
Cash flows generated from/(used in) operating activities	1,458,759	(4,317)	-	1,454,442
Cash flows (used in)/generated from investing activities	(134,365)	194,493	-	60,128
Cash flows used in financing activities	(1,150,000)	(398,628)	-	(1,548,628)
Net decrease in cash and cash equivalents	**174,394**	**(208,452)**	**-**	**(34,058)**

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(ii) INVESTMENT IN SUBSIDIARIES

Company	Investment at Cost 2019 Kes'000	Investment at Cost 2018 Kes'000	Equity Held 2019 %	Equity Held 2018 %
The Jubilee Insurance Company of Kenya Limited	150,000	450,000	100%	100%
Jubilee General Insurance Limited - Ke	2,763,718	-	100%	0%
Jubilee Health Insurance Limited - Ke	2,307,000	-	100%	0%
The Jubilee Insurance Company of Tanzania Limited	36,456	36,456	51%	51%
Jubilee Life Insurance Corporation of Tanzania Limited	36,456	36,456	51%	51%
The Jubilee Insurance Company of Uganda Limited	12,598	12,598	30%	30%
Jubilee Life Insurance Company of Uganda Limited	12,598	12,598	30%	30%
Jubilee Insurance (Mauritius) Limited	197,467	197,467	80%	70%
Jubilee Investment Company Limited (Uganda)	1,103,707	1,103,707	100%	100%
Jubilee Investment Company Limited (Tanzania)	23,981	23,980	100%	100%
Jubilee Investment Company Limited (Burundi)	1,311	1,311	100%	100%
Total	**6,645,292**	**1,874,573**		

The Jubilee Investments Company Limited (Uganda) owns 35% equity of both The Jubilee Insurance Company of Uganda Limited and Jubilee Life Insurance Company of Uganda Limited, and 10% equity of Jubilee Insurance (Mauritius) Ltd. The Group holds 70% of The Jubilee Insurance Company of Burundi S.A. and Jubilee Life Insurance Company of Burundi S.A., through Jubilee Investments Burundi S.U. (33%), Jubilee Investment Company Limited (Uganda) (33%) and Jubilee Investments Tanzania Limited (4%). The Group holds 80% of Jubilee Center Burundi Limited, a property investment company through its subsidiary Jubilee Investments Burundi Limited. The Group holds 100% of Jubilee Financial Services Ltd, a fund management company, through its subsidiary The Jubilee Insurance Company of Kenya Ltd.

(iii) NON CONTROLLING INTEREST(NCI)

The following table summarizes the information relating to the Group's subsidiaries that has NCI:

Year 2019	Jubilee Insurance Uganda Kes'000	Jubilee Insurance Tanzania Kes'000	Jubilee Insurance Mauritius Kes'000	Jubilee Insurance Burundi Kes'000	Jubilee Centre Burundi Kes'000	Total Kes'000
NCI percentage	35%	49%	20%	30%	20%	
Assets	10,149,862	6,391,651	1,203,835	1,221,200	111,898	19,078,446
Liabilities	(6,353,256)	(4,845,808)	(907,425)	(820,185)	(72,715)	(12,999,389)
Net assets	**3,796,606**	**1,545,843**	**296,410**	**401,015**	**39,183**	**6,079,057**
Carrying amount of NCI	**1,328,812**	**757,464**	**59,282**	**120,304**	**7,837**	**2,273,699**
Revenue	2,574,857	2,512,703	820,354	211,717	9,941	6,129,572
Profit	855,330	254,653	21,863	105,535	5,194	1,242,575
OCI	21,952	13,796	728	(18,363)	2,621	20,734
Total comprehensive income	877,282	268,449	22,591	87,172	7,815	1,263,309
Profit allocated to NCI	299,366	124,780	4,373	31,661	1,039	461,219
OCI allocated to NCI	8,062	6,315	130	(5,353)	393	9,547
Dividends paid to NCI	**(84,046)**	**-**	**-**	**-**	**-**	**(84,046)**
Total allocated to NCI	223,382	131,095	4,503	26,308	1,432	386,720
Cash flows from/(used in) operating activities	1,060,097	367,219	(32,879)	68,543	(6,399)	1,456,581
Cash flows (used in)/from investing activities	(797,597)	(549,803)	(3,071)	43,236	9,627	(1,297,608)
Cash flows used in financing activities	**(185,186)**	**12,429**	**-**	**-**	**-**	**(172,757)**
Net increase/(decrease) in cash and cash equivalents	**77,314**	**(170,155)**	**(35,950)**	**111,779**	**3,228**	**(13,784)**

15. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES (CONTINUED)

(iii) NON CONTROLLING INTEREST (CONTINUED)

Year 2018	Jubilee Insurance Uganda Kes'000	Jubilee Insurance Tanzania Kes'000	Jubilee Insurance Mauritius Kes'000	Jubilee Insurance Burundi Kes'000	Jubilee Centre Burundi Kes'000	Total Kes'000
NCI percentage	35%	49%	20%	30%	20%	
Assets	8,886,589	5,823,468	1,037,636	1,072,632	104,175	16,924,500
Liabilities	(5,728,612)	(4,544,777)	(763,737)	(759,305)	(72,429)	(11,868,860)
Net assets	**3,157,977**	**1,278,691**	**273,899**	**313,327**	**31,746**	**5,055,640**
Carrying amount of NCI	**1,105,293**	**626,559**	**54,780**	**93,998**	**6,349**	**1,886,979**
Revenue	2,221,879	1,974,502	813,144	183,157	9,723	5,202,405
Profit	665,143	229,625	548	88,077	(6,739)	976,654
OCI	(100,707)	(116,416)	(8,271)	(6,043)	(1,442)	(232,879)
Total comprehensive income	564,436	113,209	(7,723)	82,034	(8,181)	743,775
Profit allocated to NCI	232,799	112,516	111	26,423	(1,348)	370,501
OCI allocated to NCI	(35,250)	(57,044)	(1,653)	(1,813)	(288)	(96,048)
Dividends paid to NCI	(65,998)	-	-	-	-	-
Total allocated to NCI	**131,551**	**55,472**	**(1,542)**	**24,610**	**(1,636)**	**208,455**
Cash flow from/(used in) operating activities	1,060,097	367,219	(32,879)	68,543	(6,399)	1,456,581
Cash flow (used in)/from investing activities	(797,597)	(549,803)	(3,071)	43,236	9,627	(1,297,608)
Cash flow (used in)/from investing activities	(185,186)	12,429	-	-	-	(172,757)
Net increase/(decrease) in cash and cash equivalents	**77,314**	**(170,155)**	**(35,950)**	**111,779**	**3,228**	**(13,784)**

Jubilee Insurance Uganda. Jubilee Insurance Tanzania and Jubilee Insurance Burundi include The Jubilee Insurance Company of Uganda Limited and Jubilee Life Insurance Company of Uganda Limited, The Jubilee Insurance Company of Tanzania Limited and Jubilee Life Insurance Corporation of Tanzania Limited, and, The Jubilee Insurance Company of Burundi S.A. and Jubilee Life Insurance Company of Burundi S.A respectively.

Movement in the non-controlling interest is as follows:

	2019 Kes '000	2018 Kes '000
At start of year	1,886,979	1,678,524
Dividend paid to non controlling interest	(84,046)	(65,998)
Share of total comprehensive income for the year	470,766	274,453
At end of year	**2,273,699**	**1,886,979**

16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX

(i) INCOME TAX EXPENSE

The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows

	Group		Company	
	2019 Kes '000	2018 restated Kes '000	2019 Kes '000	2018 Kes '000
Profit before income tax	5,007,222	5,338,097	6,909,100	1,233,634
Tax calculated at the enacted domestic tax rate 30%	1,549,668	1,900,327	2,072,730	370,090
Tax calculated at the enacted domestic tax rate 15%	-	(10)	-	-
Effect of:				
Income not subject to income tax	(878,636)	(1,064,196)	(2,077,541)	(370,881)
Expenses not deductible for tax purposes	318,504	375,363	19,139	14,866
Income tax charge	**989,535**	**1,211,484**	**14,328**	**14,075**
Current tax				
Current income tax charge for the year	995,425	1,285,754	14,288	14,245
Over provision of current tax in prior year	(453,160)	-	-	-
Deferred income tax			40	(170)
Current year deferred tax credit for the year	(91,392)	(74,270)		
Under provision of deferred tax in prior year	538,662	-	-	-
	989,535	**1,211,484**	**14,328**	**14,075**

16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

(ii) TAX MOVEMENT

Movement in the net tax payable/(recoverable) account is as follows:

	Group		Company	
	2019	2018 Restated	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
At start of year	(91,387)	(71,495)	616	(7,661)
Prior year adjustment		(21,573)	-	-
Taxation charge	995,425	1,307,327	14,328	14,246
Prior year (over)/under provision	(453,160)	-	14,464	-
Taxation paid	(911,021)	(1,305,646)	(24,721)	(5,969)
At end of year	**(460,143)**	**(91,387)**	**4,687**	**616**

	Group		Company	
	2019	2018 Restated	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Current income tax asset	(547,902)	(195,842)	-	-
Current income tax liability	87,759	104,455	4,687	616
Total	**(460,143)**	**(91,387)**	**4,687**	**616**

(iii) DEFERRED INCOME TAX - RESTATED

Deferred income tax is calculated, in full, on all temporary differences using a principal tax rate of 30% (2018: 30%) in all countries save for Mauritius where rate is 15%. The movement in the deferred income tax account is as follow:

	Group			Company	
	2019	2018 Restated	2017 Restated	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
At start of year	537,993	663,799	(16,498)	7,617	6,034
Recognised in profit or loss	(91,392)	(74,270)	(24,046)	40	(170)
Recognised in OCI	(101,889)	(76,425)	87,589	(702)	1,753
Prior year (over)/under provision	(201,242)	14,160	(38,768)	6	-
Deferred tax on statutory reserve	-	10,729	655,522	-	-
At end of year	**143,470**	**537,993**	**663,799**	**6,961**	**7,617**
Deferred tax asset	(605,026)	(218,099)	(191,273)	-	-
Deferred tax liability	748,496	756,092	855,072	6,961	7,617
Net deferred income tax liability/(asset)	**143,470**	**537,993**	**663,799**	**6,961**	**7,617**

16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

(iii) DEFERRED INCOME TAX – RESTATED (CONTINUED)

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in the profit or loss and to equity is attributable to the following:

	Group Kes '000					Company Kes '000			
	1 January 2019	Charged to profit or loss	Charged to OCI	Prior year and adjustment on restructuring	31 December 2019	1 January 2019	Charged to profit or loss	Charged to OCI	31 December 2019
Fair value gains on investment properties	81,685	(13,385)	(8,630)	-	59,670	-	-	-	-
Accelerated depreciation	(80,080)	(110,795)	(116)	-	(190,991)	-	-	-	-
Impairment provisions	(113,068)	(2,704)	-	-	(115,772)	-	(700)	-	(700)
Other deductible temporary differences	649,456	(165,750)	(93,143)	(201,242)	390,563	7,617	-	44	7,661
Net deferred income tax liability/ (asset)	**537,993**	**(292,634)**	**(101,889)**	**(201,242)**	**143,470**	**7,617**	**(700)**	**44**	**6,961**

Restated	1 January 2018	Charged to profit or loss	Charged to OCI	31 December 2018	1 January 2018	Charged to profit or loss	Charged to OCI	31 December 2018
Fair value gains on investment properties	122,061	(40,376)	-	81,685	-	-	-	-
Accelerated depreciation	(11,351)	(68,729)	-	(80,080)	-	-	-	-
Impairment provisions	(96,574)	(16,494)	-	(113,068)	-	-	-	-
Other deductible temporary differences	(5,859)	51,329	(62,265)	(16,795)	6,034	170	1,753	7,617
Prior year adjustment (Note 39)	-	-	-	666,251	-	-	-	-
Net deferred income tax liability/(asset)	**8,277**	**(74,270)**	**(62,265)**	**537,993**	**6,034**	**170**	**1,753**	**7,617**

Restated	1 January 2017	Charged to profit or loss	Charged to OCI	31 December 2017	1 January 2017	Charged to profit or loss	Charged to OCI	31 December 2017
Fair value gains on investment properties	141,414	(19,431)	78	122,061	-	-	-	-
Accelerated depreciation	27,755	(39,046)	(60)	(11,351)	-	-	-	-
Impairment provisions	(124,150)	27,576	-	(96,574)	-	-	-	-
Other deductible temporary differences	(61,517)	(31,913)	87,571	(5,859)	(4,229)	241	10,504	6,034
Prior year adjustment (Note 39)	-	-	-	655,522	-	-	-	-
Net deferred income tax liability/(asset)	**(16,498)**	**(62,814)**	**87,589**	**663,799**	**(4,229)**	**241**	**10,504**	**6,034**

17. UNQUOTED EQUITY INVESTMENTS

Group

Unquoted Equity Investments Group	FV Through P/L	FV Through OCI	Total	FV Through P/L	FV Through OCI	Total
	2019	2019	2019	2018	2018	2018
	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000	Kes'000
At start of year	**4,344,211**	**194,613**	**4,538,824**	**3,157,632**	**200,371**	**3,358,003**
Additions/transfers	346,056	(143,853)	202,203	353,673	(47,883)	305,790
Fair value gains	1,894,789	42,296	1,937,085	839,843	46,917	886,760
Exchange differences	(347,171)	103,726	(243,445)	(6,937)	(4,792)	(11,729)
At end of year	**6,237,885**	**196,782**	**6,434,667**	**4,344,211**	**194,613**	**4,538,824**

Valuation of unquoted shares

Unquoted shares are valued using values of similar or comparable entities which are publicly listed. During the year, the directors have changed the valuation methodology for measuring the fair value of unquoted investments for material unquoted equities in Kenya.

As at 31 December 2019, the model for determination of fair value has estimated Jubilee's stake in each of the companies that JHL has interests in.

The following approaches have been adopted:
- For the infrastructure companies, discounted cash flow has been used based on executable contracts.
- Use of PE multiples for the non-infrastructure-based portfolio. A uniform PE multiple of 8X has been applied to the entire portfolio.
- The residual share holder funds in IPS(K) at the Net assets value.

In 2018 the valuation was done using discounted cash flows and the carrying value of the investment arrived at by averaging the computed fair value and the book value of the companies.

The directors believe that the current methodology is a more reliable model for the estimation of the fair value. As a result of the change, there has been a significant increase in the gain in fair value of the unquoted investments as detailed under note 7.

The following table sets out the key assumptions used by management in the value in use calculations:

Assumption	2019
PE Ratios	8.0
Average discounting rate	7%

Management has determined the values assigned to each of the key assumptions used as follows:

Assumption	Approach used to determine values:
PE Ratios	Based on the PE ratios of similar listed companies. This is then adjusted for illiquidity and marketability discounts
Average discounting rates	This is based on the returns that are embedded in the executable contracts of the infrastructure companies

Impact of possible changes in key assumptions

If the discount rate applied on the cash flow projections had been 1% higher/lower than management's estimate at 31 December 2019 with all other assumptions unchanged, the impact to profit or loss would have been Kes 150 million and Kes 170 million lower and higher respectively.

If the PE Ratios applied in the estimation of the fair value been 1% higher/lower than management's estimate at 31 December 2019 with all other assumptions unchanged, the impact to profit or loss would have been Kes 370 million and Kes 364 million higher and lower respectively.

17. UNQUOTED EQUITY INVESTMENTS (CONTINUED)

Company

	FV Through OCI 2019 Kes'000	FV Through OCI 2018 Kes'000
At start of year	**69,299**	**65,630**
Disposal	-	-
Fair value gain through other comprehensive income	-	3,669
At end of year	**69,299**	**69,299**

18. GOVERNMENT SECURITIES AT AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

Group

Movement	FV Through P&L 2019 Kes'000	Amortized cost 2019 Kes'000	Total 2019 Kes'000	FV Through P&L 2018 Kes'000	Amortized cost 2018 Kes'000	Total 2018 Kes'000
At start of year	10,264,809	45,003,158	55,267,967	-	47,195,222	47,195,222
Additions	708,165	18,831,826	19,539,991	1,125,288	9,813,628	10,938,916
Maturities	(168,337)	(7,933,842)	(8,102,179)	(384,674)	(4,028,673)	(4,413,347)
Reclassification from amortized cost to fair value through profit or loss	1,190,271	(1,190,271)	-	8,879,604	(8,879,604)	-
Fair value gains/(losses) through profit or loss	184,367	(2,435,254)	(2,250,887)	351,558	-	351,558
Accrued interest	122,833	2,556,747	2,679,580	293,033	1,025,459	1,318,492
Exchange differences	(12,163)	818	(11,345)	-	(122,876)	(122,876)
Total at the end of the year	**12,289,945**	**54,833,182**	**67,123,127**	**10,264,809**	**45,003,156**	**55,267,965**
Expected Credit Loss	-	(26,747)	(26,747)	-	(27,340)	(27,340)
Net	**12,289,945**	**54,806,435**	**67,096,380**	**10,264,809**	**44,975,816**	**55,240,625**

Maturity Profile – Government securities at amortised cost	2019 Kes '000	2018 Kes 000
Treasury bills maturing within 91 days after the date of acquisition	-	3,284,101
Treasury bills maturing after 91 days after the date of acquisition	301,891	116,188
Treasury bonds maturing within 1 year	4,952,072	1,653,327
Treasury bonds maturing in 1-5 years	12,076,690	10,435,213
Treasury bonds maturing after 5 years	37,475,782	29,486,987
Total	**54,806,435**	**44,975,816**

Maturity Profile – Government securities at fair value through profit and loss	2019 Kes '000	2018 Kes 000
Treasury bonds maturing within 1 year	529,821	138,638
Treasury bonds maturing in 1-5 year	1,711,444	1,922,715
Treasury bonds maturing after 5 years	10,048,680	8,203,456
Total	**12,289,945**	**10,264,809**

Treasury bonds of Kes 5.3 billion (2018: Kes 5.5 billion) are held under lien with the Central Bank of Kenya as security deposit in favor of the Insurance Regulatory Authority as required under the provisions of Section 32 of Kenya Insurance Act, an equivalent of Kes 41.2 million (2018: Kes 27.4 million) are held under lien with the Bank of Uganda as security deposit in favor of the Insurance Regulatory Authority Uganda as required under the provisions of section 38 (3) of Uganda Insurance Act and an equivalent of Kes 196.3 million (2018: Kes 106.3 million) are held under lien with the Bank of Tanzania as security deposit in favor of the Tanzania Insurance Regulatory Authority as required under the provisions of Tanzania Insurance Act.

In Kenya a further Kes 350 million (2018: Kes 350 million) worth of Treasury Bonds were held under lien with Diamond Trust Bank Limited as security for Bank overdraft facility, Guarantees and Letters of Credit facility for Kes 359 Million (2018: Kes 359 million).

19. COMMERCIAL BONDS AT AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

Group

Movement	FV Through P&L 2019 Kes'000	Amortized cost 2019 Kes'000	FV Through P&L 2018 Kes'000	Amortized cost 2018 Kes'000
At start of year	38,460	803,744	-	904,007
Reclassification to fair value through profit & loss	-	-	39,185	(39,185)
Fair value change on reclassification from amortised cost	-	-	(725)	-
Additions	-	37,654	-	11,814
Maturities	**(38,460)**	**(261,107)**	**-**	**(72,892)**
Total	-	580,291	38,460	803,744
Expected credit loss		(555)		(805)
Net	**-**	**579,736**	**38,460**	**802,939**
Maturity profile				
Commercial bonds maturing				
within 1 year	-	-	13,549	279,792
in 1-5 years	-	580,291	24,911	523,952
>5 years	-	-	-	-
Total	**-**	**580,191**	**38,460**	**803,744**

20. LOAN RECEIVABLES

(i) Group

i) Mortgage loans

Movement	2019 Kes '000	2018 Kes '000
At start of year	66,101	109,098
Loans advanced	3,564	21,044
Accrued interest and penalties	3,426	5,628
Expected credit loss	59	(365)
Loan repayments	(22,843)	(68,540)
Exchange differences	(644)	(764)
At end of year	**49,663**	**66,101**
Maturity profile		
Loans maturing		
Within 1 year	2,922	22,336
In 1-5 years	20,387	16,982
In over 5 years	26,354	26,783
Total	**49,663**	**66,101**

ii) Loans on life insurance policies

Movement	2019 Kes '000	2018 Kes '000
At start of year	931,713	788,958
Loans advanced	190,862	170,626
Interest	94,102	60,513
Loan repayments	(211,355)	(86,169)
Exchange differences	(394)	(2,215)
At end of year	**1,004,928**	**931,713**
Maturity profile		
Loans maturing		
Within 1 year	49,222	48,231
In 1-5 years	284,333	263,868
In over 5 years	671,373	619,614
Total	**1,004,928**	**931,713**

21. QUOTED EQUITY INVESTMENTS

Group

	FV Through P&L 2019 Kes '000	FV Through OCI 2019 Kes '000	Total 2019 Kes '000	FV Through P&L 2018 Kes '000	FV Through OCI 2018 Kes '000	Total 2018 Kes '000
At start of year	**4,945,579**	**1,617,728**	**6,563,307**	**6,853,603**	**1,276,691**	**8,130,294**
Additions	-	-	-	182,973	-	182,973
Disposals	-	-	-	(133,504)	(70,916)	(204,420)
Reclassification from fair value through profit or loss to fair value through other comprehensive income	-	-	-	(766,843)	766,843	-
Fair value gain /(loss) through other comprehensive income	-	(373,867)	(373,867)	-	(348,043)	(348,043)
Fair value gain /(loss) through profit or loss	(871,336)	-	(871,336)	(1,214,788)	-	(1,214,788)
Exchange differences	8,227	38,301	46,528	24,138	(6,847)	17,291
At end of year	**4,082,470**	**1,282,162**	**5,364,632**	**4,945,579**	**1,617,728**	**6,563,307**

Company

	FV Through P&L 2019 Kes '000	FV Through OCI 2019 Kes '000	Total 2019 Kes '000	FV Through P&L 2018 Kes '000	FV Through OCI 2018 Kes '000	Total 2018 Kes '000
At start of year	**-**	**23,405**	**23,405**	**-**	**20,270**	**20,270**
Transfers due to capital reorganisation (Note 39)	635,132	-	635,132	-	-	-
Disposals	-		-	-	-	-
Fair Value gain through other comprehensive income	-	(2,337)	(2,337)	-	3,135	3,135
At end of year	**635,132**	**21,068**	**656,200**	**-**	**23,405**	**23,405**

22. RECEIVABLES ARISING FROM DIRECT AND REINSURANCE ARRANGEMENTS

Receivables arising out of direct insurance and re-insurance arrangements are summarized as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Neither past due nor impaired	2,727,967	2,241,441	1,507,903	1,396,006
Past due but not impaired	1,423,090	1,816,743	826,345	1,797,159
Impaired	659,958	818,345	357,590	132,384
Gross	**4,811,015**	**4,876,529**	**2,691,838**	**3,325,549**
Expected credit loss allowance	(797,725)	(823,627)	(357,588)	(132,383)
Net	**4,013,290**	**4,052,902**	**2,334,250**	**3,193,166**

Movements for provisions for impairment are as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
At start of year	823,627	675,813	132,383	9,610
(Decrease)/ Increase in the year	(25,902)	147,814	225,205	122,773
At end of year	**797,725**	**823,627**	**357,588**	**132,383**

22. RECEIVABLES ARISING FROM DIRECT AND REINSURANCE ARRANGEMENTS (CONTINUED)

Of the total gross impaired receivables, the following amounts have been individually assessed:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2019	**2018**	**2019**	**2018**
Individually assessed impaired receivables	**Kes '000**	**Kes '000**	**Kes '000**	**Kes '000**
- brokers	226,592	511,845	85,862	41,258
- agents	302,313	180,243	-	-
- insurance companies	144,854	12,299	271,726	91,125
- direct clients	123,966	119,240	-	-
Total	**797,725**	**823,627**	**357,588**	**132,383**

23. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES AND DEFERRED ACQUISITION COSTS

(i) Reinsurers' Share of Insurance Contract Liabilities

Group

	2019	**2018 Restated**
	Kes '000	**Kes '000**
Reinsurers share of		
- Unearned premium (Note 28)	2,881,912	3,042,850
- Notified claims outstanding and IBNR (Note 36)	4,249,901	2,961,584
Total	**7,131,813**	**6,004,434**

Amounts due from reinsurers in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the statement of financial position.

(ii) Deferred Acquisition Costs

Group

	2019	**2018**
	Kes '000	**Kes '000**
At start of year	186,290	147,132
Net increase	280,608	38,353
Exchange differences	(19,267)	805
At end of year	**447,631**	**186,290**

24. OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Kes '000	**Kes '000**	**Kes '000**	**Kes '000**
Deposits - Office rent and utilities	147,515	58,212	-	-
Prepayments	135,935	488,634	-	-
Recoverable advances	305,617	14,194	-	-
Dividends receivable	44,437	55,199	-	-
Sundry debtors*	1,241,245	779,994	823,065	134,517
Total	**1,874,749**	**1,396,233**	**823,065**	**134,517**

*Sundry debtors include staff loans, third party fund recoverable and deposits paid on rental offices among others.

25. (i) DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Maturity Profile				
Deposits maturing within 90 days after balance sheet date	9,496,402	8,992,396	109,555	919,427
Deposits maturing between 3 months to 1 year	-	2,323,021	-	-
Total	**9,496,402**	**11,315,417**	**109,555**	**919,427**

25. (ii) CASH AND CASH EQUIVALENTS

The year-end cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Cash and bank balances	5,523,595	2,588,451	569,082	89,292
Short-term deposits with banks	9,496,402	11,315,417	109,555	919,427
Treasury bills maturing within 91 days after the date of acquisition	-	3,284,101	-	-
Total	**15,019,997**	**17,187,969**	**678,637**	**1,008,719**

25. (iii) OPERATING CASH FLOW

Group

	2019	2018
	Kes '000	Kes '000
Cash flow from operating activities		
Profit before income tax	5,007,222	5,338,097
Adjustments for: -		
Depreciation and amortisation	152,412	168,305
Fair value gains on financial assets at fair value through profit and loss	(1,031,683)	374,945
Fair value gain on investment properties	(270,029)	(185,067)
Net fair value gains on disposal	(85,473)	91,364
Interest and other income	(10,026,814)	(7,938,735)
Dividend receivable	(371,794)	(202,370)
Rental income	(575,448)	(394,562)
Share of result of associates after income tax	(988,521)	(1,339,513)
Operating profit before working capital changes	**(8,190,128)**	**(4,087,536)**
Receivables arising out of direct insurance arrangements	(39,605)	151,895
Receivables arising out of reinsurance arrangements	858,916	(121,366)
Reinsurers' share of insurance contract liabilities	(1,127,379)	1,246,129
Deferred acquisition costs	(261,340)	(39,158)
Other receivables	(478,518)	(315,590)
Insurance contract liabilities	1,257,210	591,381
Investment contracts liabilities	7,154,922	5,524,666
Provision for unearned premium	789,086	126,295
Creditors arising out of direct insurance arrangements	76,664	(124,229)
Creditors arising out of reinsurance arrangements	(218,314)	(181,058)
Other payables	498,613	544,181
Cash generated from operations	**320,127**	**3,315,610**

26. INSURANCE CONTRACT LIABILITIES

	2019 Kes '000	2018 Kes '000
Short-Term insurance contracts		
Claims reported and claims handling expenses	5,520,751	4,606,641
Claims incurred but not reported (IBNR)	2,044,784	1,428,307
Total Short-Term	**7,565,535**	**6,034,948**
Long-Term insurance contracts		
Claims reported and claims handling expenses	878,981	947,106
Actuarial value of long term liabilities	21,284,664	18,557,023
Total Long-Term	**22,163,645**	**19,504,129**
Total Short-Term and Long-Term	**29,729,180**	**25,539,077**

Gross claims reported, claims handling expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2019 and 2018 are not material.

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.

Movements in insurance liabilities and reinsurance assets are shown in Note 36.

Short –Term Insurance contracts

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the group's estimate of total claims liability for each accident year has changed at successive year-ends.

Insurance Contract Liabilities

Short-term insurance contracts

Accident year	2015 and prior Kes'000	2016 Kes'000	2017 Kes'000	2018 Kes'000	2019 Kes'000	Total Kes'000
Estimate of ultimate claims cost						
at end of accident year	21,367,825	13,466,501	10,523,172	11,220,203	2,327,357	58,905,058
one year later	19,153,426	12,648,280	8,705,701	-	-	40,507,407
two years later	16,527,493	10,570,068	-	-	-	27,097,561
three years later	16,650,550	-	-	-	-	16,650,550
four years later	7,973,509	-	-	-	-	7,973,509
Incurred per accident year	16,812,687	10,570,068	8,705,701	11,220,203	2,327,357	49,636,016
Current estimate of cumulative claims	16,812,687	10,570,068	8,705,701	11,220,203	2,327,357	49,636,016
Less: cumulative payments to date	(16,259,871)	(10,284,227)	(6,964,418)	(7,471,308)	(1,172,004)	(42,151,828)
Total gross claims liability included in the statement of financial position before IBNR	**552,816**	**285,841**	**1,741,283**	**3,748,895**	**1,155,353**	**7,484,188**
Incurred but not reported (IBNR)	**(139,972)**	**(134,593)**	**(46,045)**	**401,957**		**81,347**
Total gross claims liability included in the statement of financial position	**412,844**	**151,248**	**1,695,238**	**4,150,852**	**1,155,353**	**7,565,535**

If there was a 10% increase/decrease in the average claims cost as at the end of the year, with all other variables held constant the impact on the post-tax profit would have been Kes 76 million (2018: Kes 60 million).

26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Long-term insurance contracts

The Group determines its liabilities on long term insurance contracts based on assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. A margin for risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the consulting actuary and actuarial valuations carried out on a quarterly basis.

Valuation assumptions

The latest actuarial valuation of the Life Fund was carried out as at 31 December 2019 by Actuarial Partners Consultants, using Gross Premium Valuation (GPV) method. This method is generally accepted in the actuarial industry as an appropriate method to place a realistic value (with an appropriate allowance for margins) on the liabilities of a life insurance Company. This method is based on a discounted cash flow approach taking into account the expected cash flows from existing in-force business. By setting appropriate assumptions this method determines liabilities which are consistent with the value of assets included in the accounts.

The more significant valuation assumptions are summarized below per country. The assumptions used for the previous year-end valuation are shown in brackets:

Kenya

a) a) Mortality – The Company used KE 07-10 as a base table of standard mortality for ordinary life and KE 01-03 for annuity life. Statistical methods are used to adjust the rates reflected in the table based on the Company's experience for ordinary life and annuity life (2018: KE 07-10 as a base table of standard mortality for ordinary life and KE 01-03 for annuity life).

b) Persistency –The persistency rates used in the valuation were set according to the experience observed (by the actuary) in the Company's data.

c) Discount Rates - As per the valuation guideline, the expected future cash flows shall be discounted using the relevant risk-free interest rate. The risk-free interest rate is determined using the Nairobi Securities Exchange yield curve as at December 2019 and has been converted to zero coupon yield which ranged from 10.10% to 15.88% (2018: 10.23% to 15.59%). The discount rate is further adjusted by a risk margin of 10% (2018: 10%).

d) Expenses, tax and inflation – The current level of renewal expenses were taken based on the current expense position of the company. Expense inflation is assumed to be 5.5% p.a (2018: 6.4% p.a). It has been assumed that the current tax legislation and rates continue unaltered.

Uganda

The principles on which the valuation was made were determined by the Actuary having regard for the statutory requirements of Uganda Insurance Regulations 2002.
For Ordinary Life, the valuation was based on a net premium valuation (NOV) basis. The actuarial reserves were calculated using the 'full preliminary term' method with reserves calculated by deducting the present value of the future modified net premiums from the present value of the sums assured, guaranteed cash bonuses and accrued bonuses.

The assumptions under the NPV are as follows:
- Mortality: 100% KE 2007-10
- Discount rate: 4% p.a

The group life plans a reserve equal to the higher of unexpired risks and the unearned portion of the office premium was held on a 1/365th methodology. An additional reserve for Incurred But Not Reported (IBNR) claims was also held.

Liability adequacy Test (LAT)

A liability adequacy test has been performed by computing the reserve base don a gross premium valuation methodology (GPV) to ensure the adequacy of the statutory reserves under the NPV basis. Under the GPV basis, the cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. Expenses, commission, claims and premiums were included in the projection.

26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Long-term insurance contracts (continued)

Valuation assumptions (continued)

Uganda (continued)

In performing valuation using the GPV methodology, the entity adopted the Best Estimate assumptions which are derives from the Company's experience as follows:

• **Mortality and morbidity** – The assumptions are derives based on the Company's experience with partial credibility theory as follows:

Type of policy	Mortality Table
All other assurances	93% KE 2007-2010 for assured lives for males
	94% KE 2007-2010 for assured lives for females
Total Permanent Disability	10% of the mortality assumptions above.

• **Management expense** – The assumption was calculated based on the Company's actual management expenses in 2019 as follows:

Expenses- Ordinary Life	2019		2018	
	Per Policy (Ushs)	% of Premium	Per Policy (Ushs)	% of Premium
Maintenance Expenses	142,720	0.87%	147,672	1.05%

• Discount rate – The discount rates for ordinary life fund in 2019 is set at 12.05% (2018: 13.3%) which is derived based on the current asset mix and expected return for each asset type.

Tanzania

The Company determines its liabilities on long term insurance contracts based on the assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. A margin of risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the consulting actuary and actuarial valuations carried out on an annual basis.

Set out below are the general principles and details of the methods adopted in the valuation of the policies:

a) Except for the polices mentioned below, Actuarial Reserves were calculated using the 'full preliminary term' method with reserves calculated by deducting the present value of the future modified net premiums from the present value of the sums assured, guaranteed cash bonuses and accrued bonuses.

   Group Temporary Assurance, as reserve equal to the unearned portion of the office premium was held on a 1/365th methodology. An additional reserve for Incurred But Not Reported (IBNR) claims was also held. There are some Group Temporary Assurance policies with a policy term greater than one year (up to 5 years). For these plans the entity tested to ensure the basis used is more conservative than the prescribed basis.

B) Ordinary Life Business – The modified net premium was taken as the 'pure' net premium for an age one year higher than the actual age entry without changing the time when premiums cease or any policy money becomes payable if such time is determined by reference to the actual age entry. Actual premium terms and maturity dates were taken as set out in the policies.

Valuation Assumptions

The more significant valuation assumptions are summarized below:

Financial Assumptions	2019 Rate	2018 Rate
2007-2010 10 mortality tables (KE)	100%	100%
Inflation rate	5.4% per annum	5.1% per annum
Return on Investment	4.0% per annum	4.0% per annum

Demographic assumptions

(i) The Company used mortality tables for a neighboring East African Country as a base table of standard mortality for assured individual life. The average assumed mortality rate is 6.38%. The mortality table is used to estimate among other things the life expectancy for the estimation of when the sum assured are expected to be paid. Statistical methods are used to adjust the rates reflected in the table based on the Company's experience for Ordinary Group Life.

(ii) Entry date was taken as the next birthday date.
As an alternative, gross valuation basis was also calculated. The policy liabilities calculated on a net premium basis was higher than that calculated on the gross premium basis and therefore the net premium valuation results were used for Ordinary Life business in line with the group accounting policy.

26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Sensitivity analysis

The following table presents the sensitivity of the value of long term insurance liabilities to movements in key assumptions used in the estimation process. For liabilities under insurance contracts with fixed and guaranteed terms, key assumptions are unchanged for the duration of the contract.

For long term insurance contracts without fixed terms and with discretionary participation in profits, the liability is set approximately equal to the value of the underlying asset of the contract. Hence, there is no sensitivity analysis for these types of contracts. The following table presents the sensitivity of these contracts to movements in key assumptions used in the estimation of liabilities:

	Increase in Liability 2019	Increase in Liability 2018
Variables:	Kes '000	Kes '000
Worsening of mortality +20%	291,479	351,128
Lowering of investment returns p.a. -1%	972,942	959,399
Worsening of expense inflation rate +1%	40,037	64,909
Worsening of lapse rate +5%	(25,817)	(34,243)

We have not performed a sensitivity analysis for the non-Kenyan entities as the change within the long-term liabilities would not be material.

27. INVESTMENT CONTRACTS LIABILITIES

	2019	2018
	Kes '000	Kes '000
At start of year	47,739,002	42,214,336
Pension fund deposits received	8,381,281	7,851,910
Surrenders and annuities paid	(5,705,692)	(5,822,062)
Fee income charged	(49,140)	(372,061)
Net benefits accrued	4,530,923	3,903,232
Exchange differences	(2,451)	(36,353)
At end of year	**54,893,923**	**47,739,002**

Investments contracts are recorded at amortized cost.

28. PROVISION FOR UNEARNED PREMIUM

Group

These provisions represent the liability for short-term business contracts where the Group's obligations are not expired at the year-end. Movements are shown below:

	2019			2018 restated		
	Gross Kes'000	Reinsurance Kes'000	Net Kes'000	Gross Kes'000	Reinsurance Kes'000	Net Kes'000
At start of year	7,697,507	(3,042,850)	4,654,657	7,571,211	(3,089,500)	4,481,711
Prior year adjustment (Note 39)	-	-	-	97,333	(25,422)	71,911
Increase in the period (net)	795,431	162,691	958,122	177,552	77,723	255,275
Exchange differences	(78,256)	(1,753)	(80,009)	(148,589)	(5,651)	(154,240)
At end of year	**8,414,682**	**(2,881,912)**	**5,532,770**	**7,697,507**	**(3,042,850)**	**4,654,657**

29. OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Payroll, Value added tax payable and Withholding taxes payable	193,353	283,751	-	-
Other liabilities*	2,013,750	1,504,541	13,114	9,705
Leave pay accrual	113,573	112,231	8,843	8,712
Accrued expenses	316,679	391,247	3,389	3,389
Premium deposits	129,125	140,659	-	-
Rental deposits	271,283	107,215	-	-
Total	**3,037,763**	**2,539,644**	**25,346**	**21,806**

*Other liabilities include deferred rental income and valuations fees among others.

30. SHARE CAPITAL

The total authorized number of ordinary shares is 90,000,000 (2018: 90,000,000) with a par value of Kes 5 per share. At 31 December 2019 72,472,950 ordinary shares were in issue (2018: 72,472,950 ordinary shares). All issued shares are fully paid.

	Company			
	Share Capital	Share Capital	Number of shares	Number of shares
	2019	2018	2019	2018
	Kes '000	Kes '000	'000	'000
Authorised	450,000	450,000	90,000	90,000
Issued and fully paid:				
At start of year and end of year	**362,365**	**362,365**	**72,473**	**72,473**

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

31. RESERVES

The breakdown of reserves is as follows:

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
Fair value reserves	49,847	214,967	34,774	36,409
General reserves	70,000	70,000	70,000	70,000
Translation reserves	(902,683)	(943,724)	-	-
Contingency reserves	1,427,497	1,233,277	-	-
Statutory and other reserves	2,042,638	2,932,055	-	-
Total	**2,687,299**	**3,506,575**	**104,774**	**106,409**

The movement in the reserves during the year is given below:

(a) Fair value reserves

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
At start of year	214,967	337,751	36,409	31,357
Transfer of reserves on adoption of IFRS 9	-	6,868	-	-
Associate share of other comprehensive income	104,807	195,071	-	-
Fair value gain/loss) through other comprehensive income	(269,927)	(294,482)	(1,635)	5,052
Translation loss	-	(30,241)	-	-
At end of year	**49,847**	**214,967**	**34,774**	**36,409**

The fair value reserve relates to unrealized gains or losses on the Group's equity investments that are carried at fair value through other comprehensive income. It also includes the Group's share of other comprehensive income in associates. The fair value reserve is non-distributable.

(b) General reserves

	Group and Company	
	2019	2018
	Kes '000	Kes '000
At start and end of year	70,000	70,000

The general reserves were an appropriation of retained earnings in 1992 and are distributable.

31. RESERVES (CONTINUED)

(c) Translation reserve (Group)

	2019	2018
	Kes '000	Kes '000
At start of year	(943,724)	(546,820)
Movement for the year	41,041	(396,904)
At end of year	**(902,683)**	**(943,724)**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(d) Contingency reserve (Group)

	2019	2018
	Kes '000	Kes '000
At start of year	1,233,277	1,050,993
Transfer from retained earnings	194,220	182,284
At end of year	**1,427,497**	**1,233,277**

The contingency reserve is in line with the provisions of the Insurance Act in Tanzania and Uganda which require an annual transfer to the contingency reserve of between 1% - 3% of the gross premium. These reserves are non-distributable.

(e) Statutory and other reserves (Group)

	2019	Restated 2018	Restated 2017
	Kes '000	Kes '000	Kes '000
At start of year	3,598,306	2,185,073	2,185,073
Transfer (to)/ from retained earnings	(680,252)	1,413,233	-
Deferred tax	(875,416)	(666,251)	(655,522)
At end of year	**2,042,638**	**2,932,055**	**1,529,551**

The statutory reserve represents the actuarial surplus of the Kenyan long-term business after distribution of profits to the shareholders, bonuses to policy holders and interest to deposit administration. These reserves are distributable to policyholders and deposit administration holders subject to the requirement of regulation.

32. RETAINED EARNINGS – RESTATED

	Group		Company	
	2019	2018	2019	2018
	Kes '000	Kes '000	Kes '000	Kes '000
At start of year	21,069,413	20,092,764	1,658,646	1,671,128
Prior year adjustments (Note 39)	(50,338)	(50,338)		
Profit for the year	3,556,468	3,806,450	6,894,773	1,219,559
Other movements	-	(38,008)	-	-
Transfer to contingency reserve	(194,220)	(182,284)	-	-
Transfer to statutory reserve	(488,051)	(1,377,468)	-	-
Transfer from statutory reserve	1,377,468	-	-	-
Interim dividend	(72,473)	(72,473)	(72,473)	(72,473)
Proposed dividend	(579,784)	(579,784)	(579,784)	(579,784)
Dividend Paid	-	(579,784)	-	(579,784)
At start of year	**21,069,413**	**20,092,764**	**1,658,646**	**1,671,128**

33. DIVIDENDS

33 (i) PROPOSED DIVIDEND

Proposed dividend is accounted for as a separate component of equity until ratified at an Annual General Meeting. During the year, an interim dividend of Kes 72.473 million was paid (2018: Kes 72.473 million) or Kes 1.00 per share (2018: Kes 1.00 per share). At the Annual General Meeting to be held on 24 July 2020, a final dividend of Kes 579.784 (2018: Kes 579.784 million) is to be proposed, which is Kes 8.00 per share (2018: Kes 8.00 per share). The total dividend for the year 2019 is therefore Kes 652.257 million (2018: Kes 652.257 million) or Kes 9.00 per share (2018: Kes 9.00 per share).

Payment of dividend is subject to withholding tax at the rate of either 0%, 5% or 10%, depending on the percentage shareholding and/or residential status of the respective shareholders.

33 (ii) DIVIDENDS PAYABLE

	2019	2018
	Kes '000	**Kes '000**
At start of year	431,293	369,176
Dividends declared within the year	652,258	652,257
Dividend paid within the year	(610,517)	(590,140)
At end of year	**473,034**	**431,293**

34. CONTINGENT LIABILITIES, COMMITMENTS AND OFF-BALANCE SHEET ITEMS

The Group's companies are subject to litigation arising in the normal course of business. The Directors are of the opinion that these litigations will not have a material effect on the financial position or profits of the Group. The Group does not have any material outstanding commitments.

The Group engages various service providers for purchase of capital items. The engagement is normally contractual either through Purchase Orders or Service Level Agreements. The Group did not have any contractual commitments as the end of the year (2018: nil).

35. RELATED PARTY TRANSACTIONS

The largest shareholder of the Group is the Aga Khan Fund for Economic Development S.A., a company incorporated in Switzerland. There are various other companies related to Jubilee Holdings Limited through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients. Related parties rendered various services to the Group during the year.

Related party Transactions		
Transactions with related parties (Group)	**2019**	**2018**
Gross premium:	**Kes '000**	**Kes '000**
Diamond Trust Bank Limited	3,858	436,469
Industrial Promotion Services (Kenya) Limited	7,037	17,562
TPS Eastern Africa Limited	360,123	19,906
Property Development and Management Limited	1,931	16,006
Nation Media Group	51,979	103,827
Total	**424,928**	**593,770**
Net Claims Incurred:		
Diamond Trust Bank Limited	37,365	140,119
Industrial Promotion Services (Kenya) Limited	43	10,197
TPS Eastern Africa Limited	2,798	2,469
Property Development and Management Limited	861	6,810
Nation Media Group	35,118	184,148
Total	**76,185**	**343,743**
Services Received From:		
TPS Eastern Africa Limited	2,169	2,069
Nation Media Group	3,158	3,382
Total	**5,327**	**5,451**

35. RELATED PARTY TRANSACTIONS (CONTINUED)

	2019 Kes '000	2018 Kes '000
ii) Balances with related parties		
a) Group		
Outstanding premium:		
Diamond Trust Bank Limited	38,770	41,504
Industrial Promotion Services (Kenya) Limited	3854	34,590
TPS Eastern Africa Limited	7776	(4,334)
Property Development and Management Limited	8532	4,746
Nation Media Group	18191	33,817
Total	**77,123**	**110,323**
Outstanding claims:		
Diamond Trust Bank Limited	42259	24,517
Industrial Promotion Services (Kenya) Limited	6724	785
TPS Eastern Africa Limited	10,077	2,398
Property Development and Management Limited	3993	330
Nation Media Group	42351	46,911
Total	**105,404**	**74,941**
Deposits with financial institutions		
Diamond Trust Bank Limited	1,862,469	5,761,107
Total	**1,862,469**	**5,761,107**
Interest received from financial institutions		
Diamond Trust Bank Limited	87,451	397,650
Total	**87,451**	**397,650**

Outstanding premium and claims balances arose out of the normal course of business and are payable within one year.

Transactions with related parties (Company)	2019 Kes '000	2018 Kes '000
Due from related parties:		
Jubilee Insurance (Mauritius) Limited	1,062	860
Jubilee Investment Company Limited (Tanzania)	3,617	11,463
Jubilee Insurance Company of Burundi Limited	60,620	24,241
Jubilee Investment Company Limited (Burundi)	20,917	60,620
Total	**86,216**	**97,184**
Due to related parties		
Jubilee Insurance Company of Kenya Limited	215,352	140,369
Jubilee Insurance Company of Tanzania Limited	20,689	-
Jubilee Life Insurance Corporation of Tanzania Limited	-	-
Jubilee Insurance Company of Uganda Limited	-	-
Jubilee Life Insurance Company of Uganda Limited	-	-
Jubilee Investment Company Limited (Tanzania)	-	-
Jubilee Investment Company Limited (Uganda)	95,569	126,966
Total	331,610	267,335
Net owing	**(245,394)**	**(170,151)**

Transactions with related parties (Company)	2019 Kes '000	2018 Kes '000
Borrowings from related parties		
Jubilee Investment Company Limited (Uganda)	641,097	630,315

Jubilee Investment Company Limited (Uganda) loaned USD 6.125 million to Jubilee Holdings Limited at the end of 2016, to settle inter-company balances owed to The Jubilee Insurance Company of Kenya Limited. The loan attracts an interest at 0.45% per annum.

36. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

Group

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Kes '000	Kes'000	Kes '000	Kes '000	Kes'000	Kes '000
Notified claims	4,606,641	(2,207,159)	2,399,482	5,870,122	(623,796)	5,246,326
Incurred but not reported	1,428,307	(566,937)	861,370	1,902,151	(763,456)	1,138,695
Total at start of year	**6,034,948**	**(2,774,096)**	**3,260,852**	**7,772,273**	**(1,387,252)**	**6,385,021**
Cash paid for claims settled during the year	(10,652,333)	(324,706)	(10,977,039)	(13,054,096)	(924,706)	(13,978,802)
Increase in liabilities:						
Arising from current year claims	8,912,062	(656,306)	8,255,756	8,805,445	(109,868)	8,695,577
Arising from prior year claims	3,270,858	(392,290)	2,878,568	2,511,326	(352,270)	2,159,056
Total at end of year	**7,565,535**	**(4,147,398)**	**3,418,137**	**6,034,948**	**(2,774,096)**	**3,260,852**
Notified claims	5,520,751	(3,488,378)	2,032,373	4,606,641	(2,207,159)	2,399,482
Incurred but not reported	2,044,784	(659,020)	1,385,764	1,428,307	(566,937)	861,370
Total at end of year	**7,565,535**	**(4,147,398)**	**3,418,137**	**6,034,948**	**(2,774,096)**	**3,260,852**

(ii) Long-term insurance business

	2019				2018			
	Ordinary Life	Group Life	Annuity	Total	Ordinary Life	Group Life	Annuity	Total
	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000	Kes '000
Notified claims								
At the start of the year	**9,642,621**	**816,114**	**8,776,640**	**19,235,375**	**7,603,775**	**1,139,193**	**8,235,398**	**16,978,366**
Claims, surrenders and annuity premiums	(1,758,629)	(161,962)	(876,187)	**(2,796,778)**	(1,448,083)	(270,394)	(959,406)	**(2,677,883)**
Increase / (decrease) in the period	667,570	(888,410)	(44,023)	**(264,863)**	884,255	(66,746)	232,362	**1,049,871**
New business	827,893	517,771	1,085,089	**2,430,753**	584,674	122,989	687,578	**1,395,241**
Change in actuarial reserves	2,463,453	27,700	1,068,005	**3,559,158**	2,018,000	(108,928)	580,708	**2,489,780**
At the end of the year	**11,842,908**	**311,213**	**10,009,524**	**22,163,645**	**9,642,621**	**816,114**	**8,776,640**	**19,235,375**

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Kes '000	Kes'000	Kes '000	Kes '000	Kes'000	Kes '000
Notified claims	878,981	(102,503)	776,478	947,106	(268,754)	678,352
Actuarial value of policy holders benefits	21,284,664	-	21,284,664	18,557,023	-	18,557,023
Total at end of year	**22,163,645**	**(102,503)**	**22,061,142**	**19,504,129**	**(268,754)**	**19,235,375**
Total at end of year Short-term and Long-term	**29,729,180**	**(4,249,901)**	**25,479,279**	**25,539,077**	**(3,042,850)**	**22,496,227**

37. LEASES

Group

(i) Right of use asset

Movement in asset is as below;

	2019
Cost	**Kes'000**
As at 1 January 2019	
Impact of IFRS 16 adoption	410,988
Balance after IFRS 16 Adoption	410,988
Additions	18,598
At end of the year	**429,586**
Depreciation	
As at 1 January 2019	
Charge for the year	108,499
At end of the year	**108,499**
Net right of use asset	**321,087**

(ii) Lease liability

IFRS 16 adoption	410,988
Additions	33,886
Interest expense	53,225
Repayments during the period	(213,334)
At end of the year	**284,765**

38. CAPITAL RE-ORGANISATION

During the year, a 100% owned subsidiary Jubilee Insurance Company of Kenya Limited (JICK) transferred out general and medical businesses to new companies, in compliance with the Insurance Act which requires a split of composite insurance companies. New companies, Jubilee General Insurance Limited and Jubilee Health Insurance Limited were incorporated for the purpose of conducting the transferred General and Health Business respectively.

As part of the capital reorganisation, the directors of Jubilee Insurance Company Limited resolved to pay a special dividend of Kes 4.8 billion to the shareholder, Jubilee Holdings Limited, on 31 December 2019. The share capital previously attributable to the general and medical business of Kes 2 billion was also returned to Jubilee Holdings on the same date. Out of the total dividends received and return of share capital, an amount of Kes 2,307,000,000 was invested in JGIL, Kes 2,763,718,000 invested in JHIL while Kes 1,751,558,000 remained in Jubilee Holdings Limited.

The table below shows the net assets at the beginning of the year and assets transferred as at 31 December 2019:

	General Business	Medical Business	Jubilee Holdings Limited	Short Term Business	General Business	Medical Business	Short Term Business
	2019	2019	2019	2019	2018	2018	2018
	Kes' 000	Kes' 000	Kes' 000	Kes' 000	Kes' 000	Kes' 000	Kes' 000
Share capital	1,000,000	1,000,000	-	2,000,000	1,000,000	1,000,000	2,000,000
Retained earnings	1,306,997	1,763,718	1,751,558	4,822,273	1,959,472	3,042,589	5,002,061
Total Equity	**2,306,997**	**2,763,718**	**1,751,558**	**6,822,273**	**2,959,472**	**4,042,589**	**7,002,061**

The details of the assets transferred to JHL is as below:

	2019	2018
	Kes'000	Kes'000
Quoted Equity instruments	635,132	-
Investment in associates	619,426	-
Cash and Fixed deposits with financial institutions	497,000	-
Total	**1,751,558**	**-**

The investment is as below;

Investment in Subsidiary Companies

Company	Investment at Cost	Investment at Cost	Equity Held	Equity Held
	2019	2018	2019	2018
	Kes'000	Kes'000	%	%
Jubilee General Insurance Limited – Ke (JGIL)	2,307,000	-	100%	0%
Jubilee Health Insurance Limited – Ke (JHIL)	2,763,718	-	100%	0%
Total	5,070,718	-		

39. PRIOR YEAR ADJUSTMENT

Impact of Statement of Financial Position				
As at 31 December 2017		**As previously stated**	**Prior year adjustment**	**Restated**
		Kes'000	Kes'000	**Kes'000**
LIABILITIES				
Deferred tax liability	1	199,550	655,522	**855,072**
EQUITY				
Statutory reserves		2,185,073	(655,522)	**1,529,551**
As at 31 December 2018				
ASSETS				
Current income tax	2	174,269	21,573	**195,842**
LIABILITIES				
Deferred tax liability	1	89,841	666,251	**756,092**
Provision for additional unexpired risk reserve	3	7,625,596	71,911	**7,697,507**
EQUITY				
Statutory reserves		3,598,306	(666,251)	**2,932,055**
Retained earnings		21,649,197	(50,338)	**21,598,859**

Impact on Statement of Profit or Loss		**As previously stated**	**Prior year adjustment**	**Restated**
Year ended 31 December 2018		Kes'000	Kes'000	**Kes'000**
Gross earned premium	3	11,103,259	(97,333)	**11,005,926**
Less: Outward reinsurance	3	(3,528,100)	25,422	**(3,502,678)**
Net earned premium	3	**7,575,159**	**(71,911)**	**7,503,248**
Results of operating activities		**1,301,231**	**(71,911)**	**1,229,320**
Share of results of associates		152,067	-	**152,067**
Profit before income tax		1,453,298	(71,911)	**1,381,387**
Income tax expense	2	(417,112)	21,573	**(395,539)**
Profit for the year	3	**1,036,186**	**(50,338)**	**985,848**
Profit attributable to Equity holders		**1,036,186**	**(50,338)**	**985,848**

Impact on Statement of cashflows				
Year ended 31 December 2018		**As previously stated**	**Prior year adjustment**	**Restated**
Cash flow from operating activities				
Profit before income tax		1,453,298	(71,911)	**1,381,387**
Adjustments for;				
Working capital changes	3	421,734	71,911	**493,645**
Cash generated from operations		1,076,075	-	**1,076,075**

Notes

1	Deferred tax on statutory reserve had not been taken into account in the financials for 31 December 2018 and as at 31 December 2017. As a result, the error resulted in an understatement of deferred tax liability and overstatement of the statutory reserve
2	Tax impact of omitting the Additional Unexpired Risk Reserve (AURR)
3	The Insurance Regulatory Authority requires introduced a requirement that an Additional Unexpired Risk Reserve be made on loss making underwriting classes of business. Profit from discontinued operations from prior year was overstated as a result of computational error on the required reserve.

40. EVENTS AFTER REPORTING PERIOD

The spread of COVID-19 has severely impacted the country in various ways. Measures taken to contain the virus by the government including travel bans, quarantines, social distancing and closure/minimization of non-essential services has triggered disruptions locally and globally resulting in an economic slow-down against the fiscal and monetary interventions created by the government to stabilize the current conditions.

The Group has determined that these events are non-adjusting subsequent events and therefore, the financial performance and financial position for and as at the year ended 31 December 2019 have not been adjusted to reflect their impact. Additionally, it is not possible to reliably estimate the duration and severity of the consequences, as well as their impact on the financial position and results of future periods.

Below is a detailed analysis of the anticipated impact in the business going forward:

Financial statement area	**Impact**
Revenue	The revenue of the Group and Company may decline for the first few months. However, the reduction will not result in a change in revenue recognition, neither will it result in loss-making revenue contracts.
Financial risk (credit, liquidity, market)	There was adverse effect of the Group's and Company's financial instruments affecting the financial performance and position as at 31 December 2019: (i) **Credit risk** - there has been no increased significant credit risk on the financial instruments held as at 31 December 2019 to require for additional impairment. (ii) **Liquidity risk** - the Company still has the capability to meet its current and future obligations. As at the date of this report, there had been no default to the policyholders, suppliers and other stakeholders (iii) **Market risk** - due to poor performance of listed companies at the Nairobi Stock Exchange, the quoted equity has incurred fair value losses. However, there is no impairment as the fair value is still above cost. There has been no adverse effect on government securities at fair value.
Employee structures	There has been no change in the employee structure of the Company in the form of additional benefits paid to employees or downsizing.
Laws and regulations	(i) As part of the fiscal and monetary measures introduced by the Government including: (ii) Lowering of PAYE on employee benefits from 30% to 25% (iii) Lowering of VAT from 16% to 14% (iv) Raising of exempt income to KES 24,000 per month (v) Lowering of corporate income tax from 30% to 25% The effective date of these taxes is from 1 April 2020 and therefore no impact on the financial performance and position of the Company as at 31 December 2019.

In addition, due to the above developments management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Based on the assessment performed, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. The Board concurs with this assessment.

The Directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 31 December 2019 affecting the financial statements as at the date of publication.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

41.1 BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the manner required by the Kenyan Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements have been prepared using the accrual basis of accounting and on a going concern basis and are presented in Kenya Shillings (Kes), rounded to the nearest thousand, unless otherwise indicated.

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2019 annual financial statements

The following standards and interpretations have been applied bGroup for the first time for the financial reporting year commencing on or after 1 January 2019:

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.

The impact of adoption:

	KES'000
Operating lease commitments as at 31st December 2018	416,247
Impact of discounting	(5,259)
Lease liability as at 1 January 2019	410,988
Adjustments for prepayments	-
Right of use asset as at 1 January 2019	**410,988**

There was no impact on retained earnings.

New Standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2019

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

a) insurance contracts, including reinsurance contracts, it issues;

b) reinsurance contracts it holds; and

c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.1 BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2019 (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:

the fulfilment cash flows—the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and the contractual service margin—the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected. IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates. The entity:

a) accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and
b) chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the Company faces from issuing insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2022. An entity shall apply the standard retrospectively unless impracticable. A Company can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The adoption of these changes are expected to have a significant impact on the amounts and disclosures of the Group's financial statements. Management is currently evaluating the impact upon adoption of the standard.

IAS 1 and IAS 8 Definition of Material

The amendment refines the definition of Material to make it easier to understand and aligning the definition across IFRS Standards and the Conceptual Framework.

The amendment includes the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the amendments also adds the increased threshold of 'could influence' to 'could reasonably be expected to influence' as below.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

However, the amendment has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. The Group is assessing the potential impact on its financial statements resulting from the application of the refined definition of materiality.

IFRS 3 - Definition of a business

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

The standard is effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

(issued in September 2019), requiring additional disclosures around uncertainty arising from the interest rate benchmark reform.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.2 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value over any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(b) Investment in Associates

Associates are all entities over which the Group has significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition net of all accumulated impaired losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution of gains and losses arising from investment in associates are recognised in the profit or loss.

(c) Foreign 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, which is the Group's functional and presentation currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.
Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate when the fair value was determined.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.2 CONSOLIDATION (CONTINUED)

(ii) Consolidation of group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date
Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income expenses are translated at the dates of the transactions); and
All resulting exchange differences are recognised as a separate component in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in the statement of other comprehensive income and accumulated in shareholders' equity (translation reserve). When a foreign operation is disposed of in Aoperation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its investment in a subsidiary but retains control, then the relative proportion of the cumulative reserve is re attributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relative proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

41.3 SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group chief strategy & administration officer, to make decisions about resources allocated to each segment and assess its performance, and for which discrete information is available.

Group costs are allocated to segments on a reasonable and consistent basis. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra segment revenue and cost being eliminated in head office.

The Chief Operating Decision Maker within the Group is the Jubilee Holdings Limited Board of Directors. The group results are analyzed across 9 operating segments based on a combination of geographical areas and products and services. There are five geographical segments: Kenya, Uganda, Tanzania, Burundi and Mauritius within which there are three segments classified according to products and services: Short-term business, which includes General and Medical, Long-term business, which includes Individual Life, Group Life and Pension, and Investments. This is consistent with the way the Group manages the business.

General insurance business of any class or classes not being long-term insurance business. Classes of short-term insurance include, 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 (i.e. class of business not included under those listed above).

Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions.

Ordinary & Group Life: Includes insurance business of all or any of the following classes, namely, life assurance business, superannuation 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 a term dependent upon human life; Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

The segments are individually considered by management when making decisions and they are the basis for resource allocation and performance measurement by the Board of Directors. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group accounts for inter-segmental transactions as if the transactions were to third parties. Any outstanding amounts owing within the Group companies most of which constitutes dividends payable are included under group eliminations.

Jubilee
HOLDINGS

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.3 SEGMENT INFORMATION (CONTINUED)

Results of activities considered incidental to Jubilee Holdings main operations as well as unallocated revenues and expenses, liabilities and assets have been categorized under investments segment. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group has a widely diversified policy holder base and is therefore not reliant on any individual major customers.

41.4 INSURANCE CONTRACTS

(a) 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 are 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. See accounting policy for these contracts under 41.5. Insurance contracts and investment contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Insurance Act.

(i) Long-term insurance business

Long term insurance business includes insurance business of all or any of the following classes; life assurance business, superannuation 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 a term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

(ii) Short-term insurance business - General

Short-term insurance business means insurance business of any class or classes not being long term insurance business.
Classes of General Insurance Include, 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 (i.e. class 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.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

Burglary insurance business relates to contracts of insurance against loss due to theft involving actual break in or break out.

(iii) Short-term insurance business - Health

Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.4 INSURANCE CONTRACTS (CONTINUED)

(b) Recognition and measurement

(i) Premium income and provision for unearned premium reserve

For long term insurance business, premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

For short-term insurance business, Premium income is recognized on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date. Whilst all other subsidiaries computed the reserve based on the 24th method, The Jubilee Insurance Company of Kenya Limited revised the method of computing the unearned premiums to the 1/365th method.

Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

(ii) Claims expenses and insurance contracts liabilities

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognized as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each reporting date using the assumptions established at inception of the contracts.

For short-term insurance business, claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed and include provisions for claims incurred but not reported ("IBNR"). Outstanding claims are not discounted.

In the event of a loss-making business, additional unexpired risk reserve ("AURR") is to created in case of in capacity of insurers to fully cover the expected claims and expenses arising from active portfolio after the date of valuation.

(iii) Commissions and deferred acquisition costs ("DAC")

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

(iv) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). As set out in Note 41.4(a) above, long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.4 INSURANCE CONTRACTS (CONTINUED)

(v) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Company 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 recognized as reinsurance assets. These assets consist of short term balances due from reinsurers, as well as longer term receivables 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 are recognized 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 statement of profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

(vi) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

(vii) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).
Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized 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 and are recognized 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.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.5 INVESTMENT CONTRACTS

The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortized cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortized cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period if the holder has the option to redeem the instrument earlier than maturity.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognized as income or expense in profit or loss.

For investment contracts with discretionary participation in profits, the liability is set approximately equal to the value of the underlying asset of the contract.

41.6 REVENUE RECOGNITION

(i) Insurance premium revenue
The revenue recognition policy relating to insurance contracts is set out under note 41.4 (b) (i).
(ii) Non interest income from financial investments
The revenue recognition policy for non-interest income from financial investments is disclosed in note 41.10.
(iii) Interest income and expenses
Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the profit or loss using the effective interest rate method.
(iv) Dividend income
Dividend income for equity investments is recognized when the right to receive payment is established – this is the ex-dividend date for equity securities.
(v) Rental income from investment properties
Rental income is recognised in the period it is earned.
(iv) Commission earned

The revenue recognition policy on commission is disclosed in note 41.4 (b) (iii).

41.7 PROPERTY AND EQUIPMENT

All categories of property and equipment are initially recorded at cost. Property and equipment are subsequently measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives, as follows:

Computers	3 years
Office equipment	4 years
Motor vehicles	5 years
Furniture, fixtures and fittings	10 years

These rates have been applied consistently over the years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in profit or loss.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.8 INVESTMENT PROPERTY

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation are classified as investment property.
Investment property is measured at cost on initial recognition and subsequently measured at fair value. Directors monitor the investment property market and economic conditions, including general and property inflation, on a regular basis to identify changes in market conditions that may lead to significant change in fair value. Changes in fair values are included in investment income in the statement of profit or loss.

On disposal of the investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss.

41.9 INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each reporting segment.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

41.10 FINANCIAL ASSETS AND LIABILITIES

The Group initially classified financial instruments in accordance with IFRS 9 (2009) which was early adopted in the year 2009. The classifications have been updated based on full adoption in 2018.

All financial assets are initially recognized in the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL) which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unquoted investments are estimated using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Classification of financial assets

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments at amortised cost and the effective interest method

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

(i) the Group's business model for managing the financial assets; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
  Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses). Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income. Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Business model: the business model reflected how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ('SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Cash and cash equivalents

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. Bank overdrafts are shown as part of current liabilities on the statement of financial position. The reported cash and cash equivalents are amounts cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Foreign denominated balances are measured using the foreign exchange rates prevailing at the reporting date.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the statement of profit or loss, but is reclassified to retained earnings.

Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments at the Nairobi Securities Exchange. The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Impairment

A financial asset or group of financial assets is impaired and impairment losses are incurred only 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 (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
- An adverse changes in the payment status of issuers or debtors in the Group; or
- National or local economic conditions that correlate with defaults on the assets in the Group.

IFRS 9 impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

- Government securities measured at amortised cost
- Receivables arising from direct insurance arrangements
- Rent and other receivables;
- Loan receivable
- Corporate bonds and commercial paper;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- Other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for premium and rent receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

Measurement of expected credit losses

- ECLs are a probability-weighted estimate of credit losses and will be measured as follows:
- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Group follows one of the approaches below:
- The general approach
- The simplified approach

The Group will apply the approaches below to each of its assets subject to impairment under IFRS 9:

Financial Asset	Impairment approach
Loans receivable	General Approach
Receivables arising out of direct insurance arrangements	Simplified Approach
Lease and other receivables	Simplified Approach
Government securities at amortised cost	General Approach
Corporate bonds and commercial paper	General Approach
Deposits with financial institutions	Simplified Approach
Cash and bank balances	Simplified Approach

(i) The General Approach

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

(ii) The Simplified approach

Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

Definition of default

The Group will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information. The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- here is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL
- measurements.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group risk committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co¬operation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The predicted relationships between the key indicators and the default and loss rates on various portfolios of financial assets have been developed by analysing historical data over the past 10 to 15 years.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:
- Probability of Default;
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by [Rating Agency X based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-¬value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Incorporation of forward-looking information (continued)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;remaining term to maturity; industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios. This includes the PDs provided in the [Rating Agency N] default study and the LGDs provided in the [Rating Agency ll] recovery studies.

Operating lease receivables

The ECL of operating lease receivables are determined at country level using a provision matrix. Loss rates are calculated with reference to days past due and actual credit loss experience over the past five years and are multiplied by scalar factors to incorporate forward-looking information.

Modification of contracts

The Group rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the counterparty is in financial difficulty
- Whether any substantial new terms are introduced that affect the risk profile of the instrument
- Significant extension of the contract term when the borrower is not in financial difficulty
- Significant change in interest rate
- Change in the currency the security is denominated in
- Inclusion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the terms are substantially different, the Group derecognises the original financial asset and recognised a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a SICR has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

Write off policy

The Group writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Group is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. There were no write offs such assets during the year ended 31 December 2019 (2018 – nil). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.11 ACCOUNTING FOR LEASES

The Group assesses whether a contract is or contains a lease based on the definition of a lease, as required by IFRS 16. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019 and accordingly, the comparative information presented for 2018 is not restated.

The Group as lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. Amounts due from lessees under leases are recorded as receivables at the amount of the Group's net investment in the leases. Income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

The Group leases many assets including property, motor vehicles and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee
- any cost to dismantle

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over period of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the initial measurement of the lease liability and are expensed.

The lease payments are discounted using the Group's incremental borrowing rate. The incremental borrowing rate is determined as the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

41.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

41. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

41.13 EMPLOYEE BENEFITS

(i) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Retirement benefit obligations

The Group operates defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the appropriate Social Security Fund, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

(iii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

41.14 CURRENT AND DEFERRED TAX

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred income tax is provided in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except 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.

The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale. Deferred tax assets and liabilities are offset only if certain criteria are met.

41.15 DIVIDENDS

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

41.16 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

41.17 COMPARATIVES

Where necessary, comparative figures have been adjusted or extended to conform to changes in presentation in the current year.

GROUP REVIEW—FIFTEEN YEARS

	2019 Restated	2018 Restated	2017 Restated	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Group Review 10 years							**Kes Million**								
Shareholders' Funds	28,248	25,468	22,897	19,946	19,098	15,439	12,431	8,020	6,154	5,114	3,389	2,871	3,606	3,393	2,370
Share Capital	362	362	362	329	329	299	299	299	272	248	225	225	225	180	180
Long-Term Business Funds	91,775	67,243	59,426	48,827	42,337	38,652	28,743	23,476	18,802	14,637	11,495	11,730	9,333	6,504	5,115
Total Assets	130,077	114,189	104,968	90,568	82,378	74,506	61,159	47,418	38,040	30,691	23,736	20,203	17,942	15,356	11,591
Profit Before Tax	5,007	5,338	5,161	4,563	4,145	3,949	3,151	2,693	2,144	2,053	1,116	901	810	665	471
Profit Attributable to Shareholders	3,556	3,756	3,932	3,297	2,814	2,880	2,255	2,115	1,802	1,756	825	636	617	528	348
Profit Attributable to Non - Controlling interest	461	371	298	379	307	224	248	169	108	83	89	77	46	32	47
Dividends to Shareholders	652	652	652	560	560	509	419	419	299	272	203	191	191	153	144
Dividend Cover Ratio	5.45	5.84	6.03	5.89	5.03	5.66	5.38	5.05	6.02	6.45	4.07	3.33	3.23	3.45	2.42
Bonus Issue	00:00	00:00	00:00	01:10	00:00	01:10	00:00	00:00	01:10	01:10	01:10	00:00	01:04	00:00	00:00
*Earnings Per Share (Kes) (par value Kes 5)	49.07	51.83	54.26	45.49	38.83	39.73	31.12	29.18	24.86	24.23	11.38	8.78	8.51	7.29	4.80


Jubilee
HOLDINGS
PROUDLY KEEPING YOUR TRUST
To keep our customers' trust we go the extra mile to ensure excellence at every touch point. We seek customer feedback and anticipate market trends to continuously improve our products and solutions. When it comes to inspiring trust, we set the industry benchmark.

BEYOND ZERO - KENYA


Jubilee Insurance was a proud sponsor of last year's Beyond Zero Half Marathon where it joins hands with other corporates to support interventions geared towards the reduction of mortality rates in the country.

HOSSANNA CHILDREN'S HOME VISIT - KENYA

Jubilee Insurance staff donated household items and foodstuff to children's who are accommodated at Hossanna Children's Home. This was part of the efforts to provide the children with their daily necessities.

EAR OPERATION - BREAKING THE SILENCE - KENYA

Jubilee Insurance facilitated ear surgery camps in collaboration with Operation Ear drop in Nanyuki, Machakos, Kisumu and Nairobi counties. The services saw over 200 benefit from free services.

KENYATTA HOSPITAL CANCER DONATION - KENYA

During the Customer Service Week, Jubilee Insurance staff donated an assortment of toys, books and other items to the children at the Kenyatta National Hospital Cancer ward.

LEWA MARATHON - KENYA

Jubilee Insurance was a proud sponsor of the 2019 Lewa Marathon that took place at the Lewa Wildlife Conservancy. The annual event has so far raised Kshs 750M to support conservation initiatives in Lewa and beyond, including turtle conservation projects in Watamu, the preservation of Mount Kenya as well as the protection of the rare Grey's zebra.

WATER DAY - KENYA

Jubilee Insurance in collaboration with Kenya Organization For Environment Education (KOEE) commemorated World Water Day in Kitui County. The event culminated in the planting of 10,000 seedlings across the region.

BLOOD DONATION DRIVE - TANZANIA

Jubilee Insurance staff carried out a blood donation drive in Dar-es-Salaam with an aim of creating awareness for the public to donate safe blood to help thousands of people in need of blood across the country

MARKET CLEAN UP - TANZANIA

Jubilee Insurance team in collaboration with officers from Kinondoni District- Dar-Es-Salaam as well as the City Mayor, joined hands to clean Kijitonyama bus stop and markets. This was done to ensure that traders operate in a conducive environment.

SELOUS MARATHON - TANZANIA

Jubilee Tanzania sponsored the Selous Marathon, a program aimed at raising awareness of tourism attractions, conservation sensitization and assist in promoting healthy living in the southern part of Tanzania. The run was held in Morogoro and had over 4000 runners and 8,000 supporters participating from all over the country.

IFTAR EVENT - TANZANIA

During the month of Ramadhan, the Jubilee Team gathered together with some clients from the coast town of Zanzibar for an evening Iftar at the Golden Tulip Restaurant. This was a great opportunity for the team to engage with the clients and share a meal together.

MWANANYAMALA REFERRAL HOSPITAL DONATIONS - TANZANIA

As part of the activities to celebrate International Women's day, Jubilee Insurance staff visited the women admitted at the maternity ward at the hospital to offer their message of get well soon and donate various items to them aimed at enhancing accessibility to proper health welfare

UMRA ORPHANAGE CENTRE DONATIONS - TANZANIA

As a way of giving back to the community, Jubilee Insurance staff visited UMRA Orphanage Centre in Mbagara Dar-Es-Salaam and offered free dental and optical check-up to over 150 children who are based at the centre.

MUM'S CLUB LAUNCH - UGANDA

Jubilee Insurance Uganda launched the Mum's Club in a bid to bring together all mothers -new, existing and aspiring ones - to share their experiences, and to provide knowledge and psychosocial support before, during and after pregnancy. Members to the mum's club enjoy a wide range of benefits from the wellness initiative such as access to expert information and monthly informative sessions

LIVE FREE PAINTING COMPETITION - UGANDA

Jubilee Insurance launched the 2nd edition of *Live Free Painting Competition* in primary schools across Uganda. The competition whose aim is to give young people an opportunity to share their vision on what Living Free means saw us receive over 9,000 entries. 15 pupils were awarded cash prizes and their schools received an assortment of scholastic material, while the top 3 pupils each received a 5 year education insurance policy in addition to a cash prize.

AMOUR ET ESPOIR ASSOCIATION - MAURITIUS

Jubilee Insurance Mauritius team organised a charitable event for the Amour et Espoir Association. The 110 children present at Coteau Raffin and La Gaulette shared a meal with staff. Thereafter the children were given stationeries to support their schooling needs.

COMMITTED TO **EXCELLENCE**

We strive to be the best but we are always learning and always improving. We set high standards and then ensure we surpass them. We deliver results, win where we compete and celebrate our successes. However, the Jubilee team is not content with achieving No. 1, we will only be content when we remain No.1.

WINNERS OF 16 AWARDS AND YOUR TRUST!

AKI AWARD 2019 - KENYA

Most improved company - New business Award -1st Runners up

Company of the year Award - New Business Award - 2nd Runners up

Most improved company - Group Life Best practice award -2nd Runners up

Jayshree Haria - 1st Runners Up

AGENT CHOICE AWARD 2019 – KENYA

Training Excellence &Impact -Runners Up

Best Product - Jiinue- Winner

Risk Management & Solutions - Winner

Overall Agent Company of Choice - Winner

Best Corporate Social Responsibility - Winner

Best Innovative Company of the Year - Runners Up

Agent of the Year - Jayshree Haria

FIRE AWARDS 2019 - KENYA

Insurance Category – Jubilee Holdings -2nd Runners Up

BIMA AWARDS - THE ANNUAL EXCELLENT INSURANCE AWARDS 2019 - TANZANIA INSURANCE AWARDS 2019 TANZANIA GENERAL

Best Insurance Company of the year - Winner

Best Insurance Company by TAN-RE - Winner

Insurance Awareness Campaign of the Year - 1st Runner

THE 14TH PRESIDENT'S MANUFACTURER OF THE YEAR AWARDS (PMAYA) 2019 - TANZANIA LIFE

Category of Medium Industries - The Best Insurance Company - Winner

BIMA AWARDS - THE ANNUAL EXCELLENT INSURANCE AWARDS 2019 – TANZANIA LIFE

Best Corporate Social Responsibility Award - Winner

UGANDA INSURERS ASSOCIATION (UIA) LIFE AGENT OF THE YEAR AWARDS 2019 - UGANDA LIFE

Overall Agent of the Year – Ritah Kisakye

1st Runner-up Highest Premium Written – Ritah Kisakye

2nd Runner-up Highest No of Policies – Ritah Kisakye

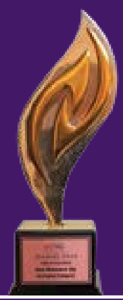
3rd Runner-up Best New Agent – Talent Asiimwe

4th Runner-up Highest Persistency – Bengo Angella

AGENTS AWARD - OVERALL AGENT COMPANY OF CHOICE

AKI MOST IMPROVED COMPANY 2019

THE 14TH PRESIDENT'S MANUFACTURER OF THE YEAR AWARDS



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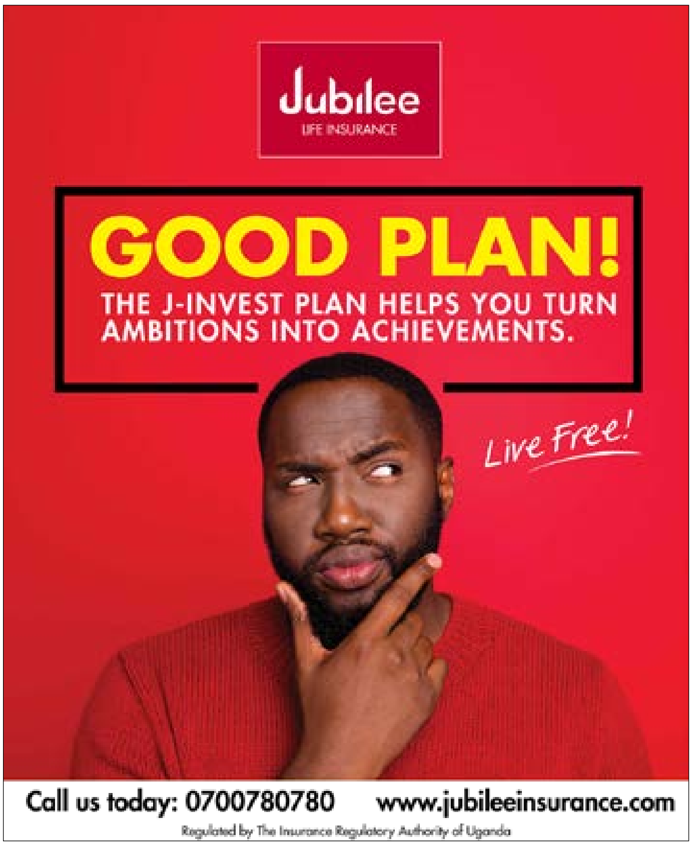
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www.jubileeportal.com
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REGIONAL GROUP OFFICES AND BRANCHES

KENYA

HEAD OFFICE
JUBILEE HEALTH HEAD OFFICE
Jubilee Health Insurance Company of Kenya Limited.
Jubilee Insurance Centre, 7th Floor, Wabera Street
P.O. Box 6694 00100 GPO, Nairobi, Kenya
T: +254 020 328 1000
E: Talk2UsHealth@jubileekenya.com

JUBILEE GENERAL HEAD OFFICE
Jubilee General Insurance Company of Kenya Limited.
Jubilee Insurance Centre, 6th Floor, Wabera Street
P.O. Box 6685 00100 GPO, Nairobi, Kenya
T: +254 020 328 1000
E: Talk2UsGeneral@jubileekenya.com

JUBILEE LIFE HEAD OFFICE
Jubilee Life Insurance Company of Kenya Limited.
Jubilee Insurance Centre, 5th Floor, Wabera Street
P.O. Box 30376 00100 GPO, Nairobi, Kenya
T: +254 020 328 1000
E: Talk2UsLife@Jubileekenya.com Talk2UsPension@jubileekenya.com

BRANCHES

BUNGOMA
HIBHO Plaza, 1st Floor, Moi Avenue
T: +254 709 901 515

CAPITAL CENTER
Capital Center Mall, 1ST Floor, Mombasa Road
T: +254 071 554 5419/ Finance: +254 071 554 5444

ELDORET
Imperial Court Eldoret - 1st Floor, Nairobi/ Uganda Highway
T: +254 709 901 510

KISII
New Sansora Building 1st Floor, Town Centre Hospital Road
T: +254 058 203 1645

KISUMU
Jubilee Insurance House, Oginga Odinga Road, 3rd Floor
P.O. Box 378 Kisumu,
T: 0709901700

THIKA
Maisha Heights 3rd Floor, Thika Town
T: 0709901729 / 0702957979

MERU
Alexander House, 2nd Floor, Meru Town Moi Avenue
T: +254 064 643 0722
+254 709 901 525

MOMBASA
Jubilee Insurance Building, 3rd Floor, Moi Avenue,
P.O. Box 90220 - 80100, Mombasa
T: 0709901600

NAKURU
Tower One, Moi Road
T: +254 051 221 1119/ 0702 958 897

NYERI
Sohan Plaza, 3rd Floor, Moi Nyayo Way
T: +254 798 449 360

WESTLANDS
Fuji House, 6th Floor wing B, Westlands
T: +254 709 901 520

TANZANIA

TANZANIA GENERAL HEAD OFFICE
Jubilee Insurance Company of Tanzania Limited.
Amani Place, 6th Floor, Ohio Street
P.O Box 20524, Dar es Salaam
T: +255 22 2135121-4
Toll free:0800780066
E: enquiry@jubileetanzania.com

TANZANIA LIFE HEAD OFFICE
Jubilee Life Insurance Corporation of Tanzania Limited.
Amani Place, 9th Floor, Ohio Street
P.O Box 20524, Dar Es Salaam
T: +255 22 2110176/80
E: life@jubileetanzania.com

BRANCHES

QUALITY CENTER
Dar Es Salaam, Ground 2 West Shop No G13c
Quality Centre Shopping Mall, Nyerere Road
T: +255 22 2862124
E: jicqc@jubileetanzania.com

MWANZA
Nyanza Co-operative Union Building, Kenyatta Road
P.O. Box10456 Mwanza,
T: +255 28 2541655/+255 25 2500299
E: jicmwz@jubileetanzania.com

MBEYA
NBC (1997) Ltd Building, Ground Floor, Karume Avenue
P.O. Box 2182, Mbeya
T: +255 25 2503172
E: jicmby@jubileetanzania.com

ZANZIBAR
ZSTC Investment Building, Ground Floor, Malawi Road
P.O. Box 2344 Zanzibar
T: +255 24 2239243
E: jicznz@jubileetanzania.com

MOROGORO
Hood Property Building, 1st Floor, Ngoto Street
P.O. Box 190, Morogoro
T: +255 23 2613966
E: jicmor@jubileetanzania.com

ARUSHA
NSSF Mafao House, 2nd Floor, Old Moshi Road
P.O. Box 1836, ARUSHA
T: +255 27 2520131
E: jicars@jubileetanzania.com

DODOMA
ACT Building, Ground floor, Corner of Hatibu St /7th Road
P.O. Box 11027, DODOMA
T: +255 26 2320166
E: jicdom@jubileetanzania.com

TEGETA
Kibo Commercial Complex Block E 1st Floor,
Old Bagamoyo Road, Dar es Salaam
T: +255 22 2926303
E: jictgt@tanzania.com

UGANDA

UGANDA GENERAL
HEAD OFFICE
Jubilee Insurance Company of Uganda Limited
Plot 14, Jubilee Insurance Centre 1st Floor, Parliament Avenue
P.O. Box 10234 Kampala
T: +256414311701
E: jicug@jubileeuganda.com

AGENCY OFFICES

MBARARA
Plot 4, Nakumatt Building, Room No. 28,
2nd Floor, Mbarara
T: +256 485 420 116
M: +256 750 867 297
E: jicug@jubileeuganda.com

JINJA
Plot 82, Arcade 82, Room No.3, 1st Floor,
Main Street Arcade, Jinja
T: +256 434 122 369
M: +256 750 867 390
E: jicug@jubileeuganda.com

LIRA
Plot 11, Ogwanguzi Road Lira Municipality
T: +256 705 928 145
jicug@jubileeuganda.com

MBALE
Plot 35, Hotel Eldima Building, Republic Street Road
Mbale Municipality
T + 256 454 431 234
M + 256 773 350 778
E: Jicug@Jubileeuganda.com

PARK ROYAL RETAIL OFFICE
Plot 69, Park Royal,2nd Floor, Buganda Road.
M: + 256 776 220 234
E: jicug@jubileeuganda.com

UGANDA LIFE
HEAD OFFICE
14, Parliament Avenue
East Upper Podium Floor,
Jubilee Insurance Center
P.O. Box 7122, Kampala
T: 0312 178 800
E: lifeug@jubileeuganda.com

AGENCY OFFICE
KAMPALA WEST
Plot 26, Park Royal Building, Room A4,
4th Floor
Buganda Road
T: 0392 175 438

JINJA
Plot 28-30, City Hotel Building, Ground Floor,
Clive Road
T: 0393 000 021

ARUA
Plot 16-22, KKT Plaza Building, Block A, Room A6,
2nd Floor, Duka Road
T: 0393 000 207

MBALE
Plot 30, Generous Towers 1st Floor, Kumi Road
T: 0393 000 022

MBARARA
Plot 3B, New Kasaka Building, 1st Floor, Stanley Road
T: 0393 000 023

ENTEBBE
Plot 90 First Floor, Entebbe-Kampala Road,
T: 0392 178 039

GULU
Plot 20 Gulu City Mall building Room ,13, 2nd floor,
Gulu Avenue
T: 0392 178 048

HOIMA
Plot 33 Messiah Towers 1st Floor, Hoima – Kampala Road
T: 0392 178 050

MASAKA
Plot 19, Kwewayo Building, Room 9,1st Floor,
Edward Avenue
T: 0393 000 206

KAMPALA EAST
Ntinda Complex, Block B Ground Floor, Stretcher road
T: 0393 178 800

MAURITIUS

HEAD OFFICE
One Cathedral Square, Mezzanine Floor,
Pope Hennessy Street, Port Louis
T: 00230 202-2200
E: info@jubileemauritius.com

BRANCHES

QUATRE BORNES
Ground floor, France Centre, St Jean Road,
Quatre Bornes
T: 00230 202-2200
178, Royal Road, Beau Bassin
T: 00230 454-5700

BEAU BASSIN
178,Royal Road,Beau Bassin
T: 00230 454 5700

BURUNDI

HEAD OFFICE
Jubilee Insurance Company of Burundi
8 Chaussée Prince Louis Rwagasore,
Immeuble Jubilee Centre,
2290 Bujumbura, Burundi,
T: +257 22 27 58 20/1/2,
E: jicb@jubileeburundi.com

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