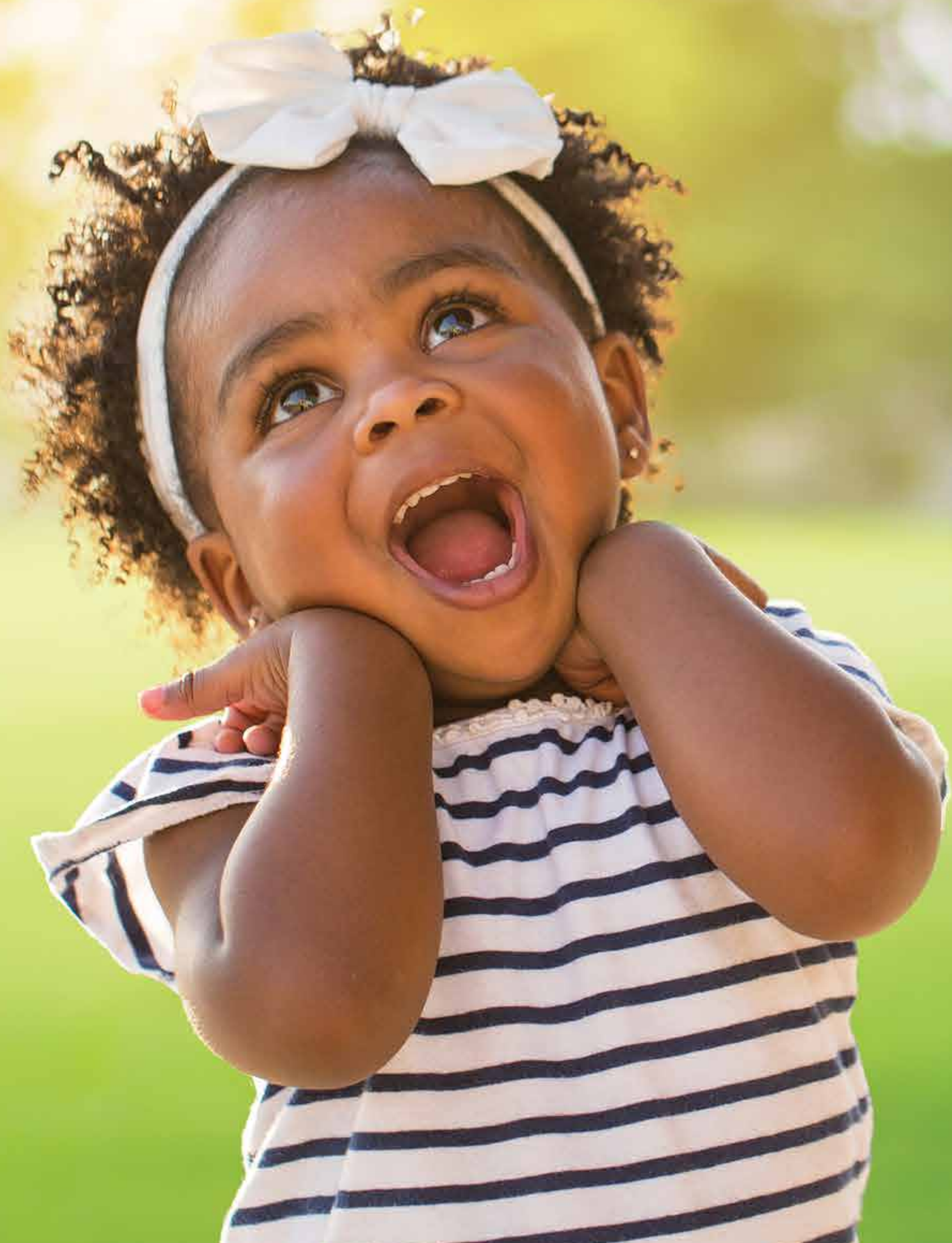
SINCE 1937

Living Free



INTEGRATED REPORT & FINANCIAL STATEMENTS 2018

At Jubilee Insurance *Living Free* is our mantra; it is our *raison d'être*. Through innovation in technology, we allow our valued customers to access our services from their devices, at their leisure. Through market-leading product development and added-value services, we give our clients new opportunities to save, to retire, to access quality health providers and to improve their wellness and happiness. Through our commitment to genuine client service and speedy claims settlements we deliver peace of mind. And through our commitment to our communities we offer hope. We all have the right to wealth, health and happiness. We all have the right to *Live* Free.

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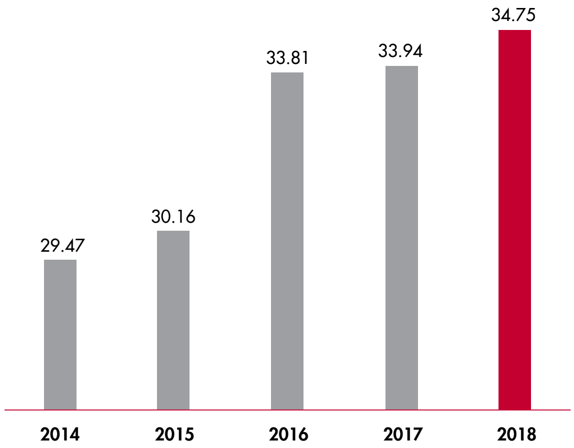
Jubilee
HOLDINGS

Living free is… having peace of mind

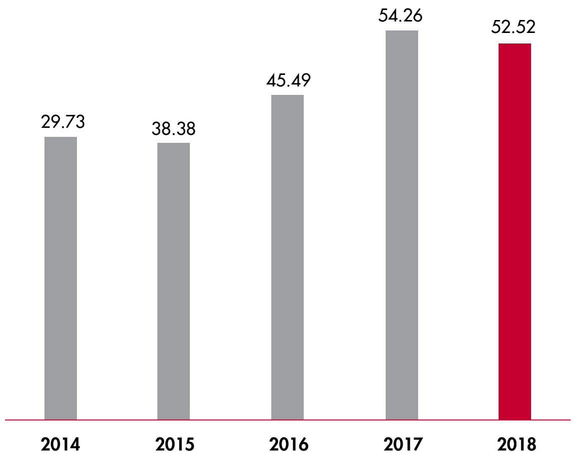
Trust is the cornerstone to our business. For over 80 years Jubilee Insurance has built a market-leading reputation for offering quality insurance products for our diverse markets and for settling claims promptly and without fuss. With have the financial strength, corporate vision, passion and integrity to build on our success and ensure all our customers enjoy excellent value and receive the care and support they need. Knowing their funds and policies are in safe hands means our clients can enjoy complete peace of mind.

Gross Written Premiums and Deposit Administration Contributions (KShs Billion)



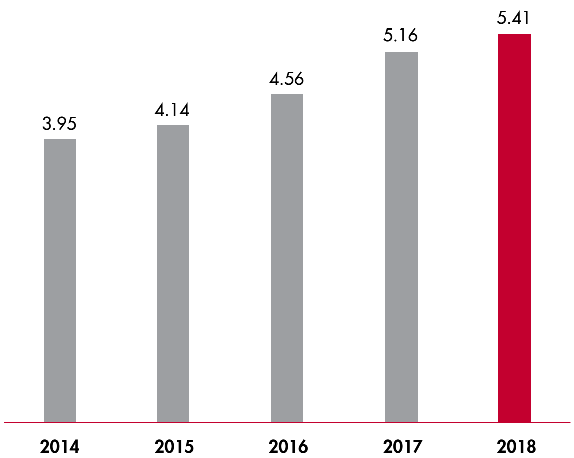
Gross Written Premiums and Deposit Administration Contributions increased to KShs 34.75 billion in 2018. The core Individual Life portfolio grew by 19% as capacity building in distribution networks gained traction, including the launch of Bancassurance in Uganda where sales increased significantly.

Earnings per Share (KShs per Share)



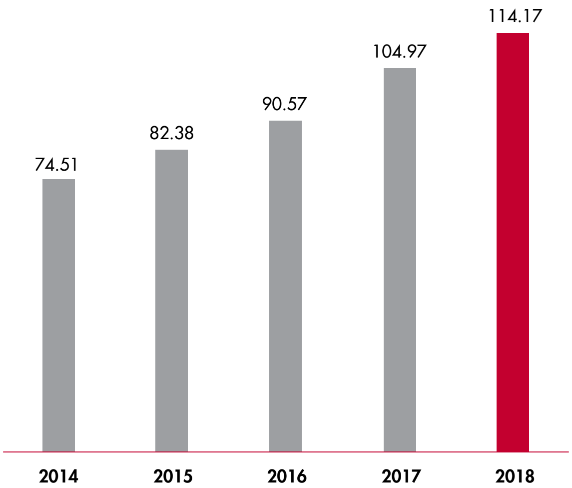
Earnings per share dropped by 3% to KShs 52.72 from KShs 54.26 due to higher tax expense.

Profit Before Tax (KShs Billion)



Profit before tax grew by 5% to KShs 5.41 billion in 2018 attributed to higher insurance underwriting result as well as investment income.

Total Assets (KShs Billion)



Total assets grew by 9% to KShs 114.18 billion mainly as a result of increased funds generated by growth in long-term funds.

Capital and reserves	2018 KShs' 000	2017 KShs' 000
Authorised Capital	450,000	450,000
Issued Capital	362,365	362,365
Paid-up Capital	362,365	362,365
Retained Earnings	21,649,197	20,092,764

Registered Office

Jubilee Insurance House
Wabera Street
P O Box 30376-00100 GPO
Nairobi, Kenya
Telephone: 3281000
Telefax: 3281150
E-mail: jic@jubileekenya.com; Website: www.jubileeinsurance.com

Subsidiaries

The Jubilee Insurance Company of Kenya 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 CPA
PwC Tower
Waiyaki Way/Chiromo Road
Westlands
P. O. Box 43963 -00100
Nairobi

Corporate Lawyers

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

Share Registrar

Jubilee Holdings Limited

Principal Bankers

Diamond Trust Bank Kenya Limited
Barclays Bank of Kenya Limited
Standard Chartered Bank Kenya Limited
Citibank N.A.
Diamond Trust Bank Uganda Limited
Diamond Trust Bank Tanzania Limited
Diamond Trust Bank Burundi Limited
Habib Bank Limited
Barclays Bank

Living free is… a healthy and happy retirement

Jubilee Insurance are proud to offer a range of products and additional wellness benefits specifically crafted for our mature clients. The recently launched J-Senior is a tailor-made medical product complemented by an exciting wellness programme - Maisha FiTi. It also includes free enrolment into the Jubilee Insurance Seniors Club – offering a range of great benefits that promote healthy living and social interaction. And the award-winning Jubilee Insurance Personal Pension Plan is the perfect savings scheme to ensure our clients are secure in their retirement. We want our clients to retire wealthy and healthy with Jubilee Insurance.

NOTICE IS HEREBY GIVEN THAT THE 81ST ANNUAL GENERAL MEETING OF THE SHAREHOLDERS WILL BE HELD AT THE NAIROBI SERENA, KENYATTA AVENUE, ON 25 JUNE 2019 AT 11:00A.M. TO CONDUCT THE FOLLOWING BUSINESS:

1. To consider and, if thought fit, to adopt the audited consolidated financial statements for the year ended 31 December, 2018 together with the reports of the Chairman, Directors and Auditor thereon.

2. To confirm the payment of the interim dividend of KShs 1.00 per share made on 5 October 2018 and approve the payment of a final dividend of KShs. 8.00 per share to be paid on or about 25 July 2019 to Shareholders registered as at 25 June 2019.

3. To re-elect the following Directors:

    a. The following Directors retire by rotation in accordance with Article 86 of the Company's Articles of Association and being eligible, offer themselves for re-election:

        (i) Mr. Juma Kisaame
        (ii) Mr. Shabir Abji
        (iii) Mr. Nizar Juma

    b. Mr. Ashif Kassam retires in accordance with Article 90 of the Company's Articles of Association, (this being his first Annual General Meeting since his appointment) and being eligible, offers himself for re-election.

4. In Accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Board Audit & Compliance Committee be confirmed to continue to serve as members of the said Committee:

    a. Mr. Zul Abdul
    b. Mr. Juma Kisaame
    c. Mr. John Metcalf
    d. Mr. Ashif Kassam

5. To approve the Directors' Remuneration Report for the year ended 31 December 2018 and authorize the Board to set the Directors' remuneration.

6. To note that the independent auditors, PricewaterhouseCoopers, will continue in office in accordance with Sec. 721 and to authorise the Directors to set their remuneration.

By Order of the Board

Margaret Muhuni-Kipchumba
Company Secretary

29 April 2019

Notes:

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company.

2. The proxy form can be downloaded from the Company's website www.jubileeinsurance.com or obtained from the Company Secretary at the registered office of the Company at Jubilee Insurance House, 5th Floor, Wabera Street, Nairobi. To be valid, the proxy form should be returned to the Company by delivery or by post to P.O. Box 30376 - 00100, Nairobi to arrive no later than 48 hours before the meeting.

DEAR SHAREHOLDERS,

I am pleased to present Jubilee Holdings Limited's ("JHL"/"Jubilee") 2018 Annual Report and Financial Statements. During the year, Jubilee maintained its focus on building sustainable underwriting profitability and reinforced initiatives implemented to improve risk selection and pricing as price competition continues to place pressure on underwriting margins across regional markets. This, coupled with further investment in systems and control enhancements, has allowed Jubilee to improve the quality of its insurance portfolio across the region. Despite a difficult year for the insurance sector, I am pleased to state that Jubilee has maintained its position as the largest composite insurer in East Africa for the tenth consecutive year and retained the No.1 position in the short-term business in Kenya, and overall No.1 position in Uganda and in Tanzania. Jubilee has maintained its pre-eminence of the medical insurance sector in East Africa both in terms of turnover and underwriting results.

EAST AFRICA'S ECONOMY

The East African regional economy has demonstrated continued and sustained economic growth, assisted by commodity prices, infrastructure development and the prospect of significant oil production. Kenya's GDP growth is estimated at 6% in the first three quarters of 2018 compared to 4.7% in the corresponding period in 2017. The improved performance is attributed to the recovery in agriculture, construction, electricity, and manufacturing sectors. Headline inflation averaged 4.7% in 2018 compared to 8.0% in 2017; however, despite the drop in the yield curve, private sector credit growth remained muted, growing by a marginal 2.4% in 2018 (5.0% growth in 2017).

On the regional front, Tanzania's GDP is estimated to have grown by 6.7% in the first three quarters of 2018 compared to 6.2% in the corresponding period in 2017. The Bank of Tanzania attributes this to substantial improvement in infrastructure construction, information and communication, manufacturing, and mining sectors. Further, there was recovery in private sector credit growth which stood at 4.9% in December 2018 reflective of accommodative monetary policy and credit risk measures instituted. In Uganda, GDP growth improved in 2018 and is estimated at 5.8%. The rebound was largely driven by growth in information and communication services, agriculture production, construction sector, and strength in the industrial and services sectors. Mauritius is estimated to have grown at 3.9%, and Burundi estimated to have marginal growth of 1.4%.

INSURANCE INDUSTRY

This was a challenging year for the insurance industry as highlighted by the large losses reported by many of our peers. Several external factors, such as the drop in the yield curve and the decline in the stock markets resulted in lower investment income, and a slowdown in real estate and reduced spending on major infrastructure projects negatively impacted the overall growth and performance of the industry. This was compounded by the continued lack of pricing and risk management discipline in the industry, with several peers facing a solvency crisis as their Capital Adequacy Ratios fell well below the legal minimum requirement.

Preliminary data shows that the insurance industry in Kenya grew by only 2% in non-life business and 5% in life business. Uganda recorded much stronger growth of 10% for non-life business and 33% in life business, while Tanzania grew by 4% in non-life business and 15% in life business. Whilst the regional market continues to have great growth potential, particularly Uganda and Tanzania, both of which markets have insurance penetration of less than 1%, the insurance industry continues to face numerous challenges including a highly fragmented distribution system, high levels of risk, unprecedented 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 a 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, and a similar law is expected to be passed in Kenya. Bancassurance, already well established in Kenya, was launched in Uganda in 2018 and is awaiting regulatory approval in Tanzania. This will provide significant growth opportunities for retail products and services.

Minimum capital requirements are expected to increase as Risk Based Capital (RBC) supervision, introduced in Kenya in 2015, is being considered in other jurisdictions in the region. Jubilee is well positioned to meet the requirements of increasingly strict solvency regimes across East Africa, which will be positive for both the industry and the policyholder protection. Whilst the RBC requirements in Kenya were relaxed in 2016 to accommodate weaker companies, the Regulator has indicated a commitment to the development of the risk based framework and reviewing the reserving methodologies to lead to a higher level of stability and consumer protection in the industry. All the Group's insurance subsidiaries across the region are well capitalized and the Kenyan company continues to be fully compliant with the Risk Based Capital framework.

FINANCIAL RESULTS

Reflecting on these external factors, industry conditions and economic environment, JHL delivered excellent results with overall Gross Written Premium, including Deposit Administration contributions, increasing marginally to KShs 34.75 billion, whilst pre-tax profit increased 4% to KShs 5.41 billion (2017 – KShs. 5.16 billion), supported by continued strong contribution from insurance results at KShs. 2.83 billion (2017 – KShs. 2.7 billion).

The Group's total assets increased by 9% from KShs 105 billion to KShs 114 billion. Total shareholders' equity and reserves increased 11% from KShs 23.6 billion to KShs 26.2 billion. On the investment front, the NSE 20 declined by 24% in 2018, resulting in significant 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 includes quoted securities, government bonds, real estate, unquoted securities and projects that generate US dollar returns.

SHORT TERM INSURANCE - MEDICAL

Medical insurance business premiums increased 4% to KShs 9.94 billion (2017 – KShs 9.6 billion). Growth was constrained in the Kenyan company due to intense price competition, which was countered by a focus on service and efficiency which allowed the company to sustain underwriting margins whilst the industry overall continued to make losses. Underwriting results also improved in Uganda and the Tanzania portfolio moved into profit after investments in systems and improvements in risk pricing and claims controls. This, together with a continuation of the initiatives started in 2017 to reduce costs and improve efficiency, resulted in continued strong underwriting profit of KShs 753 million (2017 – KShs 878 million).

In the period under review, Jubilee introduced two innovative offerings, the "Maisha Fiti" and the "JubiAgent". Maisha Fiti is a comprehensive wellness program that encompasses Mums club, Seniors Wellness club and includes a Loyalty program. The program aims at combating the rising lifestyle diseases through encouraging and incentivizing healthy living and disease prevention through adoption of healthy lifestyles. The JubiAgent is a mobile app that allows our agents to transact with the company including requesting payment of commissions within 24 hours of the payment of premiums. Since its launch, JubiAgent has enrolled almost 1,000 agents with 92% as active users.

A major challenge to the affordability of health care in the region is the very high use of costly branded medications where an equally effective generic is available. We continue to educate both medical practitioners and members to substantially increase the use of affordable, high quality and equally effective generic drugs as opposed to branded versions which unnecessarily consumes a very large portion of their medical budget. In many developed countries, generic drugs represent over 80% of the cost of drugs dispensed whereas in Kenya, where the ratio should be considerably higher, the ratio is estimated to be amazingly at best at around 50%.

SHORT TERM INSURANCE - GENERAL

General insurance premiums grew marginally in 2018 to reach KShs 10.8 billion (2017 – 10.7 billion), largely due to intense competition and undercutting of prices in Kenya but also throughout the region. Against this challenging background, Jubilee was able to achieve improved insurance results and can report a 14% increase in underwriting profit at KShs 609 million (2017 – KShs 534 million), with positive contributions from all lines of business. In Marine insurance, cover continues to be obtained outside of Kenya, despite the Government's well-meaning intention to have all marine cover issued locally due to lack of enforcement of the regulations. In addition, fraud continues to be a major cost for this business, particularly in motor, and we continue to develop and implement enhanced procedures to identify and minimize fraud.

LONG TERM INSURANCE - LIFE AND PENSION

Life insurance business Gross Written Premium and Deposit Administration inflows registered a growth of 2% to KShs 14 billion (2017 – KShs 13.7 billion). Jubilee's core Individual Life portfolio grew by 19% as capacity building in distribution networks gained traction, including the launch of bancassurance in Uganda where the sales increased significantly. The Corporate Group Life portfolio went through a re-structuring exercise, and the focus will once again turn to growth in 2019.

DIVIDEND

I am pleased to report that the Jubilee Holdings Board has recommended a cash dividend of 180% for the year 2018 (2017: 180%), on the share capital of KShs 362.4 million. An interim dividend of 20% (KShs 1.00 per share) was paid on 5th October 2018, and the Board is seeking approval for a final cash dividend of KShs 8.00 per share.

Jubilee share price closed 2018 at KShs 405, declining less than the drop on the overall market during the 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

During the year, the Boards of JHL and Jubilee Insurance Kenya approved the split of the Kenya subsidiary into three separate companies specializing in Medical, General and Life businesses respectively. The Insurance Regulatory Authority in Kenya has encouraged the short-term and long-term companies to operate as separate entities to minimize the risk of comingling funds and to protect the long-term policyholder funds. Whilst Jubilee has operated these businesses as separate divisions for several years, we found that the composite splits in 2015 in both Uganda and Tanzania enabled more rapid and focused growth of the Life companies. Two new companies were incorporated in December 2018 for the general business and the health business respectively, and an application was filed with the IRA in early 2019 to transfer these businesses to the new companies with the existing company continuing with the Life business. The intended effective date of the split is 1 January 2019.

CORPORATE SOCIAL RESPONSIBILITY

Jubilee insurance is committed to delivering social, economic, and environmental benefits to all our stakeholders. Towards this end, in 2018, Jubilee continued with 80th Anniversary projects namely 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 27 to 28 of this Annual Report.
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 2018, Jubilee scooped 29 awards in total. Our major awards are listed on page 121 of this Annual Report.

OUTLOOK

Economic prospects for 2019 remain strong with improved visibility in the timing of investments in the oil sector and major infrastructure projects but offset by the growing levels of public debt and the potential drought conditions. Whilst the regional economy is expected to continue to grow at the recent pace of around 5% - 6%, in the medium to long term there remains uncertainty due to growing concerns around the rapid rate of borrowing by the national governments, increasing annual debt service burden, and the crowding out of private sector borrowing resulting in reduced availability of credit to SMEs which is the driving force of economic growth and employment in both the formal and informal sectors, both important growth areas for the insurance industry.

We continue to be optimistic as we focus on our strategic goals to ensure that Jubilee continues to perform strongly in 2019 and generate sustainable and stable returns for our shareholders. We will continue to focus on appropriate risk selection and best management practices so as to balance our entrepreneurial approach to business opportunities whilst protecting profitability. Key strategic initiatives for 2019 include completion of enhanced IT infrastructure and systems, increased presence in the emerging digital economy, deployment of new and more inclusive medical insurance products, holistic operational and process reengineering, product innovation and continued development of agency and bancassurance networks to drive our top line.

BOARD OF DIRECTORS

The Directors who held office in 2018 and to the date of this report are listed on page 15 to 16 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. For the first time in Jubilee's 82 year history, the Directors of all our companies met for a very successful 3 day Board Retreat where we discussed the potential and future of the insurance industry in the region, deliberated on disruption, innovation, convergence of insurance and technology, and digitalization, and agreed on a strategy for the next 5 to 10 years. At the retreat, the Directors renewed their commitment to increasing the affordability and accessibility of insurance to many more people throughout the region to improve their quality of life.

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 you for your continued support and loyalty, which has been instrumental in reinforcing Jubilee's position as the invincible market leader in Kenya and in East Africa.

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 in the 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

30 April 2019

Living free is… being valued

In order to stay ahead of our competition, Jubilee Insurance invests heavily in research and development - gathering market intelligence in order to understand the evolving needs of our valued customers, identifying new markets and creating innovative products. From added-value services such as our popular Maisha Fiti wellness programme to bespoke savings plans for education or traditional weddings, Jubilee Insurance is always are the forefront of product development. Recent niche products added to our portfolio include: Msafiri, Maisha Fiti, J-Inue, Safari Vocha and Kwanjula.

Julius Kipng'etich
REGIONAL CEO

Margaret Kipchumba
COMPANY SECRETARY

Nizar Juma
CHAIRMAN

Zul Abdul

Juma Kisaame

KEY

- Board Audit and Compliance Committee
- Board Finance Committee
- Board Property Committee

Sultan Allana

Ashif Kassam

Lutaf Kassam

John Metcalf

Jane Mwangi

Shabir Abji

Board Nominating and Human Resource Committee

Board IT Committee

Mr. Nizar Juma (75) 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 Life Time Achievement Award in the 2011 Insurance Industry Awards.

Mr. Sultan Ali Allana (59) 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 (65) 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 (59) 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. 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 (55) 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 (56) 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 (60) 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 (67) 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.

Mr. Ashif Kassam (50) Non-Executive & Independent 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 (45) 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
INSURANCE

Living free is… the freedom of expression

At Jubilee Insurance we believe that everyone should have access to economic opportunities, medical care, education and creative disciplines. We are proud of our dedicated CSR Team who, working alongside our local partners, has helped to build a strong future for the communities we serve.

Jubilee Insurance is the founder and sponsor of the The Live Free Painting Project, which nurtures and encourages children to express their creativity through artwork. The project has so far awarded 33 students with full secondary school education scholarships and ongoing career mentorship. In 2018, the students went through training in 'abstract thinking' in art and received exposure to the works of art at the GoDown Art Center in Nairobi.

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. In keeping with the Code, a governance audit for the financial year ended 31 December 2018 was undertaken 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 second 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.

Based on the overall performance of the Company, the Governance Auditor's opinion is that the Board has established, implemented and overseen an effective governance framework structure and the control environment is consistent with the legal and regulatory requirements, internal policies and good governance practices in the interest of shareholders and stakeholders.

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 Board currently comprises of nine (9) Directors all of whom are non-executive. Four (4) 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. The Board, through the Nominating and Human Resources Committee, carries out an annual assessment on each Director's independence status to ensure that the Board maintains a healthy ratio of independent Directors which at the very least should meet the minimum requirement prescribed by the Code - one third. All the independent Directors have served for a tenure less than 9 years. Each Director's profile is given on page 16 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.

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 5th July 2018, Mr. Moez Jamal resigned as a Director due to increased professional commitments and a public announcement was issued. On the same day, the Board upon the recommendation of the Board Nominating and Human Resource Committee (BNHRC) appointed Mr. Ashif Kassam as a non-executive independent Director and issued a public announcement on the same. In accordance with the Articles of Association, Mr. Ashif Kassam retires at the forthcoming Annual General Meeting and being eligible offers himself for re-election by shareholders.

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.

Induction of New Board Members

Newly appointed Directors undergo a comprehensive, formal and tailor made induction programme to ensure their effective contribution on the Board 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 expected 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.

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 is available on the Company's website at **www.jubileeinsurance.com**.

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 four (4) times to monitor business performance against the business plan and budget. In the year under review, the Directors held a strategy retreat which was attended by all Group directors to agree the Group strategy in 2019 going forward as well as the 2019 budgets. The record of attendance at the Board meetings is set out below:

Name	April	May	August	November
Nizar Juma	√	√	√	√
Sultan Allana	A	A	√	√
Lutaf Kassam	√	A	√	√
Juma Kisaame	√	√	√	√
John Metcalf	√	√	√	√
Shabir Abji	A	√	√	√
Jane Mwangi	A	√	√	√
Moez Jamal	√	A	n/a	n/a
Zul Abdul	√	√	√	√

Key:

√ - Present   A - Absent with apologies   n/a - resigned on 5th July 2018

Senior management including the Group Chief Executive Officer, the Group 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. In addition, the Board invites independent professionals to attend meetings and provide advice as may be necessary.

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 an 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. Juma Kisaame, Mr. John Metcalf and Mr. Ashif Kassam. Their profiles are highlighted on page 16.

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 page 16.

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 page 16.

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 page 16.

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 page 16.

REMUNERATION POLICIES

Directors:

The particulars of the Directors' remuneration are given in the Directors' Remuneration Report on page 26.

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 page 91 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.

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.

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 the 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 approval of 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.

The Company is keen to ensure that there are open channels of communication not only with shareholders but all stakeholders including employees, policy holders, insurance intermediaries, service providers and the public in general. Towards this end, the Company has put in place various communication channels including monthly townhall meetings for employees to interact with management and raise any issues that may be of concern or proposals on employee welfare, periodic breakfast meetings with intermediaries on multilateral business support and service issues and most recently the Company has launched a Live Twitter chat that enables the general public to engage with senior management led by the Group CEO on the Company's products, services any related issues.

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 identified senior 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.

Living free is… building and securing your family's future

At Jubilee Insurance we help families plan for their future. Through the Jubilee Insurance Career Life education plan, investing an affordable amount each month will ensure that parents can comfortably cover the costs of their child's education. And our new J-Inue family cover means health insurance is now accessible to low and middle income families without the need for a medical check-up. At Jubilee Insurance we want every family to be safe, secure and to Live Free.

The Directors' Remuneration Report for the year ended 31 December 2018 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 during the year under review was KShs 3,420,000 (2017: KShs 3,745,000 and is shown on page 68 under note 11 (iii).

The fees and sitting allowance paid to the each Director for the year ended 31 December 2018 together with the comparative figures for 2017 are given in the following table.

Year ended 31 December 2018	Directors Fees KShs. 000	Sitting Allowance KShs. 000	Bonuses KShs. 000	Expense allowances KShs. 000	Total KShs. 000
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. Moez Jamal	180,000	40,000	-	-	220,000
Mr. Zul Abdul	540,000	160,000	-	-	700,000
	2,700,000	**720,000**	**-**	**-**	**3,420,000**

* Waived
** Mr. Moez Jamal retired from the Board on 5 July 2018

Year ended 31 December 2017	Directors Fees KShs. 000	Sitting Allowance KShs. 000	Bonuses KShs. 000	Expense allowances KShs. 000	Total KShs. 000
Mr. Nizar Juma*	-	-	-	-	-
Mr. Sultan Allana*	-	-	-	-	-
Mr. Lutaf Kassam **	540,000	120,000	-	-	660,000
Mr. Juma Kisaame	540,000	140,000	-	-	680,000
Mr. John Metcalf*	-	-	-	-	-
Mr. Shabir Abji	540,000	180,000	-	-	720,000
Mrs. Jane Mwangi	360,000	120,000	-	-	480,000
Mr. Moez Jamal	360,000	160,000	-	-	520,000
Mr. Zul Abdul	585,000	100,000	-	-	685,000
	2,925,000	**820,000**	**-**	**-**	**3,745,000**

* Waived
*** Fees paid to his employer

By Order of the Board

Jane Mwangi
Chairperson of the BNHR

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 Corporate Social Responsibilities (CSR) with the Sustainable Development Goals (SDGs) that pledge to Leave No-one Behind and community transformation through the mantra the "Society We Want".

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

ENVIRONMENTAL PERFORMANCE

ANNUAL ENERGY CONSUMPTION OF JUBILEE CENTRE DECLINED BY 5%

784,163kWh

A TREE PLANTING EXERCISE IN PARTNERSHIP WITH THE KENYA ORGANISATION OF ENVIROMENTAL EDUCATION (KOEE)

500 TREE SEEDLINGS WITH ANOTHER **2,000** SEEDLINGS DISTRIBUTED AMONG THE **19** PARTICIPATING SCHOOLS

ECONOMIC DEVELOPMENT

YOUTH EMPLOYMENT **76%** BELOW **40 YEARS**

TOTAL STAFF COUNT **1,151**

50.3% ARE WOMEN

CUTTING EDGE INNOVATIONS

JubiCare App users increased **164% in 2018**

**Dial*643#** to get Msafiri Policy, Enroll Jubilee Mum's Club and access the JubiCare App

967 Agents enrolled on the Commission on Demand in 2018

OVER **6,700** INTERMEDIARIES: AGENTS, SUPPLIERS, LAWYERS, DOCTORS, GARAGES, ASSESSORS, SURVEYORS

NUMBER OF LIVES INSURED ARE OVER **1.9Million**

68% BEING LONG TERM CLIENTS

SOCIAL RESPONSIBILITY

Jubilee Insurance remains a proactive and a responsible corporate citizen committed to improving the lives of our local communities and participates in several CSR initiatives guided by our pillars.

EDUCATION

LIVE FREE PAINTING COMPETITION

The Live Free Painting project nurtures and encourages children to express their creativity through artwork. So far it has awarded 33 students with full Secondary school education scholarship and who continue to receive mentorship. In addition to the above, 7 public schools in Tanzania had been renovated under the School Renovation project.

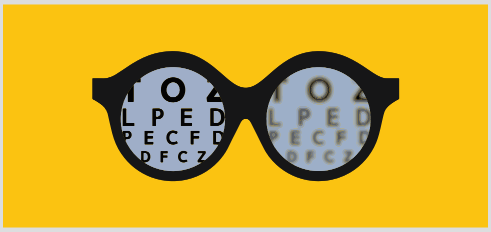
HEALTH

CANCER AWARENESS AND SUPPORT

During the Cancer Awareness month, Jubilee staff in Kenya and Uganda engaged in the Cancer awareness campaign to carry out sensitization, screening, provide support and educate the victims/survivors.

BEYOND ZERO CAMPAIGN

Jubilee Insurance through the "Maisha Fiti" wellness program donated Ksh. 3M for mobilization of medical resources and provision of GPA covers for the over 27,000 participants, officials and volunteers during the Marathon. The initiative is in line with our core business agenda to increase access to and uptake of health insurance.



EAR CAMPS - "BREAKING THE SILENCE"

In collaboration with Operation Ear drop, we facilitated ear surgery camps in Nanyuki, Machakos, Kisumu and Nairobi counties. A total of 122 beneficiaries have undergone ear surgery since 2017.

EYE PROJECT - "FREEDOM TO FOCUS"

In partnership with Kenya Society for the Blind, the Eye project has since its inception in 2017 provided eye treatment to more than 1,500 beneficiaries and provided spectacles to more than 250 public primary pupils.

SOCIAL ACTION

MAASAI WILDERNESS CONSERVATION TRUST (MWCT)

Over the next 5 year KShs. 15 million has been committed to the Maasai Wilderness Conservation Trust in Kajiado to support their efforts in conservation of Tsavo West, offering university bursaries to bright needy students from the community, and providing health services to the community.

KIDS OF AFRICA MARATHON UGANDA

Our Uganda Team joined the Kids of Africa, in a fun run by sponsoring the marathon to a tune of Ugsh. 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.

Directors' interest in the shares of the company as at 31 December 2018

Name	Number of shares held	% Shareholding
Mr Nizar Juma	9,446	0.01%

Distribution of Shareholders as at 31 December 2018

Number of shares	Number of shareholders	Number of shares held	% Shareholding
Less than 500 shares	1,842	265,842	0.37%
500 - 5,000 shares	3,172	6,428,287	8.87%
5,001 - 10,000 shares	742	5,120,517	7.07%
10,001 - 100,000 shares	560	14,021,059	19.35%
100,001 - 1,000,000 shares	36	7,501,340	10.35%
Over 1,000,000 shares	5	39,135,905	54.00%
Total	**6,357**	**72,472,950**	**100.00%**

List of 10 largest shareholders as at 31 December 2018

	Names	Number of shares held	% Shareholding
1	Aga Khan Fund for Economic Development	27,528,739	37.98%
2	Pyrus Investments Limited	7,483,980	10.33%
3	Freight Forwarders Limited	1,513,409	2.09%
4	United Housing Estates Limited	1,314,947	1.81%
5	Adam's Brown and Company Limited	1,294,830	1.79%
6	Standard Chartered Kenya Nominees Limited A/c KE18972	904,754	1.25%
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	Gulzar Shamshudeen Somji	250,151	0.35%
	TOTAL	**41,713,617**	**57.56%**

Living free is… finding time for you

At Jubilee Insurance we understand that our customers' needs continuously evolve. We have therefore invested heavily in technology to ensure our clients can now manage their policies wherever they are using state-of-the-art mobile apps and shortcode services. This includes the ability to locate health providers and book appointments, replace lost medical cards, view policy coverage and utilization and request pre-authorization. By spending less time on paperwork, you have more time for you.

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2018 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.

DIRECTORATE

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

Nizar N Juma (Chairman)
Sultan A Allana *
Juma Kisaame***
Lutaf R Kassam
John J Metcalf ****
Shabir Abji**
Jane S Mwangi
Moez Jamal **** (resigned 5th July 2018)
Zul Abdul
Ashif Kassam (appointed 28th March 2019)

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

PRINCIPAL ACTIVITIES

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

DIVIDEND

An interim dividend of KShs 1.00 per share amounting to KShs 72.473 million (2017: KShs 72.473 million) was paid on 5 October 2018. The Directors recommend a final dividend of KShs 8.00 per share amounting to KShs 579.784 million (2017: KShs 579.784 million. The total dividend for the year represents 180% of the issued share capital as at 31 December 2018 (2017: 180%).

BUSINESS REVIEW

The following is the summary of the results for the year ended 31 December 2018

	2018	2017
Profit analysis	**KShs'000**	**KShs'000**
Group profit before income tax	5,410,008	5,160,970
Income tax expense	(1,233,057)	(930,660)
Group profit after income tax	**4,176,951**	**4,230,310**
Non-controlling interest	(370,501)	(298,168)
Profit attributable to equityholders of the company	**3,806,450**	**3,932,142**

Additional details of the business overview are captured in the Chairman's Statement on pages 9 to 11.

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.

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.

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 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

30 April 2019

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 30 April 2019 and signed on its behalf by:

Nizar Juma
Chairman

Zul Abdul
Director

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 40 to 120, which comprise the consolidated statement of financial position at 31 December 2018 and the consolidated statement of profit or loss, consolidated statement of 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 2018, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Jubilee Holdings Limited at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	***How our audit addressed the matter***
Valuation of insurance contract liabilities Valuation of policyholder liabilities as disclosed in note 26 to the financial statements is made up of outstanding claims, incurred but not reported ("IBNR") in the short term business and policy holder liabilities under the long-term business. Significant reserving assumptions as disclosed in Notes 3 and 26 of are made in the determination of the liabilities. In the short-term business, for outstanding claims not settled at the reporting date, the liability is estimated using the best available information from loss event and insured value. The IBNR provision is determined annually by the Group's consulting actuaries who provide an estimate for the valuation based on analysis of historical claims development factors with the assumption that future claims development will follow a similar pattern to past claims development experience.	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists; • Assessing the competency, capabilities and objectivity of the Group's Statutory Actuary and verifying their qualifications. • Evaluating and testing the controls around the claim reserving and settlement. • Evaluating the controls performed by management to ensure the accuracy and completeness of the policyholder data. • 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 to back information contained in the administration and accounting systems.

PricewaterhouseCoopers CPA. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 - 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: A Eriksson E Kerich B Kimacia K Muchiru M Mugasa A Murage F Muriu P Ngahu R Njoroge S N Ochieng' B Okundi K Saiti

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Key audit matters (continued)

Key audit matter	***How our audit addressed the matter***
Valuation of insurance contract liabilities (continued) In the case of the long-term business, the Group's valuation of liabilities involves the selection of appropriate assumptions to valuation of the liability key assumptions include mortality, morbidity, lapses and interest rates. 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.	• On a sample basis, tracing the policyholder information used in the valuation model back to information contained in the administration and accounting systems. • Evaluating the ongoing validity of the assumptions by performing an actual versus expected analysis on prior year's reserves. • 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 • Checking that the policyholder liabilities reported in the financial statements were consistent with the results of the independent actuarial valuation.

Other information

The other information comprises the Annual Report which we obtained prior to the date of the date of this auditor's report 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 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.

Responsibility of the director 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.

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Auditors' responsibility for the audit of the financial statements (continued)

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 Groups's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Report of the directors

In our opinion the information given in the directors' report on pages 32 to 33 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 26 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

Certified Public Accountants
Nairobi _________________ **2019**

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

Living free is… feeling great

Customers today want an efficient one-stop-shop for their insurance needs, to be rewarded for their loyalty and to enjoy added-value services. Jubilee Insurance's continued success and growth will be inspired by a holistic approach to business development. The new business and efficiencies enjoyed by the company through this strategy can then be passed on to our loyal clients through lower premiums and innovative benefits such free enrolment into our Maisha Fiti wellness programme, which includes both a Mums' Club and Senior's Club.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
Gross Written Premium		**26,898,470**	**26,940,991**
Gross earned premium revenue	6	26,706,654	28,328,848
Reinsurance ceded	6	(9,385,170)	(9,134,984)
Net insurance premium revenue		**17,321,484**	**19,193,864**
Investment and other income	7	8,720,734	7,575,360
Net fair value (loss)/gain on financial assets at fair value through profit or loss	8	(374,945)	2,700,471
Commission income	9	2,344,571	1,803,453
Total income less reinsurance		**28,011,844**	**31,273,148**
Claims and policy holders benefits expense	10	(20,693,302)	(25,127,276)
Claims recoverable from re-insurers	10	4,763,392	5,473,380
Net insurance benefits and claims		**(15,929,910)**	**(19,653,896)**
Operating and other expenses	11 (i)	(4,682,646)	(4,240,091)
Commission expense	9	(3,328,793)	(3,400,893)
Total expenses and commissions		**(8,011,439)**	**(7,640,984)**
Result of operating activities		**4,070,495**	**3,978,268**
Share of associates profit	15 (i)	1,339,513	1,182,702
Group profit before income tax		**5,410,008**	**5,160,970**
Income tax expense	16 (i)	(1,233,057)	(930,660)
Profit for the year		**4,176,951**	**4,230,310**
Attributable to:			
Equityholders of the company		3,806,450	3,932,142
Non-controlling interest	15 (iii)	370,501	298,168
Total		**4,176,951**	**4,230,310**
Earnings Per Share (KShs)			
Basic and diluted	12	52.52	54.26

The notes on pages 48 to 119 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
Profit for the year		**4,176,951**	**4,230,310**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value (loss)/gain on financial assets	8(ii)	(344,374)	292,898
Deferred tax on other comprehensive income	16	76,425	(87,589)
Loss on valuation of Retirement Benefits		(34)	186
Items that are or/may be reclassified subsequently to profit or loss			
Net translation loss	31 (c) & 15 (iii)	(493,426)	(468)
Associate share of other comprehensive income	15 (i)	195,071	47,219
Total other comprehensive income, net of tax		**(566,338)**	**252,246**
Total comprehensive income for the year		**3,610,613**	**4,482,556**
Attributable to:			
Equityholders of the Company		3,336,160	4,172,850
Non-controlling interest	15 (iii)	274,453	309,706
Total comprehensive income for the year		**3,610,613**	**4,482,556**

The notes on pages 48 to 119 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
Income			
Investment and other income	7	1,280,871	916,600
Total income		**1,280,871**	**916,600**
Expenses			
Operating and other expenses	11 (i)	(47,309)	1,255
Total expenses		**(47,309)**	**1,255**
Finance costs		72	(2,849)
Profit before income tax		**1,233,634**	**915,006**
Income tax expense	16 (i)	(14,075)	(3,687)
Profit for the year		**1,219,559**	**911,319**

The notes on pages 48 to 119 are an integral part of these financial statements.

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
Profit for the year		**1,219,559**	**911,319**
Items that may be reclassified to profit or loss			
Net fair value gains on financial assets at fair value through other comprehensive income	8(ii)	6,805	35,014
Deferred tax on other comprehensive income	16 (iii)	(1,753)	(10,504)
Total other comprehensive income, net of tax		**5,052**	**24,510**
Total comprehensive income for the year		**1,224,611**	**935,829**

The notes on pages 48 to 119 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
ASSETS			
Property and equipment	13 (i)	318,021	281,187
Intangible assets	13 (ii)	148,560	158,341
Investment properties	14	6,394,015	6,270,940
Investment in associates	15 (i)	9,995,813	9,579,327
Deferred tax asset	16 (iii)	218,099	191,273
Unquoted equity investments at fair value through profit or loss	17	4,344,211	3,157,632
Unquoted equity investments at fair value through other comprehensive income	17	194,613	200,371
Government securities at armortised cost	18	44,975,816	47,195,222
Government securities at fair value through profit or loss	18	10,264,809	-
Commercial bonds at amortised cost	19 (i)	802,939	904,007
Commercial bonds at fair value through profit or loss	19 (ii)	38,460	-
Mortgage loans	20 (i)	66,101	109,098
Loans on life insurance policies	20 (ii)	931,713	788,958
Quoted equity investments at fair value through profit or loss	21	4,945,579	6,853,603
Quoted equity investments at fair value through other comprehensive income	21	1,617,728	1,276,692
Receivables arising out of direct insurance arrangements	22	4,052,902	4,204,795
Receivables arising out of reinsurance arrangements	22	3,193,166	3,071,800
Reinsurers' share of insurance contract liabilities	23 (i)	6,004,434	7,250,563
Deferred acquisition costs	23 (ii)	186,290	147,132
Other receivables	24	1,396,233	1,080,642
Current income tax asset	16 (ii)	174,269	142,478
Deposits with financial institutions	25 (i)	11,315,417	10,585,597
Cash and bank balances	25 (ii)	2,588,451	1,517,872
Total assets		**114,167,639**	**104,967,530**
LIABILITIES			
Deferred tax liability	16 (iii)	89,841	199,550
Insurance contract liabilities	26	25,539,077	24,983,504
Payable under deposit administration contracts	27	47,739,002	42,214,336
Unearned premium revenue	28	7,625,596	7,571,212
Dividends payable	33 (ii)	431,293	369,176
Other payables	29	2,539,644	1,995,468
Current income tax liability	16 (ii)	104,455	70,983
Creditors arising out of direct insurance arrangements		201,501	325,730
Creditors arising out of reinsurance arrangements		1,825,863	2,006,921
Total liabilities		**86,096,272**	**79,736,880**
EQUITY			
Share capital	30	362,365	362,365
Reserves	31	4,172,826	3,096,997
Retained earnings	32	21,649,197	20,092,764
Equity attributable to owners of the company		**26,184,388**	**23,552,126**
Non-controlling interest	15 (iii)	1,886,979	1,678,524
Total equity		**28,071,367**	**25,230,650**
Total liabilities and equity		**114,167,639**	**104,967,530**

The financial statements on pages 40 to 120 were approved by the Board of Directors on 29 April 2019 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 48 to 119 are an integral part of these financial statements.

	Note	2018 KShs '000	2017 KShs '000
ASSETS			
Property and equipment	13 (i)	13,731	17,281
Investment in associates	15 (i)	838,251	838,251
Investment in subsidiaries	15 (ii)	1,874,573	1,874,573
Unquoted equity investments at fair value through other comprehensive income	17	69,299	65,630
Quoted equity investments at fair value through other comprehensive income	21	23,405	20,270
Current income tax asset	16 (ii)	-	7,661
Due from related parties	35	97,184	105,587
Other receivables	24	134,517	109,916
Deposits with financial institutions	25 (i)	919,427	250,098
Cash and bank balances	25 (i)	89,292	22,898
Total assets		**4,059,679**	**3,312,165**
LIABILITIES			
Deferred tax liability	16 (iii)	7,617	6,034
Current income tax liability	16 (ii)	616	-
Due to related parties	35	267,335	158,805
Dividends payable	33 (ii)	431,294	369,176
Other payables	29	21,806	12,985
Borrowings from related parties	35	623,807	630,315
Total liabilities		**1,352,475**	**1,177,315**
EQUITY			
Share capital	30	362,365	362,365
Reserves	31	106,409	101,357
Retained earnings	32	2,238,430	1,671,128
Total equity		**2,707,204**	**2,134,850**
Total liabilities and equity		**4,059,679**	**3,312,165**

The financial statements on pages 40 to 120 were approved by the Board of Directors on 29 April 2019 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 48 to 119 are an integral part of these financial statement

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

	Note	Share Capital KShs '000	Reserves: Fair Value Reserves KShs '000	Reserves: General Reserves KShs '000	Reserves: Translation Reserves KShs '000	Reserves: Contingency Reserves KShs '000	Reserves: Statutory Reserve KShs '000	Retained Earnings KShs '000	Equity Attributable to Owners KShs '000	Non-Controlling Interest KShs '000	Total Equity KShs '000
Year ended 31 December 2017											
At start of year		329,423	104,458	70,000	(554,086)	964,042	2,185,073	16,846,972	19,945,882	1,475,787	21,421,669
Profit for the year		-	-	-	-	-	-	3,932,142	3,932,142	298,168	4,230,310
Other comprehensive income											
Net translation loss	31 (c) & 15 (iii)	-	-	-	7,266	-	-	-	**7,266**	(7,734)	**(468)**
Other comprehensive income	31 (e)	-	233,293	-	-	-	-	149	**233,442**	19,272	**252,714**
Total comprehensive income for the year		-	233,293	-	7,266	-	-	3,932,291	4,172,850	309,706	4,482,556
Transfers											
Transfer to contingency reserves	31 (d)	-	-	-	-	86,951	-	(86,951)	-	-	-
Total transfers		-	-	-	-	86,951	-	(86,951)	-	-	-
Transactions with owners:											
Bonus issue		32,942	-	-	-	-	-	(32,942)	-	-	-
Dividends: Final for 2016 paid	33 (ii)	-	-	-	-	-	-	(494,133)	**(494,133)**	-	**(494,133)**
Paid to Non Controlling Interest	15 (iii)	-	-	-	-	-	-		-	(106,969)	**(106,969)**
Interim for 2017 paid	33 (i)							(72,473)	**(72,473)**		**(72,473)**
Total transactions with owners		32,942	-	-	-	-	-	(599,548)	(566,606)	(106,969)	(673,575)
At end of year		362,365	337,751	70,000	(546,820)	1,050,993	2,185,073	20,092,764	23,552,126	1,678,524	25,230,650
Year ended 31 December 2018											
At start of year		362,365	337,751	70,000	(546,820)	1,050,993	2,185,073	20,092,764	23,552,126	1,678,524	25,230,650
IFRS 9 initial adoption		-	-	-	-	-	35,765	(87,406)	(51,641)	-	(51,641)
Profit for the year		-	-	-	-	-	-	3,806,450	3,806,450	370,501	4,176,951
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)	-	-	3,826,019	3,336,160	274,453	3,610,613
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	31 (e)	-	-	-	-	-	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)**
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	3,598,306	21,649,197	26,184,388	1,886,979	28,071,367

The notes on pages 48 to 119 are an integral part of these financial statements.

			Reserves			
		Share Capital	Fair Value Reserves	General Reserves	Retained Earnings	Total Equity
		KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Year ended 31 December 2017	**Note**					
At start of year		329,423	6,847	70,000	1,359,357	**1,765,627**
Profit for the year		**-**	**-**	**-**	**911,319**	**911,319**
Other comprehensive Income	31 (i)	-	24,510	-	-	**24,510**
Total comprehensive income for the year		**-**	**24,510**	**-**	**911,319**	**935,829**
Transactions with owners:						
Bonus issue		32,942	-	-	(32,942)	**-**
Dividends: Final for 2016 paid	33 (ii)	-	-	-	(494,133)	**(494,133)**
Interim for 2017 paid	33 (i) & (ii)	-	-	-	(72,473)	**(72,473)**
Total transactions with owners		32,942	-	-	(599,548)	**(566,606)**
At end of year		**362,365**	**31,357**	**70,000**	**1,671,128**	**2,134,850**
Year ended 31 December 2018						
At start of year		**362,365**	**31,357**	**70,000**	**1,671,128**	**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)**
Total transactions with owners		**-**	**-**	**-**	**(652,257)**	**(652,257)**
At end of year		**362,365**	**36,409**	**70,000**	**2,238,430**	**2,707,204**

The notes on pages 48 to 119 are an integral part of these financial statement.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 KShs '000	2017 KShs '000
Cash flow from operating activities			
Cash generated from operations	25 (iii)	3,315,610	5,056,388
Income tax paid	16 (ii)	(1,305,646)	(1,041,320)
Net cash inflow from operating activities		**2,009,964**	**4,015,068**
Cash flow from investing activities			
Rent, interest and dividend received		8,069,615	6,884,867
Dividends received from associates		421,805	338,091
Proceeds from sale of quoted shares		178,545	113,438
Proceeds from disposal of property and equipment		151	412
Proceeds from part redemptions of shares in associate		581,211	580,554
Purchase of property and equipment and intangible assets	13	(200,632)	(203,956)
Net additions of investment properties	14	(19,546)	(28,341)
Purchase of quoted equity investments	21	(182,973)	(106,810)
Purchase of unquoted equity investments	17	(305,790)	-
Mortgage loans advanced		(26,672)	(83,175)
Mortgage loans repaid		68,540	52,731
Loans on life insurance policies advanced		(231,139)	(218,670)
Loans on life insurance policies repaid		86,169	146,003
Net purchase of government securities	18	(7,401,200)	(4,980,609)
Net proceeds of commercial bonds	19	60,389	519,671
Net cash inflow/(outflow) from investing activities		**1,098,473**	**3,014,206**
Cash flow from financing activities			
Dividends paid		(652,257)	(566,606)
Net cash outflow from financing activities		**(652,257)**	**(566,606)**
Increase in cash and cash equivalents		2,456,180	6,462,668
Cash and cash equivalents at start of year		14,796,784	8,326,849
Exchange (loss)/gain on translation of cash and cash equivalents		(64,995)	7,267
Cash and cash equivalents at end of year		**17,187,969**	**14,796,784**

The notes on pages 48 to 119 are an integral part of these financial statements.

	Note	2018 KShs '000	2017 KShs '000
Cash flow from operating activities			
Profit before income tax		1,233,634	915,006
Adjustments for: -			
Depreciation	13 (i)	3,620	6,146
Write off of unquoted shares	17	-	128
Investment income	7	(1,280,943)	(916,600)
Operating loss before changes to receivables and payables		**(43,689)**	**4,680**
Change in receivables		(16,197)	(75,845)
Change in payables		172,960	(1,618)
Cash generated from operations		**113,074**	**(72,783)**
Income tax paid	16	(5,968)	(1,585)
Net cash outflow/(inflow) from operating activities		**107,106**	**(74,368)**
Cash flow from investing activities			
Rent, interest and dividend received	7 (i)	1,108,401	13,450
Dividends received from associates	7 (i)	172,470	108,705
Dividends received from subsidary	7 (i)	-	798,100
Purchase of property and equipment and intangible assets	13 (i)	(70)	(597)
Purchase of quoted equity investments	21	-	(11,541)
Additional investment in subsidiary	15 (ii)	-	(23,683)
Net cash inflow from investing activities		**1,280,801**	**884,434**
Cash flow from financing activities			
Dividends paid		(652,256)	(566,606)
Net cash outflow from financing activities		**(652,256)**	**(566,606)**
Increase in cash and cash equivalents		735,651	243,460
Cash and cash equivalents at start of year		272,996	33,189
Exchange gain/(loss) on translation of cash and cash equivalents	7 (i)	72	(3,653)
Cash and cash equivalents at end of year		**1,008,719**	**272,996**

The notes on pages 48 to 119 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 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 1,209 (2017: 1,017) people through its subsidiaries.

The insurance business of the Group is organized into two main divisions, short-term (general) 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 and the administration of pension funds. Short-term business relates to underwriting of property, health and liability insurance business.

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 interchangeably 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 38. 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 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.

(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. 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.

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

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 in Note 17.

d) Receivables

Critical estimates are made in determining the recoverable amount of impaired receivables. The process is set out in Note 38.10. The carrying amount of the receivables are shown on Note 4 (c).

e) 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.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

This section summarises the way the Group manages key risks:

(i) Insurance risk

The Group uses underwriting guidelines and standards to carefully select risks and maximize underwriting returns. 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. 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. With assistance from the Group's actuarial experts, pricing of insurance contracts is regularly reviewed in line with experience.

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.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(i) Insurance risk (continued)

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

Insurance Risk — **GROUP**

Year ended 31 December 2018 — **Maximum insured loss**

Class of business

Short-term business		**KShs 0 m - KShs 15m KShs'000**	**KShs 15m - KShs 250m KShs'000**	**KShs 250m - KShs 1000m KShs'000**	**KShs 1000m + KShs'000**	**Total KShs'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**

Year ended 31 December 2017 — **Maximum insured loss**

Class of business

Short-term business		**KShs 0 m - KShs 15m KShs'000**	**KShs 15m - KShs 250m KShs'000**	**KShs 250m - KShs 1000m KShs'000**	**KShs 1000m + KShs'000**	**Total KShs'000**
Motor	Gross	66,949,365	11,409,947	2,454,553	878,395	**81,692,260**
	Net	36,714,015	10,499,199	1,919,796	6,015	**49,139,025**
Fire	Gross	24,489,849	107,377,330	100,477,110	319,973,471	**552,317,760**
	Net	14,270,286	98,707,603	93,918,378	184,462,539	**391,358,806**
Personal accident	Gross	2,942,644	47,266,130	9,792,976	421,822	**60,423,572**
	Net	2,209,775	42,481,769	9,724,714	39,011	**54,455,269**
Medical	Gross	29,213,302	160,713,719	57,939,804	117,985,923	**365,852,748**
	Net	19,179,127	83,089,712	49,776,535	63,539,553	**215,584,927**
Other	Gross	70,227,395	259,551,292	111,365,676	786,908,087	**1,228,052,450**
	Net	39,424,273	146,084,670	61,103,209	198,488,745	**445,100,897**
Long-term business						
Ordinary life	Gross	27,611,250	3,584,443	40,120	-	**31,235,813**
	Net	26,702,685	3,192,949	(441)	-	**29,895,193**
Group life	Gross	1,740,534,690	1,088,530,292	55,660,712	11,390,704	**2,896,116,398**
	Net	919,286,187	344,030,985	24,040,666	7,053,888	**1,294,411,726**
Annuity	Gross	6,136,108	2,512,028	-	-	**8,648,136**
	Net	6,136,108	2,512,028	-	-	**8,648,136**
Total	**Gross**	**1,968,104,603**	**1,680,945,181**	**337,730,951**	**1,237,558,402**	**5,224,339,137**
	Net	**1,063,922,456**	**730,598,915**	**240,482,857**	**453,589,751**	**2,488,593,979**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), 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 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. 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 as hedging instruments. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

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

Exchange Risk		**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
	US Dollar	**Shillings**	**Shillings**	**Rupees**	**Francs**	
As at 31 December 2018:	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
ASSETS						
Receivables arising out of reinsurance arrangements	-	28,809	853,408	300,053	87,697	1,269,967
Deferred acquisition costs	-	9,114	38,177	15,906	(2,096)	61,101
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**	**41,382**	**1,958,863**	**494,961**	**894,381**	**3,391,674**
LIABILITIES						
Provision for unearned premium	-	39,022	1,366,316	1,206	180,618	1,587,162
Insurance contract liabilities	-	30,112	1,361,038	2,546	125,332	1,519,028
Deferred acquisition costs	-	-	(67,224)	76,417	184,622	193,815
Creditors arising out of reinsurance arrangements	-	-	-	-	-	-
Total liabilities	**-**	**69,134**	**2,660,130**	**80,169**	**490,572**	**3,300,005**
Net position	**2,087**	**(27,752)**	**(701,267)**	**414,792**	**403,809**	**91,669**

		Uganda	**Tanzania**	**Mauritius**	**Burundi**	**Total**
	US Dollar	**Shillings**	**Shillings**	**Rupees**	**Francs**	
As at 31 December 2017:	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
ASSETS						
Receivables arising out of reinsurance arrangements	-	-	403,988	245,969	64,844	714,801
Deferred acquisition costs	-	-	39,733	59,621	-	99,354
Deposit with financial institutions	392,436	-	936,808	72,160	599,388	2,000,792
Cash and bank balances	-	4,707	54,884	148,445	82,807	290,843
Total assets	**392,436**	**4,707**	**1,435,413**	**526,195**	**747,039**	**3,105,790**
LIABILITIES						
Provision for unearned premium	-	18,274	1,422,004	430,083	175,938	2,046,299
Insurance contract liabilities	-	32,717	1,328,026	203,815	163,063	1,727,621
Deferred acquisition costs	-	5,710	-	-	2,162	7,872
Creditors arising out of reinsurance arrangements	-	-	(173,528)	91,044	205,733	123,249
Total liabilities	**-**	**345,013**	**170,444**	**34,918**	**195,089**	**3,905,041**
Net position	**392,436**	**(340,306)**	**1,264,969**	**491,277**	**551,950**	**(799,251)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(a) Market Risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2018, 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 KShs 209 thousand (2017: KShs 39 million) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

Company

Exchange Risk As at 31 December 2018:	US Dollar KShs'000	Uganda Shillings KShs'000	Tanzania Shillings KShs'000	Mauritius Rupees KShs'000	Burundi Francs KShs'000	Total KShs'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)**

As at 31 December 2017:	US Dollar KShs'000	Uganda Shillings KShs'000	Tanzania Shillings KShs'000	Mauritius Rupees KShs'000	Burundi Francs KShs'000	Total KShs'000
ASSETS						
Due from related parties	-	-		860	75,520	76,380
Deposit with financial institutions	2,395	-	-	-	-	2,395
Cash and bank balances	-	4,707	-	1	-	4,708
Total assets	**2,395**	**4,707**	**-**	**861**	**75,520**	**83,483**
LIABILITIES						
Due to related parties	-	768,231	20,889	-	-	789,120
Total liabilities	**-**	**768,231**	**20,889**	**-**	**-**	**789,120**
Net position	**2,395**	**(763,524)**	**(20,889)**	**861**	**75,520**	**(705,637)**

At 31 December 2018, 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 KShs 21 thousand (2017: KShs 23 thousand) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

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

Exchange Risk As at 31 December 2018:	US Dollar KShs'000	Uganda Shillings KShs'000	Tanzania Shillings KShs'000	Mauritius Rupees KShs'000	Burundi Francs KShs'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 gross foreign currency exposure	**4,934,426**	**6,658,002**	**670,512**	**219,122**	**244,621**
Exchange Rates					
Closing rate at 31 December 2017	101.846	36.460	22.583	2.975	17.602
Average rate during the year 2017	101.299	36.800	22.476	2.979	17.467

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(iii) Financial risk (continued)

(a) Market Risk (continued)

(i) Foreign exchange risk (continued)

Exchange Risk As at 31 December 2017:	US Dollar KShs'000	Uganda Shillings KShs'000	Tanzania Shillings KShs'000	Mauritius Rupees KShs'000	Burundi Francs KShs'000
Subsidaries					
Jubilee Uganda	-	6,682,652	-	-	-
Jubilee Tanzania	-	-	1,184,517	-	-
Jubilee Mauritius	-	-	-	281,627	-
Jubilee Burundi	-	-	-	-	271,537
Associates	-	-	-	-	-
Bujagali Holdings Power Company Limited	2,264,303	-	-	-	-
IPS Cable Systems Limited	2,519,322	-	-	-	-
IPS Power Investment Limited	98,435	-	-	-	-
Group gross foreign currency exposure	4,882,060	6,682,652	1,184,517	281,627	271,537
Non-controlling interest foreign currency exposure	-	(973,737)	(571,086)	(56,325)	(77,374)
Net gross foreign currency exposure	**4,882,060**	**5,708,915**	**613,431**	**225,302**	**194,163**
Exchange Rates					
Closing rate at 31 December 2016	103.232	35.212	21.699	3.076	17.099
Average rate during the year 2016	103.379	35.243	21.473	2.900	16.714

(ii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted 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	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Corporate bonds at fair value through profit or loss	38,460	-	-	-
Quoted equity investments at fair value through other comprehensive income	4,945,579	6,853,603	-	-
Quoted equity investments at fair value through profit or loss	1,617,728	1,276,692	23,405	20,270
Total exposure	**6,601,767**	**8,130,295**	**23,405**	**20,270**

Group

At 31 December 2018, if the NSE, USE and DSE, indices had increased/decreased by 10% (2017:10%) 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 KShs 835 million (2017 KShs 89 million) higher/lower, while post-tax other comprehensive income would have been KShs 346 million (2017: KShs. 479 million).

Company

At 31 December 2018 the Company did not hold any shares in the Nairobi Securities Exchange. All quoted shares held by the Company are traded on the 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 equity movement would not have been significant.

(b) Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the Group to fair value interest rate risk. Variable interest rate financial instruments expose the Group to cash flow interest rate risk.

The Group's fixed interest rate financial instruments are government securities, deposits with financial institutions and corporate bonds.

The Group's variable interest rate financial instruments are call deposits, as the rates may fluctuate based on changes in the market interest rates.

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 cash flow and fair value interest risk at the end of the year:

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Corporate bonds at amortised cost	802,939	904,007	-	-
Corporate bonds at fair value through profit or loss	38,460	-	-	-
Government securities at amortised cost	44,975,816	47,195,222	-	-
Government securities fair value through profit or loss	10,264,809	-	-	-
Deposits with financial institutions	11,315,417	10,585,597	919,427	250,098
Total exposure	**67,397,441**	**58,684,826**	**942,832**	**270,368**

At 31 December 2018, if the interest rates applicable to the above mentioned financial instruments had increased/decreased by 10% (2017:10%) 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;
- reinsurers' share of insurance liabilities;
- corporate bonds;
- deposits with banks;
- government securities; and
- mortgage receivables.

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 utilization of the credit limits and the credit period is monitored by management on a monthly basis.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

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 Group 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 Group risk department.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(c) Credit risk (continued)

The credit quality of financial assets with the exception of receivables from direct insurance 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.

Local regulations of Kenya, Uganda and Tanzania require require a minimum investment in the local government securities. As per S&P rating the Government of Kenya and the Government of Uganda which has B+ and B respectively. These ratings are considered when investing in Government securities over and above the regulatory requirements.

For investments in corporate bonds and deposits with financial institutions, the stability and reputation of the companies and banks is reviewed regularly.

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 2018	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Government Securities at amortised cost	44,975,816	-	-	**44,975,816**
Corporate Bonds at amortized 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	1,377,227	-	19,006	**1,396,233**
Deposits with financial institutions	11,315,417	-	-	**11,315,417**
Cash at Bank	2,588,451	-	-	**2,588,451**
Exposure to Credit Risk	**65,688,328**	**3,613,902**	**998,414**	**70,280,644**

	Stage 1	Stage 2	Stage 3	Total
31 December 2017	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Government Securities at amortized cost	47,195,222	-	-	**47,195,222**
Corporate Bonds at amortized cost	904,007	-	-	**904,007**
Mortgage loans	109,098	-	-	**109,098**
Receivables arising out of direct insurance arrangements	2,447,810	1,756,985	-	**4,204,795**
Receivables arising out of reinsurance arrangements	872,614	2,199,186	-	**3,071,800**
Other Receivables	1,377,227	-	19,006	**1,396,233**
Deposits with financial institutions	11,315,417	-	-	**11,315,417**
Cash at Bank	2,588,451	-	-	**2,588,451**
Exposure to Credit Risk	**66,809,846**	**3,956,171**	**19,006**	**70,785,023**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(c) Credit risk (continued)

No collateral is held for any of the above assets other than for staff mortgage loans and car loans included under other receivables. Properties in relation to staff mortgage loans and motor vehicles in relation to staff car loans are charged to the group as collateral.

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 or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

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

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

Maximum Exposure to credit risk	2018	2017
	KShs '000	KShs '000
Government securities at fair value through profit or loss	10,264,809	-
Corporate bonds at fair value through profit or loss	38,460	-
Quoted securities at fair value through profit or loss	4,945,579	6,853,603
Total	**15,248,848**	**6,853,603**

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 derecognised 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:

	Government Securities	Deposits with financial institutions	Cash and Bank balances	Corporate bonds	Insurance receivables	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
As at 31 December 2017	**-**	**-**	**-**	**-**	**675,813**	**675,813**
As at 1 January 2018	1,038	1,067	919	14	48,603	**51,641**
Increase/(Decreease)	**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**
As at 1 January 2017	-	-	-	-	662,330	**662,330**
Additional provision	-	-	-	-	13,483	**13,483**
As at 31 December 2017	**-**	**-**	**-**	**-**	**675,813**	**675,813**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(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 withdraw.

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.

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date. The amounts disclosed are the contractual undiscounted cash flows.

GROUP

Year ended 31 December 2018	Up to 1 month KShs '000	1 to 3 months KShs '000	3 to 12 months KShs '000	Over 1 year KShs '000	Discounting effect KShs '000	Total KShs '000
Assets						
Mortgage loans	-	-	16,107	66,490	(16,496)	66,101
Loans on life insurance policies	11,220	21,406	126,427	887,517	(114,857)	931,713
Government securities	120,539	3,125,956	5,943,083	47,699,079	(1,648,031)	55,240,625
Commercial bonds	-	-	-	885,936	(44,537)	841,399
Other receivables	292,301	1,103,932	-	-	-	1,396,233
Insurance and reinsurance receiveables	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	-	-	13,903,868
Total assets	**4,679,375**	**15,795,992**	**10,326,555**	**50,648,007**	**(1,823,921)**	**79,626,007**
Liabilities						
Insurance contract liabilities	1,063,666	5,188,285	3,781,085	25,609,766	(10,103,725)	25,539,077
Payable under deposit administration contracts	454,297	1,511,262	11,370,747	54,719,932	(20,317,237)	47,739,002
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	-	1,825,863
Dividend and other payables	1,161,980	946,351	728,210	134,396	-	2,970,937
Total liabilities	3,400,619	8,173,594	16,362,882	80,760,246	(30,420,962)	78,276,380
(Shortfall)/excess of assets over liabilities	1,278,755	7,622,397	(6,036,327)	(30,112,239)	28,597,041	1,349,627

Year ended 31 December 2017	Up to 1 month KShs '000	1 to 3 months KShs '000	3 to 12 months KShs '000	Over 1 year KShs '000	Discounting effect KShs '000	Total KShs '000
Assets						
Mortgage loans	-	-	26,584	109,740	(27,226)	109,098
Loans on life insurance policies	9,501	18,126	107,056	751,534	(97,259)	788,958
Government securities	102,983	2,670,683	5,077,515	40,752,048	(1,408,007)	47,195,222
Commercial bonds	-	-	-	951,858	(47,851)	904,007
Other receivables	226,232	854,410	-	-	-	1,080,642
Insurance and reinsurance receiveables	2,522,240	1,893,748	1,746,950	1,113,657	-	7,276,595
Deposits with financial institutions and cash and bank balances	1,517,872	8,408,173	2,177,424	-	-	12,103,469
Total assets	**4,378,828**	**13,845,140**	**9,135,529**	**43,678,837**	**(1,580,343)**	**69,457,991**
Liabilities						
Insurance contract liabilities	1,040,527	5,075,420	3,698,832	25,052,655	(9,883,930)	24,983,504
Payable under deposit administration contracts	401,723	1,336,369	10,054,851	48,387,388	(17,965,995)	42,214,336
Creditors arising out of direct insurance arrangements	51,277	84,530	91,548	98,375		325,730
Creditors arising out of reinsurance arrangements	757,275	522,547	468,470	258,629		2,006,921
Dividend and other payables	924,849	753,225	579,601	106,969		2,364,644
Total liabilities	**3,175,651**	**7,772,091**	**14,893,302**	**73,904,016**	**(27,849,925)**	**71,895,135**
Excess/(shortfall) of assets over liabilities	**1,203,177**	**6,073,049**	**(5,757,773)**	**(30,225,179)**	**26,269,582**	**(2,437,144)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

iii) Financial risk (continued)

(d) Liquidity risk (continued)

COMPANY

Year ended 31 December 2018	Up to 1 month KShs '000	1 to 3 months KShs '000	3 to 12 months KShs '000	Over 1 year KShs '000	Total KShs '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
Total liabilities	**1,322,436**	**21,806**	**-**	**-**	**1,344,242**
Excess/(shortfall) of assets over liabilities	(234,033)	130,211	-	-	(103,822)

Year ended 31 December 2017	Up to 1 month KShs '000	1 to 3 months KShs '000	3 to 12 months KShs '000	Over 1 year KShs '000	Total KShs '000
Assets					
Due from related parties	105,587	-	-	-	105,587
Other receivables	-	109,916	-	-	109,916
Deposits with financial institutions and cash and bank balances	255,496	17,500	-	-	272,996
Total assets	**361,083**	**127,416**	**-**	**-**	**488,499**
Liabilities					
Due to related parties	789,120	-	-	-	789,120
Dividend and other payables	369,176	12,985	-	-	382,161
Total liabilities	**1,158,296**	**12,985**	**-**	**-**	**1,171,281**
Excess/(shortfall) of assets over liabilities	**(797,213)**	**114,431**	**-**	**-**	**(682,782)**

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 (for example, over-the-counter derivatives) 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 heirarchy			
31 December 2018	**Note**	**Designated at fair value through profit or loss KShs '000**	**Amortised cost KShs '000**	**Designated at fair value through OCI KShs '000**	**Other financial liabilities KShs '000**	**Total KShs '000**	**Level 1 KShs '000**	**Level 2 KShs '000**	**Level 3 KShs '000**	**Total KShs '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**	-	-	-	**-**
Loans on life insurance policies	20 (ii)	-	931,713	-	-	**931,713**	-	-	-	**-**
Government securities	18	10,264,809	44,975,816	-	-	**55,240,625**	10,264,809	-	-	**10,264,809**
Commercial bonds	19	38,460	802,939	-	-	**841,399**	38,460	-	-	**38,460**
Other receivables	24	-	1,396,233	-	-	**1,396,233**	-	-	-	**-**
Insurance and reinsurance receiveables	4 (c)	-	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**
		19,595,059	**69,322,738**	**1,812,341**	**-**	**90,728,138**	**30,770,444**	**-**	**4,538,824**	**35,309,268**
Financial liabilities										
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)**
		-	**-**	**-**	**(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)

GROUP

		Carrying Amount					Fair value heirarchy			
31 December 2017		Designated at fair value through profit or loss	Amortised cost	Designated at fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Financial assets										
Equity securities	17 & 21	10,011,235		1,477,063	-	**11,488,298**	8,130,295	-	3,358,003	**11,488,298**
Mortgage loans	20 (i)	-	109,098		-	**109,098**	-	-	-	**-**
Loans on life insurance policies	20 (ii)	-	788,958		-	**788,958**	-	-	-	**-**
Government securities	18	-	47,195,222		-	**47,195,222**	-	-	-	**-**
Commercial bonds	19	-	904,007		-	**904,007**	-	-	-	**-**
Other receivables	24	-	1,080,642		-	**1,080,642**	-	-	-	**-**
Insurance and reinsurance receiveables	4 (c)	-	7,276,595		-	**7,276,595**	-	-	-	**-**
Deposits with financial institutions and cash and bank balances	25 (i)	-	12,103,469		-	**12,103,469**	-	-	-	**-**
		16,282,175	**69,457,991**	**1,477,063**	**-**	**80,946,289**	**8,130,295**	**-**	**3,358,003**	**11,488,298**
Financial liabilities										
Other payables	29	-	-	-	(1,995,468)	**(1,995,468)**	-	-	(1,995,468)	**(1,995,468)**
Dividend payable	33 (ii)	-	-	-	(369,176)	**(369,176)**	-	-	(369,176)	**(369,176)**
		-	**-**	**-**	**(2,364,644)**	**(2,364,644)**	**-**	**-**	**(2,364,644)**	**(2,364,644)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

COMPANY

		Carrying Amount					Fair value heirarchy			
31 December 2018	**Note**	**Designated at fair value through profit or loss KShs '000**	**Amortised cost KShs '000**	**Designated at fair value through OCI KShs '000**	**Other financial liabilities KShs '000**	**Total KShs '000**	**Level 1 KShs '000**	**Level 2 KShs '000**	**Level 3 KShs '000**	**Total KShs '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
		-	1,143,236	92,704	-	1,235,940	23,405	-	1,212,535	1,235,940
Financial liabilities										
Other payables	29	-	-	-	(21,806)	(21,806)	-	-	(21,806)	(21,806)
Dividend payable	33 (ii)	-	-	-	(431,294)	(431,294)	-	-	(431,294)	(431,294)
		-	**-**	**-**	**(453,100)**	**(453,100)**	**-**	**-**	**(453,100)**	**(453,100)**

		Carrying Amount					Fair value heirarchy			
31 December 2017	**Note**	**Designated at fair value through profit or loss KShs '000**	**Amortised cost KShs '000**	**Designated at fair value through OCI KShs '000**	**Other financial liabilities KShs '000**	**Total KShs '000**	**Level 1 KShs '000**	**Level 2 KShs '000**	**Level 3 KShs '000**	**Total KShs '000**
Financial assets										
Equity securities	17 & 21	-	-	85,900	-	85,900	20,270	-	65,630	85,900
Other receivables	24	-	105,587	-	-	105,587	-	-	105,587	105,587
Deposits with financial institutions and cash and bank balances	25 (i)	-	272,996	-	-	272,996	-	-	272,996	272,996
		-	**378,583**	**85,900**	**-**	**464,483**	**20,270**	**-**	**444,213**	**464,483**
Financial liabilities										
Other payables	29	-	-	-	(12,985)	(12,985)	-	-	(12,985)	(12,985)
Dividend payable	33 (ii)	-	-	-	(369,176)	(369,176)	-	-	(369,176)	(369,176)
		-	**-**	**-**	**(382,161)**	**(382,161)**	**-**	**-**	**(382,161)**	**(382,161)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

The fair value of assets at amortised cost is as follows:

	Amortized Cost 2018 KShs '000	Fair Value 2018 KShs '000	Amortized Cost 2017 KShs '000	Fair Value 2017 KShs '000
Mortgage Loans Receivable	66,101	66,101	109,098	109,098
Loans on Life insurance policies	931,713	931,713	788,958	788,958
Corporate bonds at amortized cost	802,939	813,008	904,007	851,687
Government securities at amortized cost	44,975,816	43,176,783	47,195,222	35,396,417
Receivables arising of direct insurance arrangements	4,052,902	4,052,902	4,204,795	4,204,795
Receivables arising of reinsurance arrangements	3,193,166	3,193,166	3,071,800	3,071,800
Deposits with Financial Institutions	11,315,417	11,315,417	10,585,597	10,585,597
Cash and Bank Balances	2,588,451	2,588,451	1,517,872	1,517,872
Total	**67,926,505**	**66,137,541**	**68,377,349**	**56,526,224**

Specific valuation techniques used to value financial and non-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.

(e) 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 2018 and 2017. 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.

	2018					
	Kenya KShs '000	Uganda KShs '000	Tanzania KShs '000	Burundi KShs '000	Mauritius KShs '000	Total KShs '000
Amount of 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
	2017					
	Kenya KShs '000	Uganda KShs '000	Tanzania KShs '000	Burundi KShs '000	Mauritius KShs '000	Total KShs '000
Amount of 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

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 Shs1billion;
- Short term insurance business companies KShs 600 million; and
- Long term insurance business companies KShs 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 the Company held more than the minimum required capital to stand at 154% (2017: 184%) and 111% (2017: 147%) for the short-term and long term business' respectively.

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, 2011further requires that 2% of the gross written premium or15% of the net profit, whichever is greater, be transferred to the contingency reserve until it equals the minimum paid up capital or 50% of the current year's net written premium, whichever is higher

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.

5. SEGMENT INFORMATION

(i) OPERATING SEGMENTS

Management has determined operating segments based on the manner in which the Executive Management team receives reports about business performance and makes strategic decisions. Management classify the business into short-term business and long-term business and investment business.

Segment performance is set out in the following tables:

2018:	GROUP Kshs '000			
For the year ended 31 December 2018	**General**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Gross earned premium revenue	20,573,123	6,133,531	-	26,706,654
Outward reinsurance	(8,760,232)	(624,938)	-	(9,385,170)
Net insurance premium revenue	**11,812,891**	**5,508,593**	**-**	**17,321,484**
Investment and other income	1,152,474	6,767,991	800,269	8,720,734
Net fair value loss on financial assets	27,058	21,828	(423,831)	(374,945)
Commission earned	2,291,382	53,189	-	2,344,571
Total income	**15,283,805**	**12,351,601**	**376,438**	**28,011,844**
Claims and policy holders benefits payable	(11,468,879)	(9,224,423)	-	(20,693,302)
Claims recoverable from re-insurers	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	**2,538,796**	**1,262,358**	**269,341**	**4,070,495**
Share of result of associates	152,067	260,209	927,237	1,339,513
Group profit before income tax	**2,690,863**	**1,522,567**	**1,196,578**	**5,410,008**
Income tax expense	(757,667)	(375,911)	(99,479)	(1,233,057)
Profit for the year	**1,933,196**	**1,146,656**	**1,097,099**	**4,176,951**

2017: For the year ended 31 December 2017	Kshs '000 **General**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Gross earned premium revenue	21,463,397	6,865,451	-	28,328,848
Less: outward reinsurance	(8,479,642)	(655,342)	-	(9,134,984)
Net insurance premium revenue	**12,983,755**	**6,210,109**	**-**	**19,193,864**
Investment and other income	1,405,088	5,919,471	250,801	7,575,360
Net fair value loss on financial assets	294,910	2,405,561	-	2,700,471
Commission earned	1,747,805	55,648	-	1,803,453
Total income	**16,431,558**	**14,590,789**	**250,801**	**31,273,148**
Claims and policy holders benefits payable	(13,540,873)	(11,586,403)	-	(25,127,276)
Claims recoverable from re-insurers	5,139,984	333,396	-	5,473,380
Net insurance benefits and claims	**(8,400,889)**	**(11,253,007)**	**-**	**(19,653,896)**
Operating and other expenses	(3,042,833)	(1,166,880)	(30,378)	(4,240,091)
Commission payable	(2,295,610)	(1,105,283)	-	(3,400,893)
Total expenses and commissions	**(5,338,443)**	**(2,272,163)**	**(30,378)**	**(7,640,984)**
Result of operating activities	**2,692,226**	**1,065,619**	**220,423**	**3,978,268**
Share of result of associates	161,836	170,773	850,093	1,182,702
Group profit before income tax	**2,854,062**	**1,236,392**	**1,070,516**	**5,160,970**
Income tax expense	(587,104)	(253,613)	(89,943)	(930,660)
Profit for the year	**2,266,958**	**982,779**	**980,573**	**4,230,310**

2018: As at 31 December 2018	**Short-term**	**Long-term**	**Investments**	**Total**
Total assets	28,127,161	74,951,191	11,089,287	**114,167,639**
Total liabilites	17,794,646	67,589,116	712,510	**86,096,272**
Investment in associates	1,949,419	1,963,905	6,082,489	**9,995,813**
Additions to non-current assets	89,196	57,856	303	**147,354**
Depreciation	64,324	39,563	2,161	**106,047**
Amortisation of intangible assets	36,233	26,026	-	**62,258**

2017: As at 31 December 2017	**Short-term**	**Long-term**	**Investments**	**Total**
Total assets	29,873,743	65,676,812	9,416,975	104,967,530
Total liabilites	18,735,936	60,481,515	519,429	79,736,880
Investment in associates	1,789,248	1,861,792	5,928,287	9,579,327
Additions to non-current assets	126,480	76,879	597	203,956
Depreciation	67,201	36,758	6,362	110,321
Amortisation of intangible assets	30,906	3,959	-	34,865

5. SEGMENT INFORMATION (CONTINUED)

(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.

	KShs '000					
2018: For the year ended 31 December 2018	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Total income from short-term	9,138,804	2,514,565	2,450,414	889,614	290,408	**15,283,805**
Total income from long-term	11,190,140	853,430	278,680	-	29,351	**12,351,601**
Total income from investments	689,701	957,138	13	-	9,723	**1,656,575**
Share of associates profit	631,217	708,296	-	-	-	**1,339,513**
Group profit before income tax	2,439,375	2,567,389	297,516	(71)	105,799	**5,410,008**
Non-current assets	256,827	84,319	95,094	19,758	10,584	**466,582**
Total assets	93,401,266	12,597,443	5,934,726	1,035,934	1,198,270	**114,167,639**
Total liabilities	74,548,216	5,579,836	4,422,118	759,018	787,084	**86,096,272**

2017: For the year ended 31 December 2017	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Total income from short-term	10,998,897	2,225,290	2,237,322	790,134	179,915	**16,431,558**
Total income from long-term	13,657,200	590,820	247,122	-	95,647	**14,590,789**
Total income from investments	14,935	224,889	2	-	10,975	**250,801**
Share of associates profit	596,667	586,035	-	-	-	**1,182,702**
Group profit before income tax	2,806,418	2,106,284	131,282	27,189	89,797	**5,160,970**
Non-current assets	269,732	66,037	75,508	17,636	10,615	**439,528**
Total assets	83,775,100	13,144,115	5,992,655	982,508	1,073,152	**104,967,530**
Total liabilities	68,413,594	5,224,700	4,658,612	696,888	743,086	**79,736,880**

6. GROSS EARNED PREMIUM AND REINSURANCE CEDED

Group

Gross Earned Premium

Short-term Business

Premium earned by principal class of business:	2018			2017		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Motor	4,334,399	(421,953)	3,912,446	4,428,089	(592,202)	3,835,887
Fire	2,813,586	(2,273,062)	540,524	2,717,537	(2,182,629)	534,908
Accident	2,993,355	(1,759,125)	1,234,230	3,182,441	(1,802,716)	1,379,725
Medical	9,815,999	(3,938,917)	5,877,082	10,636,543	(3,586,979)	7,049,564
Other	615,785	(367,174)	248,611	545,048	(315,115)	229,933
Total Short-Term	**20,573,124**	**(8,760,231)**	**11,812,893**	**21,509,658**	**(8,479,641)**	**13,030,017**

Long-term Business

Premium earned by principal class of business:	2018			2017		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Ordinary life	4,148,826	(18,434)	4,130,392	3,480,978	(13,107)	3,467,871
Group life	1,297,126	(606,505)	690,621	1,558,258	(642,236)	916,022
Pension/annuity	687,578	-	687,578	1,779,954	-	1,779,954
Total Long -Term	**6,133,530**	**(624,939)**	**5,508,591**	**6,819,190**	**(655,343)**	**6,163,847**
Total Short-Term and Long - Term	**26,706,654**	**(9,385,170)**	**17,321,484**	**28,328,848**	**(9,134,984)**	**19,193,864**

7. INVESTMENT AND OTHER INCOME

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Government securities interest	6,586,677	5,517,275	-	-
Bank deposit interest	657,647	688,106	48,318	13,006
Gross rental income from investment properties	585,823	516,085	-	-
Management expenses	(191,261)	(175,020)	-	-
Net rental income from investment properties	394,562	341,065	-	-
Dividends received from equity investments	202,370	243,887	2,146	571
Fair value gain on investment properties (Note 14)	185,067	238,119	-	-
Policy loans interest	68,833	76,529	-	-
Other income	178,435	46,013	-	(129)
Mortgage loan interest	5,228	6,775	-	-
Exchange gain/(loss)	69,854	4,239	73	(3,653)
Fee income charged	372,061	413,352	-	-
Dividends received from associates	-	-	172,470	108,705
Dividends received from subsidairies	-	-	1,057,864	798,100
Total	**8,720,734**	**7,575,360**	**1,280,871**	**916,600**

8. FAIR VALUE MOVEMENTS ON FINANCIAL ASSETS

(i)

	Group	
Through profit or loss	2018 KShs '000	2017 KShs '000
Fair value gain/(loss) on quoted equity investments (Note 21)	(1,214,788)	2,314,846
Fair value gain on unquoted equity investments (Note 17)	839,843	385,625
Total	**(374,945)**	**2,700,471**

(ii)

	Group		Company	
Through other comprehensive income	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Fair value (loss)/gain on quoted equity investments (Note 21)	(348,043)	195,682	3,135	(3,145)
Fair value gain on unquoted equity investments (Note 17)	3,669	97,216	3,669	38,159
Total	**(344,374)**	**292,898**	**6,804**	**35,014**

9. COMMISSION EXPENSE AND INCOME

Group

Commission expense and income by principal class of business:	2018			2017		
	Expense KShs'000	Income KShs'000	Net KShs'000	Expense KShs'000	Income KShs'000	Net KShs'000
Motor	484,542	(68,266)	416,276	480,347	(117,168)	363,179
Fire	530,833	(573,694)	(42,861)	487,458	(480,118)	7,340
Accident	390,026	(458,013)	(67,987)	445,096	(400,958)	44,138
Medical	789,665	(1,087,470)	(297,805)	808,233	(653,097)	155,136
Other	67,696	(103,940)	(36,244)	74,475	(96,464)	(21,989)
Total Short-term	**2,262,762**	**(2,291,383)**	**(28,621)**	**2,295,609**	**(1,747,805)**	**547,804**

Long-term Business

Commission expense and income by principal class of business:	2018			2017		
	Expense KShs'000	Income KShs'000	Net KShs'000	Expense KShs'000	Income KShs'000	Net KShs'000
Ordinary life	832,232	(3,496)	828,736	776,409	(2,961)	773,448
Group life	154,804	(49,692)	105,112	240,918	(52,687)	188,231
Annuity	78,995	-	78,995	87,957	-	87,957
Total Long-term	**1,066,031**	**(53,188)**	**1,012,843**	**1,105,284**	**(55,648)**	**1,049,636**
Total Short-term and Long-term	**3,328,793**	**(2,344,571)**	**984,222**	**3,400,893**	**(1,803,453)**	**1,597,440**

10. CLAIMS AND POLICY HOLDER BENEFITS EXPENSE

Group

Short-term Business						
Claims payable by principal class of business	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Motor	2,623,892	(204,341)	2,419,551	2,522,015	(304,759)	2,217,256
Fire	837,049	(650,802)	186,247	1,175,958	(1,017,488)	158,470
Accident	820,150	(343,788)	476,362	1,738,409	(1,030,988)	707,421
Medical	7,077,230	(2,938,887)	4,138,343	7,585,981	(2,718,733)	4,867,248
Other	110,559	(45,027)	65,532	213,035	(117,059)	95,976
Total Short-term	**11,468,880**	**(4,182,845)**	**7,286,035**	**13,235,398**	**(5,189,027)**	**8,046,371**

Long-term Business						
Claims payable by principal class of business	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	1,537,213	(1,710)	1,535,503	1,227,923	(8,677)	1,219,246
Group life	879,764	(578,837)	300,927	976,490	(275,676)	700,814
Annuity	526,107	-	526,107	758,671	-	758,671
Total Long-term	**2,943,084**	**(580,547)**	**2,362,537**	**2,963,084**	**(284,353)**	**2,678,731**
	2018			2017		
Increase/(decrease) in policy holders benefits	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Ordinary life	1,866,426	-	1,866,426	1,936,247	-	1,936,247
Group life	(39,582)	-	(39,582)	(63,266)	-	(63,266)
Annuity	4,454,494	-	4,454,494	7,055,813	-	7,055,813
Total Long-term	**6,281,338**	**-**	**6,281,338**	**8,928,794**	**-**	**8,928,794**
Total Long-term - Claims & policy holders benefits	**9,224,422**	**(580,547)**	**8,643,875**	**11,891,878**	**(284,353)**	**11,607,525**
Total Short-term and Long-term	**20,693,302**	**(4,763,392)**	**15,929,910**	**25,127,276**	**(5,473,380)**	**19,653,896**

11. (i) OPERATING EXPENSES

The breakdown of operating expenses is given below:

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Employee benefits expense (Note 11 (ii))	2,538,966	2,116,810	176	2,060
Administrative costs	684,495	525,065	15,877	3,280
Premium tax and policy holder compensation fund	269,672	234,599	-	-
Impairment charge for doubtful premium receivables	267,036	117,609	-	-
Operating lease rentals - land and buildings	305,277	194,575	-	(35,184)
Marketing costs	127,902	322,435	-	-
Professional fees	149,180	335,266	18,359	9,564
Depreciation and amortisation (Note 16)	188,306	145,186	3,620	6,146
Travelling costs	71,512	103,702	5,789	9,895
Repairs and maintenance expenditure	28,006	54,604	943	222
Communication costs	19,996	58,989	99	487
Auditors' remuneration	32,298	31,251	2,445	2,275
Total	**4,682,646**	**4,240,091**	**47,308**	**(1,255)**

11. (ii) EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Salaries and wages	2,086,107	1,734,882	-	(398)
Social security costs	60,619	49,398	-	-
Retirement benefit costs - defined contribution plan	98,615	94,205	-	-
Other benefits	293,625	238,325	176	2,458
Total	**2,538,966**	**2,116,810**	**176**	**2,060**

* Other benefits include staff training, staff medical cover expenses, club subscriptions, staff relocation and other staff welfare expenses. As at 31 December 2018 a total of 1,209 (2017: 1,017) and 9 (2017:8) staff were employed within the Group and the Company respectively.

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

	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Salaries and other employment benefits	695,840	628,228	-	-
Fees for services as directors	6,137	5,550	3,420	3,845
Total	**701,977**	**633,778**	**3,420**	**3,845**

There were no loans given to Directors in the year ended 31 December 2018 (2017: Nil).

12. EARNINGS PER SHARE

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		Company	
	2018	2017	2018	2017
Net profit attributable to Shareholders (KShs'000)	3,806,450	3,932,142	1,219,559	911,319
Number of ordinary shares in issue ('000)	72,473	72,473	72,473	72,473
Earnings per share (KShs)-Basic and diluted	**52.52**	**54.26**	**16.83**	**12.57**

There were no potentially dilutive shares in issue at 31 December 2018 and 31 December 2017. 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

		Computer equipment	Motor vehicles	Furniture, fixtures, fittings & office equipment	Total
2018: 2018	**Year ended 31 December**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '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
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**
2017: 2017	**Year ended 31 December**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Cost					
At start of year		427,413	68,758	391,977	888,148
Additions		82,027	13,788	78,227	174,042
Disposals		-	(2,009)	-	(2,009)
Exchange differences		(100)	(159)	(418)	(677)
At end of year		**509,340**	**80,378**	**469,786**	**1,059,504**
Accumulated depreciation					
At start of year		365,573	46,571	258,350	670,494.00
Charge for the year		53,952	7,621	48,748	110,321.00
On disposals		-	(1,856)	-	(1,856.00)
Exchange differences		13	(434)	(222)	(643.00)
At end of year		**419,538**	**51,902**	**306,877**	**778,317**
Net book value		**89,802**	**28,476**	**162,909**	**281,187**

13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

(i) PROPERTY AND EQUIPMENT (CONTINUED)

Company

	Computer equipment	Furniture, fixtures, fittings & office equipment	Total
2018:	**KShs '000**	**KShs '000**	**KShs '000**
Year ended 31 December 2018			
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**

2017:			
Year ended 31 December 2017			
Cost			
At start of year	2,350	36,368	**38,718**
Additions	336	261	**597**
At end of year	**2,686**	**36,629**	**39,315**
Accumulated depreciation			
At start of year	978	14,911	**15,889**
Charge for the year	828	5,317	**6,145**
At end of year	**1,806**	**20,228**	**22,034**
Net book value	**880**	**16,401**	**17,281**

13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

(ii) INTANGIBLE ASSETS

Group

Group	Total
2018: Year ended 31 December 2018	**KShs '000**
Cost	
At start of year	267,297
Additions	53,278
Exchange differences	(1,853)
At end of year	**318,722**
Accumulated amortisation	
At start of year	108,956
Charge for the year	62,258
Exchange differences	(1,052)
At end of year	**170,162**
Net carrying amount	**148,560**

2017: Year ended 31 December 2017	
Cost	
At start of year	236,645
Additions	29,914
Exchange differences	738
At end of year	**267,297**
Accumulated amortisation	
At start of year	73,220
Charge for the year	34,865
Exchange differences	871
At end of year	**108,956**
Net carrying amount	**158,341**

Intangible assets relates to computer software.

14. INVESTMENT PROPERTIES

	Group	
	2018	**2017**
	KShs '000	**KShs '000**
At start of year	6,270,940	6,011,881
Net additions	19,546	28,341
Fair value gains (Note 7)	185,067	238,119
Exchange differences	(81,538)	(7,401)
At end of year	**6,394,015**	**6,270,940**

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 KShs 4,458 million (2017: KShs 4,378 million) and those outside Kenya valued at KShs 1,936 million (2017: KShs 1,893 million). Refer to Note 37 on operating leases for net operating income in profit or loss from investment properties.

14. INVESTMENT PROPERTIES (CONTINUED)

The investment properties are leased to third parties under operating leases 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

Year 2018	Opening Balance KShs'000	Additions/ (redemptions) KShs'000	Dividends received KShs'000	Share of profit KShs'000	Share of OCI KShs'000	Translation gain/(loss) KShs'000	Closing Balance KShs'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 Limited	2,264,303	(581,210)	-	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**	**(581,210)**	**(421,805)**	**1,339,513**	**195,071**	**(115,082)**	**9,995,813**

Year 2017	Opening Balance KShs'000	Additions/ (redemptions) KShs'000	Dividends received KShs'000	Share of profit KShs'000	Share of OCI KShs'000	Translation gain/(loss) KShs'000	Closing Balance KShs'000
IPS Power Investments Ltd	198,887	-	(110,696)	10,244	-	-	98,435
PDML (Holding) Limited	2,184,599	-	(9,985)	158,028	75,345	-	2,407,987
Bujagali Holding Power Company Limited	2,282,893	(580,554)	-	586,035	-	(24,071)	2,264,303
FCL Holding Ltd	2,206,143	-	(217,410)	328,674	(28,126)	-	2,289,281
IPS Cable Systems Ltd	2,390,683	-	-	99,721	-	28,917	2,519,321
Total	**9,263,205**	**(580,554)**	**(338,091)**	**1,182,702**	**47,219**	**4,846**	**9,579,327**

Equity accounting has been applied for the associates in these financial statements using results based on audited financial statements as at 31 December 2018.

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

Company

Investment at cost	2018	2017
	KShs'000	KShs'000
FCL Holding Ltd	484,969	484,969
IPS Cable Systems Ltd	353,282	353,282
Total	**838,251**	**838,251**

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	Farmer's Choice Limited	IPS Cable Systems Limited	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Country of incorporation	Kenya	Kenya	Uganda	Kenya	Mauritius	
Interest held	27%	37%	25%	30%	33%	
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	**5,638,773**
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	**1,948,612**
Other comprehensive income	-	(144,912)	-	1,012,070	-	**867,158**
	-	-	-	-	-	
Cash flows from/(used in) operating activities	(6,998)	407,051	(72,778)	1,458,759	(4,317)	**1,781,718**
Cash flows 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 increase/(decrease) in cash and cash equivalents	**54,083**	**(42,973)**	**137,906**	**174,394**	**(208,452)**	**114,959**
Year 2017						**-**
Non-current assets	1,253,897	8,460,760	8,795,563	3,214,626	9,162,746	**30,887,592**
Current assets	103,169	1,327,876	332,537	3,592,215	226,940	**5,582,737**
Non-current liabilities	-	(2,159,546)	-	(803,079)	(380,394)	**(3,343,019)**
Current liabilities	(20,331)	(582,666)	(64,817)	(592,358)	(409,525)	**(1,669,697)**
Net assets	**1,336,735**	**7,046,424**	**9,063,283**	**5,411,404**	**8,599,767**	**31,457,613**
Revenue	485,683	651,619	2,317,606	9,488,422	403,179	**13,346,509**
Profit after tax	485,353	468,631	2,348,309	997,135	340,528	**4,639,956**
Other comprehensive income	-	169,439	-	-	-	**169,439**
Cash flows (used in)/from operating activities	138,955	762,719	46,588	948,193	(8,191)	**1,888,264**
Cash flows from/(used in) investing activities	593,240	(670,995)	91,997	(92,468)	403,178	**324,952**
Cash flows used in financing activities	(697,128)	5,389	(1,701,478)	(725,000)	(821,429)	**(3,939,646)**
Net (decrease)/increase in cash and cash equivalents	**35,067**	**97,113**	**(1,562,893)**	**130,725**	**(426,442)**	**(1,726,430)**

The presentation of the Bujagali Holding Power Company Limited shows negative revenue and a loss for the year ended 31 December 2018 due to a restatement in their 2018 financial statements. The associate profit share as disclosed under Note 15 (i) took into account the effect of this restatement in arriving at the 2018 share of profit.

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

Company

	Farmer's Choice Limited	IPS Cable Systems Limited	Total
	KShs'000	KShs'000	KShs'000
Country of incorporation	Kenya	Mauritius	
Interest held	15%	33%	
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 from/(used in) operating activities	1,458,759	(4,317)	1,454,442
Cash flows (used in)/from investing activities	(134,365)	194,493	60,128
Cash flows used in financing activities	(1,150,000)	(398,628)	(1,548,628)
Net increase/(decrease) in cash and cash equivalents	**174,394**	**(208,452)**	**(34,058)**
Year 2017			
Non-current assets	3,214,626	9,162,746	12,377,372
Current assets	3,592,215	226,940	3,819,155
Non-current liabilities	(803,079)	(380,394)	(1,183,473)
Current liabilities	(592,358)	(409,525)	(1,001,883)
Net assets	**5,411,404**	**8,599,767**	**14,011,171**
Revenue	9,488,422	403,179	9,891,601
Profit after tax	997,135	340,528	1,337,663
Other comprehensive income	-	-	-
Cash flows from/(used in) operating activities	948,193	(8,191)	940,002
Cash flows (used in)/from investing activities	(92,468)	403,178	310,710
Cash flows used in financing activities	(725,000)	(821,429)	(1,546,429)
Net decrease in cash and cash equivalents	**130,725**	**(426,442)**	**(295,717)**

15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(ii) INVESTMENT IN SUBSIDIARIES

Company	Investment at Cost	Investment at Cost	Equity Held	Equity Held
	2018	2017	2017	2016
	KShs'000	KShs'000	%	%
Jubilee Insurance Company of Kenya Limited	450,000	450,000	100%	100%
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%
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	70%	70%
Jubilee Investment Company Limited (Uganda)	1,103,707	1,103,707	100%	100%
Jubilee Investment Company Limited (Tanzania)	23,981	23,981	100%	100%
Jubilee Investment Company Limited (Burundi)	1,312	1,312	100%	100%
Total	**1,874,573**	**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 2018	Jubilee Insurance Uganda	Jubilee Insurance Tanzania	Jubilee Insurance Mauritius	Jubilee Insurance Burundi	Jubilee Centre Burundi	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'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)	-	-	-	-	(65,998)
Total allocated to NCI	**131,551**	**55,472**	**(1,542)**	**24,610**	**(1,636)**	**208,455**
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 2017	Jubilee Insurance Uganda KShs'000	Jubilee Insurance Tanzania KShs'000	Jubilee Insurance Mauritius KShs'000	Jubilee Insurance Burundi KShs'000	Jubilee Centre Burundi KShs'000	Total KShs'000
NCI percentage	35%	49%	20%	30%	20%	
Assets	7,932,170	6,008,491	982,508	958,748	127,300	16,009,217
Liabilities	(5,150,063)	(4,843,010)	(700,881)	(727,452)	(87,373)	(11,508,779)
Net assets	**2,782,107**	**1,165,481**	**281,627**	**231,296**	**39,927**	**4,500,438**
Carrying amount of NCI	**973,738**	**571,087**	**56,325**	**69,389**	**7,985**	**1,678,524**
Revenue	1,876,845	1,789,178	730,190	139,091	10,975	4,546,279
Profit	578,476	141,857	21,680	67,138	8,576	817,727
OCI	8,391	11,151	30,844	(8,580)	(2,289)	39,517
Total comprehensive income	**586,867**	**153,008**	**52,524**	**58,558**	**6,287**	**857,244**
Profit allocated to NCI	202,466	69,510	4,336	20,141	1,715	298,168
OCI allocated to NCI	(142,304)	59,017	68,657	26,621	(453)	11,538
Dividends paid to NCI	(78,052)	(28,917)	-	-	-	(106,969)
Total allocated to NCI	**(17,890)**	**99,610**	**72,993**	**46,762**	**1,262**	**202,737**
Cash flow from/(used in) operating activities	1,152,940	496,227	(16,122)	26,476	(6,051)	1,653,470
Cash flow (used in)/from investing activities	(721,894)	(433,960)	(53,589)	(367,072)	10,675	(1,565,840)
Cash flow (used in)/from investing activities	(223,199)	(59,015)	-	-	-	(282,214)
Net increase/(decrease) in cash and cash equivalents	**207,847**	**3,252**	**(69,711)**	**(340,596)**	**4,624**	**(194,584)**

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:

	2018 KShs '000	2017 KShs '000
At start of year	1,678,524	1,475,787
Dividend paid to non-controlling interest	(65,998)	(106,969)
Share of total comprehensive income for the year	274,453	309,706
At end of year	**1,886,979**	**1,678,524**

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	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Profit before income tax	5,410,008	5,160,976	1,233,634	915,006
Tax calculated at the enacted domestic tax rate 30%	1,921,900	1,801,635	370,090	274,502
Tax calculated at the enacted domestic tax rate 15%	(10)	4,078	-	-
Effect of :				
Income not subject to income tax	(1,064,196)	(1,072,232)	(370,881)	(288,396)
Expenses not deductible for tax purposes	375,363	205,237	14,866	17,581
Prior year over provision	-	(8,058)	-	-
Income tax charge	**1,233,075**	**930,660**	**14,075**	**3,687**
Current income tax	1,307,327	954,706	14,245	3,928
Deferred income tax (Note 16)	(74,270)	(24,046)	(170)	(241)
	1,233,057	**930,660**	**14,075**	**3,687**

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	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
At start of year	(71,495)	15,119	(7,661)	(10,004)
Taxation charge	1,307,327	954,706	14,246	3,928
Prior year (over)/under provision	-	(8,058)	-	-
Taxation paid	(1,305,646)	(1,041,320)	(5,969)	(1,585)
At end of year	**(69,814)**	**(71,495)**	**616**	**(7,661)**

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Current income tax asset	(174,269)	(142,478)	-	(7,661)
Current income tax liability	104,455	70,983	616	-
Total	**(69,814)**	**(71,495)**	**616**	**(7,661)**

(iii) DEFERRED INCOME TAX

Deferred income tax is calculated, in full, on all temporary differences using a principal tax rate of 30% (2017: 30%) in all countries save for Mauritius where rate is 15%. The movement in the deferred income tax account is as follow:

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
At start of year	8,277	(16,498)	6,034	(4,229)
Recognised in profit or loss	(74,270)	(24,046)	(170)	(241)
Recognised in OCI	(76,425)	87,589	1,753	10,504
Prior year over provision	14,160	(38,768)	-	-
At end of year	**(128,258)**	**8,277**	**7,617**	**6,034**
Deferred tax asset	(218,099)	(191,273)	-	-
Deferred tax liability	89,841	199,550	7,617	6,034
Net deferred income tax liability/(asset)	**(128,258)**	**8,277**	**7,617**	**6,034**

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 KShs '000				Company KShs '000			
	1 Jan 2018	Charged to profit or loss	Charged to OCI	31 Dec 2018	1 Jan 2018	Charged to profit or loss	Charged to OCI	31 Dec 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)	1,752	7,617
Net deferred income tax liability/(asset)	**8,277**	**(74,270)**	**(62,265)**	**(128,258)**	**6,034**	**(170)**	**1,752**	**7,617**
	1 Jan 2017	**Charged to profit or loss**	**Charged to OCI**	**31 Dec 2017**	**1 Jan 2017**	**Charged to profit or loss**	**Charged to OCI**	**31 Dec 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
Net deferred income tax liability/(asset)	**(16,498)**	**(62,814)**	**87,589**	**8,277**	**(4,229)**	**(241)**	**10,504**	**6,034**

17. UNQUOTED EQUITY INVESTMENTS

Group

	FV Through P/L 2018 KShs'000	FV Through OCI 2018 KShs'000	Total 2018 KShs'000	FV Through P/L 2017 KShs'000	FV Through OCI 2017 KShs'000	Total 2017 KShs'000
At start of year	**3,157,632**	**200,371**	**3,358,003**	**2,805,049**	**104,875**	**2,909,924**
Additions/transfers	49,529	256,261	305,790	-	-	-
Disposals/Write-off	-	-	-	(33,042)	(129)	(33,171)
Reclassification FVTPL-FVTOCI	304,144	(304,144)	-	-	-	-
Fair value gain through other comprehensive income	-	3,669	3,669	-	97,216	97,216
Fair value gain through profit and loss	839,843	43,248	883,091	385,625	-	385,625
Exchange differences	(6,937)	(4,792)	(11,729)	-	(1,591)	(1,591)
At end of year	**4,344,211**	**194,613**	**4,538,824**	**3,157,632**	**200,371**	**3,358,003**

Valuation of unquoted shares

The Group uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Group reviewed several valuation techniques and selected a value that is based on discounted cash flow.

Valuation technique	Significant unobservable inputs	Inter-relationships between unobservable inputs and fair value measurements
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated by the unquoted entities. The net cash flows are discounted using the risk adjusted discount rate.	Expected growth rate of the earnings of 7% Discount rate used on the expected cashflow – 13.34% (2017: 14.18%)	The estimated fair values would increase / (decrease) if: Expected earnings and cash flows growth were higher /(lower) Risk-adjusted discount rate was lower / (higher)

Unquoted shares are valued using values of similar or comparable entities which are publicly listed. Where similar or comparable information is not available, the unquoted shares are valued by taking the average of;

(a) Discounted cashflows of the expected future cashflows; and
(b) Share of net assets at the end of period.

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

Assumption	2018	2017
Discount rate	13.34%	14.18%
Growth rate	7%	7%

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

Assumption	Approach used to determine values:
Discount rate	Based on risk free rate and a specific margin based on the industry.
Growth rate	This is the projected long term inflation rate in Kenya.

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 2018 with all other assumptions unchanged, the impact to profit or loss would have been KShs 321 million and KShs 277 million lower and higher respectively.

If the growth rate applied on the cash flow projections had been 1% higher/lower than management's estimate at 31 December 2018 with all other assumptions unchanged, the impact to profit or loss would have been KShs 299 million and KShs 264 million higher and lower respectively.

17. UNQUOTED EQUITY INVESTMENTS

Company

	FV Through OCI 2018 KShs'000	FV Through OCI 2017 KShs'000
At start of year	65,630	27,599
Disposal	-	(128)
Fair value gain through other comprehensive income	3,669	38,159
At end of year	**69,299**	**65,630**

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

Group

Movement	FV Through P/L	Amortized cost	Amortized cost
	2018	2018	2017
	KShs'000	KShs'000	KShs'000
At start of year	-	47,195,222	39,666,112
Additions	1,125,288	9,813,628	9,434,190
Maturities	(384,674)	(4,028,673)	(1,874,532)
Reclassification from amortized cost to fair value through profit or loss	8,879,604	(8,879,604)	
Fair value gains/(losses) through profit or loss	351,558	-	
Accrued interest	293,033	1,025,459	
Exchange differences	-	(122,874)	(30,548)
Total at the end of the year	**10,264,809**	**45,003,158**	**47,195,222**
Expected Credit Loss	-	(27,340)	-
Net	**10,264,809**	**44,975,818**	**47,195,222**
Maturity Profile			
Treasury bills maturing within 91 days after the date of acquisition		3,284,101	2,693,315
Treasury bills maturing after 91 days after the date of acquisition		116,188	339,123
Treasury bonds maturing within 1 year		1,653,327	4,591,298
Treasury bonds maturing in 1-5 years		10,435,213	10,842,382
Treasury bonds maturing after 5 years		29,486,987	28,729,104
Total		**44,975,816**	**47,195,222**

Treasury bonds of KShs 5.5 billion (2017: KShs 3.7 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 KShs 27.4 million (2017: KShs 25.6million) 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 KShs 106.3 million (2017: KShs 141.2 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 KShs 350 million (2017: KShs 200 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 KShs 359 Million (2017: KShs 200 million)

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

Group

Movement	FV Through P/L	Amortized cost	Amortized cost
	2018	2018	2017
	KShs'000	KShs'000	KShs'000
At start of year	-	904,007	1,423,678
Reclassification to fair value through profit or loss	39,185	(39,185)	-
Fair value change on reclassification from amortized cost	(725)	-	-
Additions	-	11,814	20,609
Maturities	-	(72,892)	(540,280)
Total	**38,460**	**803,744**	**904,007**
Expected Credit Loss	-	(805)	-
Net	**38,460**	**802,939**	**904,007**
Maturity profile			
Commercial bonds maturing			
Within 1 year	13,549	279,792	-
In 1-5 years	24,911	523,952	904,007
Total	**38,460**	**803,744**	**904,007**

20. LOANS RECEIVABLE

(i) Group

i) Mortgage loans	2018	2017
Movement	**KShs '000**	**KShs '000**
At start of year	109,098	79,869
Loans advanced	21,044	75,974
Accrued interest and penalties	5,628	7,201
Provision for impairment	(365)	(540)
Loan repayments	(68,540)	(52,731)
Exchange differences	(764)	(675)
At end of year	**66,101**	**109,098**
Maturity profile		
Loans maturing		
Within 1 year	22,336	21,275
In 1-5 years	16,982	19,070
In over 5 years	26,783	68,753
Total	**66,101**	**109,098**

(ii) Group

ii) Loans on life insurance policies	2018	2017
Movement	**KShs '000**	**KShs '000**
At start of year	788,958	716,367
Loans advanced	170,626	167,638
Interest	60,513	51,032
Loan repayments	(86,169)	(146,003)
Exchange differences	(2,215)	(76)
At end of year	**931,713**	**788,958**
Maturity profile		
Loans maturing		
Within 1 year	48,231	119,902
In 1-5 years	263,868	439,185
In over 5 years	619,614	229,871
Total	**931,713**	**788,958**

21. QUOTED EQUITY INVESTMENTS

	FV Through P/L	FV Through OCI	Total	FV Through P/L	FV Through OCI	Total
	2018	2018	2018	2017	2017	2017
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At start of year	**6,853,603**	**1,276,691**	**8,130,294**	**4,644,331**	**983,598**	**5,627,929**
Additions	207,111	-	**207,111**	9,620	97,190	**106,810**
Disposals	(133,504)	(70,916)	**(204,420)**	(115,194)	-	**(115,194)**
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	-	(348,043)	**(348,043)**	-	195,682	**195,682**
Fair value loss/(gain) through profit or loss	(1,214,788)	-	**(1,214,788)**	2,314,846	-	**2,314,846**
Exchange differences	-	(6,847)	**(6,847)**	-	221	**221**
At end of year	**4,945,579**	**1,617,728**	**6,563,307**	**6,853,603**	**1,276,691**	**8,130,294**

21. QUOTED EQUITY INVESTMENTS (CONTINUED)

Company

	FV Through OCI 2018 KShs'000	FV Through OCI 2017 KShs'000
At start of year	20,270	11,874
Additions	-	11,541
Fair value gain through other comprehensive income	3,135	(3,145)
At end of year	**23,405**	**20,270**

22. RECEIVABLES ARISING FROM DIRECT AND RE-INSURANCE ARRANGEMENTS

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

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Neither past due nor impaired	2,241,441	2,447,810	1,396,006	872,614
Past due but not impaired	1,816,743	1,756,985	1,797,159	2,199,186
Impaired	818,345	675,813	132,384	9,610
Gross	**4,876,529**	**4,880,608**	**3,325,549**	**3,081,410**
Less: provision for impairment	(823,627)	(675,813)	(132,383)	(9,610)
Net	**4,052,902**	**4,204,795**	**3,193,166**	**3,071,800**

Movements for provisions for impairment are as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
At start of year	675,813	662,330	9,610	9,610
Increase in the year	147,814	117,639	122,773	-
Write-backs in the year	-	(104,156)	-	-
At end of year	**823,627**	**675,813**	**132,383**	**9,610**

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

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2018	2017	2018	2017
Individually assessed impaired receivables	KShs '000	KShs '000	KShs '000	KShs '000
- brokers	511,845	417,146	41,258	2,995
- agents	180,243	143,432	-	-
- insurance companies	12,299	16,476	91,125	6,615
- direct clients	119,240	98,759	-	-
Total	**823,627**	**675,813**	**132,383**	**9,610**

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

(i) Reinsurers' Share Of Insurance Contract Liabilities

	2018	2017
Reinsurers' share of:	KShs '000	KShs '000
- Unearned premium (Note 28)	3,042,850	3,089,500
- Notified claims outstanding and IBNR (Note 36)	2,961,584	4,161,063
Total	**6,004,434**	**7,250,563**

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

	2018	2017
	KShs '000	KShs '000
At start of year	147,132	221,842
Net (decrease)/increase	38,353	(80,752)
Exchange differences	805	6,042
At end of year	**186,290**	**147,132**

24. OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Deposits - Office rent and utilities	58,212	96,857	-	-
Prepayments	488,634	193,116	-	-
Recoverable advances	14,194	7,566	-	-
Dividends receivable	55,199	154,083	-	108,705
Advance medical payment	-	86,725	-	-
Sundry debtors	779,994	542,295	134,517	1,211
Total	**1,396,233**	**1,080,642**	**134,517**	**109,916**

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

25. (i) DEPOSITS WITH FINANCIAL INSTITUTION

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Maturity Profile				
Deposits maturing within 90 days after balance sheet date	8,992,396	8,408,173	919,427	250,098
Deposits maturing between 3 months to 1 year	2,323,021	2,177,424	-	-
Total	**11,315,417**	**10,585,597**	**919,427**	**250,098**

25. (ii) CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Cash and bank balances	2,588,451	1,517,872	89,292	22,898
Short-term deposits with banks	11,315,417	10,585,597	919,427	250,098
Treasury bills maturing within 91 days after the date of acquisition	3,284,101	2,693,315	-	-
Total	**17,187,969**	**14,796,784**	**1,008,719**	**272,996**

25. (iii) OPERATING CASH FLOW

Group

	2018	2017
	KShs '000	KShs '000
Cash flow from operating activities		
Profit before income tax	5,410,008	5,160,970
Adjustments for: -		
Depreciation and amortisation	168,305	145,186
Fair value gains/(losses) on financial assets at fair value through profit and loss	374,945	(2,700,471)
Fair value gain on investment properties	(185,067)	(238,119)
Net fair value gains/(losses) on disposal	91,364	1,756
Interest and other income	(7,938,735)	(6,340,693)
Dividend receivable	(202,370)	(243,887)
Fee income	-	(413,352)
Rental income	(394,562)	(341,065)
Share of result of associates after income tax	(1,339,513)	(1,182,702)
Operating profit before working capital changes	**(4,015,625)**	**(6,152,377)**
Receivables arising out of direct insurance arrangements	151,895	605,959
Receivables arising out of reinsurance arrangements	(121,366)	(266,009)
Reinsurers' share of insurance contract liabilities	1,246,129	(358,603)
Deferred acquisition costs	(39,158)	74,708
Other receivables	(315,590)	160,422
Insurance contract liabilities	591,381	4,702,443
Payable under deposit administration contracts	5,524,666	6,639,336
Unearned premium reserve	54,384	(1,137,587)
Creditors arising out of direct insurance arrangements	(124,229)	32,706
Creditors arising out of reinsurance arrangements	(181,058)	670,669
Other payables	544,181	84,721
Cash generated from operations	**3,315,610**	**5,056,388**

26. INSURANCE CONTRACT LIABILITIES

	2018 KShs '000	2017 KShs '000
Short-Term insurance contracts		
Claims reported and claims handling expenses	4,606,641	5,870,122
Claims incurred but not reported (IBNR)	1,428,307	1,902,151
Total Short-Term	**6,034,948**	**7,772,273**
Long-Term insurance contracts		
Claims reported and claims handling expenses	947,106	1,007,119
Actuarial value of long term liabilities	18,557,023	16,204,112
Total Long-Term	**19,504,129**	**17,211,231**
Total Short-Term and Long-Term	**25,539,077**	**24,983,504**

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 2017 and 2016are 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.

Accident year	**2014 and prior**	**2015**	**2016**	**2017**	**2018**	**Total**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
Estimate of ultimate claims cost						
at end of accident year	10,806,567	10,561,258	13,466,501	10,523,172	11,220,203	56,577,701
one year later	8,904,027	10,249,399	12,648,280	8,705,701	-	40,507,407
two years later	7,697,148	8,830,345	10,570,068	-	-	27,097,561
three years later	7,811,372	8,839,178	-	-	-	16,650,550
four years later	7,973,509	-	-	-	-	7,973,509
Incurred per accident year	7,973,509	8,839,178	10,570,068	8,705,701	11,220,203	47,308,659
Less: cumulative payments to date	(7,629,413)	(8,630,458)	(10,284,227)	(6,964,418)	(7,471,308)	(40,979,824)
Total gross claims liability included in the statement of financial position before IBNR	**344,096**	**208,720**	**285,841**	**1,741,283**	**3,748,895**	**6,328,835**
Incurred but not reported (IBNR)	(8,872)	(5,379)	(134,593)	(46,045)	401,957	207,068
Total gross claims liability included in the statement of financial position	**335,224**	**203,341**	**151,248**	**1,695,238**	**4,150,852**	**6,535,903**

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 an annual basis.

Valuation assumptions

The latest actuarial valuation for the long-term business was carried out as at 31 December 2017 by Actuarial Partners Consultants. Two valuation methods were applied, the Net Premium Value (NPV) for entities outside Kenya and the Gross Premium Valuation (GPV), for The Jubilee Insurance Company of Kenya Limited long-term fund valuation. The change in valuation method in Kenya from NPV to GPV was in compliance with the directive given by the Kenyan Insurance Regulator, and was effected for in the 2015 valuations and the period thereafter.

The Gross Premium Valuation (GPV) is 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 summarised below per country. The assumptions used for the previous year-end valuation are shown in brackets:

Kenya

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 (2016: KE 07-10 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 2018 and has been converted to zero coupon yield which ranged from 10.23% to 15.59%. The discount rate is further adjusted by a risk margin of 10% (2017:15%).

   Given the higher solvency requirement to apply a 20% risk margin on the discount rate, by Kenyan Insurance Act, the difference between the 10% and 20% risk margin has been offset as an appropriation of retained earnings to statutory reserves in the Statement of Financial Position. The impact of the difference between 10% and 20% risk margin is KShs 1, 377,467,000.

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 6.4% p.a. (2017:5.8% 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)

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
	96% 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 2018 as follows:

	Ordinary Life	
Expenses	**Per Policy (UShs)**	**% of Premium**
Maintenance Expenses	147,672	1.05%

- Discount rate – The discount rate for Ordinary Life set at 13.3% was derived based on the current asset mix and expected return for each type of asset.

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	2018 Rate
2007-2010 10 mortality tables (of neighboring country)	100%
Inflation rate	5.1% per annum
Return On Investment	4.0% per annum

26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Valuation assumptions (Continued)

Tanzania (Continued)

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.

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 2018 KShs '000	Increase in Liability 2017 KShs '000
Variables:		
Worsening of mortality +20%	351,128	280,411
Lowering of investment returns p.a. -1%	959,399	829,335
Worsening of expense inflation rate +1%	64,909	56,680
Worsening of lapse rate +5%	(34,243)	(23,437)

We have not included the valuation assumptions nor performed a sensitivity analysis for the non-Kenyan entities as the change within the long-term liabilities would not be material.

27. PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS (GROUP)

	2018 KShs '000	2017 KShs '000
At start of year	42,214,336	35,988,354
Pension fund deposits received	7,851,910	6,882,633
Surrenders and annuities paid	(5,822,062)	(4,806,355)
Fee income charged	(372,061)	(413,352)
Net benefits accrued	3,903,232	4,580,458
Exchange differences	(36,353)	(17,402)
At end of year	**47,739,002**	**42,214,336**

Deposit administration contracts are recorded at amortized cost.

28. UNEARNED PREMIUM REVENUE

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:

	2018			2017		
	Gross KShs'000	Reinsurance KShs'000	Net KShs'000	Gross KShs'000	Reinsurance KShs'000	Net KShs'000
At start of year	7,571,212	(3,089,500)	4,481,712	8,708,799	(3,019,300)	5,689,499
Increase in the period (net)	177,552	77,723	255,275	(1,114,822)	(113,857)	(1,228,679)
Exchange differences	(123,168)	(31,073)	(154,241)	(22,765)	43,657	20,892
At end of year	**7,625,596**	**(3,042,850)**	**4,582,746**	**7,571,212**	**(3,089,500)**	**4,481,712**

29. OTHER PAYABLES

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
Payroll liabilities	15,472	37,333	-	-
Value added tax payable	155,582	351,407	-	-
Withholding taxes payable	112,697	127,234	-	-
Other liabilities	1,504,541	725,495	9,705	1,774
Leave pay accrual	112,231	59,567	8,712	8,615
Accrued expenses	391,247	429,066	3,389	2,596
Premium deposits	140,659	157,872	-	-
Rental deposits	107,215	107,494	-	-
Total	**2,539,644**	**1,995,468**	**21,806**	**12,985**

*Other liabilities includes deferred rental income and valuations fees among others

30. SHARE CAPITAL

The total authorized number of ordinary shares is 90,000,000 (2017: 90,000,000) with a par value of KShs 5 per share. At 31 December 2018 72,472,950 ordinary shares were in issue (2017: 72,472,950 ordinary shares). All issued shares are fully paid.

	Group and Company			
	Share Capital	Share Capital	Number of shares	Number of shares
	2018	2017	2018	2017
	KShs '000	KShs '000	'000	'000
Authorised	450,000	450,000	90,000	90,000
Issued and fully paid:				
At start of year	**362,365**	**329,423**	**72,473**	**65,885**
Bonus issue of shares	-	32,942	-	6,588
At 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	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
Fair value reserves	214,967	337,751	36,409	31,357
General reserves	70,000	70,000	70,000	70,000
Translation reserves	(943,724)	(546,820)	-	-
Contingency reserves	1,233,277	1,050,993	-	-
Statutory and other reserves	3,598,306	2,185,073	-	-
Total	**4,172,826**	**3,096,997**	**106,409**	**101,357**

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

a) Fair value reserves

	Group		Company	
	2018	2017	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
At start of year	337,751	104,458	31,357	6,847
Transfer of reserves on adoption of IFRS 9	6,868	-	-	-
Associate share of other comprehesive income	195,071	47,219	-	-
Fair value (loss)/gain through other comprehensive income	(294,482)	186,074	5,052	24,510
Translation (loss)/gain	(30,241)	-	-	-
At end of year	**214,967**	**337,751**	**36,409**	**31,357**

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 include the Group's share of other comprehensive income in associates. The fair value reserve is non-distributable.

b) General reserves

	Group and Company	
	2018	2017
	KShs '000	KShs '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)

	2018 KShs '000	2017 KShs '000
At start of year	(546,820)	(554,086)
Movement for the year	(396,904)	7,266
At end of year	**(943,724)**	**(546,820)**

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

Contingency reserve (Group)

	2018 KShs '000	2017 KShs '000
At start of year	1,050,993	964,042
Transfer from retained earnings	182,285	86,951
At end of year	**1,233,278**	**1,050,993**

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.

d) Statutory and other reserves (Group)

	2018 KShs '000	2017 KShs '000
At start of year	2,185,073	2,185,073
Transfer from retained earnings	1,413,233	-
At end of year	**3,598,306**	**2,185,073**

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. The Statutory Reserve includes KShs 1,377,467,000 which is an amount set aside for additional provision for insurance contract liabilities required to comply with the requirements of the Insurance Regulatory Authority.

32. RETAINED EARNINGS

	Group		Company	
	2018 KShs '000	2017 KShs '000	2018 KShs '000	2017 KShs '000
At start of year	20,092,764	16,352,839	1,671,128	865,224
Profit for the year	3,806,450	3,932,142	1,219,559	911,319
Other movements	(38,008)	(106,820)	-	-
Transfer to contingency reserve	(182,284)	(86,951)	-	-
Transfer to statutory reserve	(1,377,468)	-	-	-
Bonus issue	-	(32,942)	-	(32,942)
Dividend paid to non-controlling interest	-	106,969	-	-
Interim dividend	(72,473)	(72,473)	(72,473)	(72,473)
Dividend Paid	(579,784)	-	(579,784)	-
At end of year	**21,649,197**	**20,092,764**	**2,238,430**	**1,671,128**

33. DIVIDENDS

(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 KShs 72.473 million was paid (2017: KShs 72.473 million) or KShs 1.00 per share (2017: KShs 1.00 per share). At the Annual General Meeting to be held on 25 June 2019, a final dividend of KShs 579.784 million (2017: KShs 579.784 million) is to be proposed, which is KShs 8.00 per share (2017: KShs 8.00 per share). The total dividend for the year 2018 is therefore KShs 652.257 million (2017: KShs 652.257million) or KShs 9.00 per share (2017: KShs 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.

(ii) DIVIDENDS PAYABLE

	2018	2017
	KShs '000	KShs '000
At start of year	369,176	325,515
Dividends declared within the year	652,257	566,606
Dividend paid within the year	(590,140)	(522,945)
At end of year	**431,293**	**369,176**

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 (2017: 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.

Transactions with related parties (Group)	2018	2017
Gross premium:	KShs '000	KShs '000
Diamond Trust Bank Limited	436,469	370,003
Industrial Promotion Services (Kenya) Limited	17,562	128,788
TPS Eastern Africa Limited	19,906	238,059
Property Development and Management Limited	16,006	33,573
Nation Media Group	103,827	148,837
Total	**593,770**	**919,260**
Net claims incurred:		
Diamond Trust Bank Limited	140,119	216,983
Industrial Promotion Services (Kenya) Limited	10,197	53,318
TPS Eastern Africa Limited	2,469	4,164
Property Development and Management Limited	6,810	4,041
Nation Media Group	184,148	143,678
Total	**343,743**	**422,184**
Services received from:		
Industrial Promotion Services (Kenya) Limited	-	53
TPS Eastern Africa Limited	2,069	2,690
Nation Media Group	3,382	11,466
Total	**5,451**	**14,209**

35. RELATED PARTY TRANSACTIONS (CONTINUED)

ii) Balances with related parties	**2018**	**2017**
	KShs '000	**KShs '000**
Outstanding premium:		
Diamond Trust Bank Limited	41,504	66,326
Industrial Promotion Services (Kenya) Limited	34,590	10,521
TPS Eastern Africa Limited	(4,334)	700
Property Development and Management Limited	4,746	3,628
Nation Media Group	33,817	9,118
Total	**110,323**	**90,293**
Outstanding claims:		
Diamond Trust Bank Limited	24,517	12,530
Industrial Promotion Services (Kenya) Limited	785	19,158
TPS Eastern Africa Limited	2,398	256
Property Development and Management Limited	330	1,555
Nation Media Group	46,911	46,802
Total	**74,941**	**80,301**
Deposits with financial institutions		
Diamond Trust Bank Limited	5,761,107	6,027,433
Total	**5,761,107**	**6,027,433**
Interest received from financial institutions		
Diamond Trust Bank Limited	397,650	298,327
Total	**397,650**	**298,327**

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

Transactions with related parties (Company)	**2018**	**2017**
	KShs '000	**KShs '000**
Due from related parties:		
Jubilee Insurance (Mauritius) Limited	860	860
Jubilee Investment Company Limited (Tanzania)	11,463	-
Jubilee Insurance Company of Burundi Limited	24,241	20,917
Jubilee Insurance Company of Kenya Limited	-	23,190
Jubilee Investment Company Limited (Burundi)	60,620	60,620
Total	**97,184**	**105,587**
Due to related parties		
Jubilee Insurance Company of Kenya Limited	140,369	-
Jubilee Investment Company Limited (Tanzania)	-	20,689
Jubilee Investment Company Limited (Uganda)	126,966	137,916
Total	**267,335**	**158,805**
Net owing	**(170,151)**	**(53,218)**

Transactions with related parties (Company)	**2018**	**2017**
	KShs '000	**KShs '000**
Borrowings from related parties		
Jubilee Investment Company Limited (Uganda)	623,807	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

(i) Short-term insurance business	2018			2017		
	Gross KShs '000	Reinsurance KShs'000	Net KShs '000	Gross KShs '000	Reinsurance KShs'000	Net KShs '000
Notified claims	5,870,122	(623,796)	5,246,326	5,766,775	(2,846,851)	2,919,924
Incurred but not reported	1,902,151	(763,456)	1,138,695	1,675,727	(701,204)	974,523
Total at start of year	**7,772,273**	**(1,387,252)**	**6,385,021**	**7,442,502**	**(3,548,055)**	**3,894,447**
Cash paid for claims settled during the year	(13,054,096)	(924,706)	(13,978,802)	(12,698,614)	4,833,470	(7,865,144)
Increase in liabilities:						-
Arising from current year claims	8,805,445	(839,144)	7,966,301	8,090,988	(2,973,447)	5,117,541
Arising from prior year claims	2,511,326	(352,270)	2,159,056	4,937,397	(2,199,220)	2,738,177
Total at end of year	**6,034,948**	**(3,503,372)**	**2,531,576**	**7,772,273**	**(3,887,252)**	**3,885,021**
Notified claims	4,606,641	(2,936,435)	1,670,206	5,870,122	(3,065,612)	2,804,510
Incurred but not reported	1,428,307	(566,937)	861,370	1,902,151	(821,640)	1,080,511
Total at end of year	**6,034,948**	**(3,503,372)**	**2,531,576**	**7,772,273**	**(3,887,252)**	**3,885,021**

Long-term insurance business	Ordinary Life	Group Life	Annuity	Total	Ordinary Life	Group Life	Annuity	Total
	2018 KShs '000	2018 KShs '000	2018 KShs '000	2018 KShs '000	2017 KShs '000	2017 KShs '000	2017 KShs '000	2017 KShs '000
At the Start of the year	7,603,775	1,139,193	8,235,398	**16,978,366**	5,732,257	1,267,165	5,682,911	**12,682,333**
Claims, surrenders and annuity payments	(1,448,083)	(270,394)	(959,406)	**(2,677,883)**	(1,149,119)	(654,329)	(808,816)	**(2,612,264)**
Increase/(decrease) in the period	884,255	(66,746)	232,362	**1,049,871**	479,240	453,128	(1,021,283)	**(88,916)**
New business	584,674	122,989	687,578	**1,395,241**	613,722	96,322	1,779,954	**2,489,998**
Change in actuarial reserves	1,814,410	(108,928)	580,708	**2,286,190**	1,886,940	(66,524)	2,552,488	**4,372,904**
At the end of the year	**9,439,031**	**816,114**	**8,776,640**	**19,031,785**	**7,563,041**	**1,095,761**	**8,185,254**	**16,844,055**

	Gross KShs '000	Reinsurance KShs'000	Net KShs '000	Gross KShs '000	Reinsurance KShs'000	Net KShs '000
Notified claims	947,106	(268,754)	678,352	1,007,119	(273,811)	733,308
Actuarial value of policy holders benefits	18,557,023	-	18,557,023	16,204,112	-	16,204,112
Total at end of year	**19,504,129**	**(268,754)**	**19,235,375**	**17,211,231**	**(273,811)**	**16,937,420**

37. OPERATING LEASES

(i) Lease as lessee

The Group leases offices for some of its branches and agency operations under operating lease agreements which run for a period of two to six years with an option of renewal after expiry. The Group is restricted from entering into any sublease arrangements.
At 31 December 2018, the future minimum lease payments under non-cancellable operating leases were payable as follows:

Lease as a Lessee	2018 KShs '000	2017 KShs '000
Within one year	11,517	34,505
Later than one year and not later than five years	18,659	55,903
Amount payable later than five years	14,540	43,562
	44,716	**133,970**

During the year ended 31 December 2018, KShs 305 million (2017: KShs 194 million) was recognized as rent expense in profit or loss.

(ii) Lease as lessor

The Group leases out its investment property (Note 17) to various tenants under operating lease agreements which run for a period of two to six years with the option to renew after expiry. The Group does not enter into any sublease arrangements.

Lease as a Lessor	2018 KShs '000	2017 KShs '000
Within one year	100,743	244,658
Later than one year and not later than five years	483,163	1,173,383
Amount payable later than five years	3,104	7,538
	587,010	**1,425,579**

At 31 December 2018, the future minimum lease payments under non-cancellable operating leases were receivable as follows:
During the year ended 31 December 2018, KShs 395 million (2017: KShs 341 million) was recognized as rental income in profit or loss in respect of the investment property, after netting of management expenses of KShs 202 million (2017: KShs 175 million).
See Note 38.11 for the accounting policy in leases.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

38.1 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 and have been prepared on a going concern basis and are presented in Kenya Shillings (KShs), rounded to the nearest thousand, unless otherwise indicated.

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements

The Group has adopted the following new standards and amendments during the year ended 31 December 2087, including consequential amendments to other standards with the date of initial application by the Group being 1 January 2018. The nature and effects of the changes are explained below:

New standard or amendments	Effective for annual periods beginning on or after
Revenue from contracts with customers (IFRS 15)	1 January 2018
Financial instruments (IFRS 9)	1 January 2018
Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (Amendments to IFRS 4)	1 January 2018
IFRIC 22 foreign currency transactions and advance consideration	1 January 2018
Classification and measurement of share based payment transactions (Amendments to IFRS 2)	1 January 2018
Transfers of Investment Property (IAS 40)	1 January 2018

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

The adoption of these changes did not have a significant effect on the amounts and disclosures of the Group's financial statements.

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different.

In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual period beginning on or after 1 January 2018 with retrospective application and early adoption permitted. The Group fully implemented IFRS 9 with effect from 1 January 2018, with the impact of the cumulative adjustment reflected as an adjustment to opening retained income.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements (continued)

IFRS 9: Financial Instruments (2014) (continued)

Classification and measurement under IFRS 9

All financial assets under IFRS 9 are to be initially recognised at fair value, including directly attributable transactions costs (for financial assets not measured at fair value through profit or loss).

Financial assets are to be classified based on:

(i) the business model within which the financial assets are managed and

(ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent 'solely payment of principal and interest').

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cashflows and those cashflows comprise solely payments of principal and interest ('hold to collect').

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets, and those contractual cashflows comprise solely payments of principal and interest ('hold to collect and sell'). Movements in the carrying amount of these financial assets should be taken through OCI, except for impairment gains or losses, interest revenue and foreign exchange gains or losses, which are recognised in profit or loss. Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Other financial assets are measured at FVTPL. All derivative instruments that are either financial assets or financial liabilities will continue to be classified as held for trading and measured at fair value through profit and loss.

The accounting for financial liabilities is largely unchanged, except for financial liabilities designated at FVTPL. Changes in the fair value of these financial liabilities that are attributable to the group's own credit risk are recognised in OCI. Where the financial liability is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity. The group currently provides note disclosure in respect of the change in fair value due to credit risk of the group's financial liabilities designated at FVTPL, in Note 4 b.

For equity investments that are neither held for trading nor contingent consideration, the Group may irrevocably elect to present subsequent changes in fair value of these equity investments in either (i) profit or loss (FVTPL); or (ii) other comprehensive income (FVOCI). Where the equity investment is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements (continued)

IFRS 9: Financial Instruments (2014) (continued)

Classification and measurement under IFRS 9 (continued)

Based on the financial assets at 31 December 2017, the Group and Company assessment is shown as follows

Group	Original classification under IFRS 9 (2008)	New classification under IFRS 9	Original carrying amount under IFRS 2008	New carrying amount under IFRS 9
Financial assets			**KShs '000**	**KShs '000**
Equity investments – quoted	Fair value through OCI	Fair value through OCI	1,276,692	1,276,692
Equity investments – quoted	Fair value through P&L	Fair value through P&L	6,853,603	6,853,603
Equity investments – unquoted	Fair value through P&L	Fair value through P&L	3,157,632	3,157,632
Mortgage loans	Amortised cost	Amortised cost	109,098	109,098
Receivables arising out of direct insurance arrangements	Amortised cost	Amortised cost	4,204,795	4,156,192
Other receivables	Amortised cost	Amortised cost	1,080,642	1,080,642
Government securities	Amortised cost	Amortised cost	47,195,222	47,194,184
Corporate bonds and commercial paper	Amortised cost	Amortised cost	904,007	903,993
Deposits with financial institutions	Amortised cost	Amortised cost	10,585,597	10,584,530
Cash and bank balances	Amortised cost	Amortised cost	1,517,872	1,516,953
Total financial assets			**76,885,160**	**76,833,519**

Company	Original classification under IFRS 9 (2008)	New classification under IFRS 9	Original carrying amount under IFRS 2008	New carrying amount under IFRS 9
Financial assets			**KShs '000**	**KShs '000**
Equity investments – quoted	Fair value through OCI	Fair value through OCI	20,270	20,270
Equity investments – unquoted	Fair value through OCI	Fair value through OCI	65,630	65,630
Other receivables	Amortised cost	Amortised cost	109,916	109,916
Deposits with financial institutions	Amortised cost	Amortised cost	250,098	250,098
Cash and bank balances	Amortised cost	Amortised cost	22,898	22,898
Total financial assets			**468,812**	**468,812**

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements

IFRS 9: Financial Instruments (2014)

Reconciliation of statement of financial position balances from the IFRS 9 (2008)/IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

The following table reconciles the carrying amount of financial assets, from their previous measurement categories in accordance with IFRS 9 (2008) /IAS 39 as at 31 December 2017 to the new measurement categories under IFRS 9 on 1 January 2018:

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

Group	IFRS 9 (2008) carrying amount 31 December 2017	Reclassifications	Remeasurement	IFRS 9 carrying amount 1 January 2018
Financial assets at amortised cost	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Cash and balances				
Opening balances as per IFRS 9 2008	**1,517,872**	**-**	**-**	**1,517,872**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	(919)	(919)
Closing balances as per IFRS 9	**1,517,872**	**-**	**(919)**	**1,516,953**
Deposits with financial institutions				
Opening balances as per IFRS 9 2008	**10,585,597**	**-**	**-**	**10,585,597**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	(1,067)	(1,067)
Closing balances as per IFRS 9	**10,585,597**	**-**	**(1,067)**	**10,584,530**
Government securities				
Opening balances as per IFRS 9 2008	**47,195,222**	**-**	**-**	**47,195,222**
Less: To FVPL (IFRS 9)	-	-	-	-
Remeasurement: ECL allowance	-	-	(1,038)	(1,038)
Closing balances as per IFRS 9	**47,195,222**	**-**	**(1,038)**	**47,194,184**
Receivables arising out of direct insurance arrangements	**4,204,795**	**-**	**-**	**4,204,795**
Opening balances as per IFRS 9 2008	-	-	-	-
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	(48,603)	(48,603)
Closing balances as per IFRS 9	**4,204,795**	**-**	**(48,603)**	**4,156,192**
Corporate bonds and commercial papers				
Opening balances as per IFRS 9 2008	**904,007**	**-**	**-**	**904,007**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	(14)	(14)
Closing balances as per IFRS 9	**904,007**	**-**	**(14)**	**903,993**
Mortgage loans receivable				
Opening balances as per IFRS 9 2008	**109,098**	**-**	**-**	**109,098**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balances as per IFRS 9	**109,098**	**-**	**-**	**109,098**
Other receivables				
Opening balances as per IFRS 9 2008	**1,080,642**	**-**	**-**	**1,080,642**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balances as per IFRS 9	**1,080,642**	**-**	**-**	**1,080,642**
Total financial assets measured at amortised cost	**65,597,233**	**-**	**(51,641)**	**65,545,592**

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements (continued)

IFRS 9: Financial Instruments (2014) (continued)

Reconciliation of statement of financial position balances from the IFRS 9 (2008)/IAS 39 to IFRS 9 (continued)

Company	**IFRS 9 2018 carrying amount 31 December 2017**	**Reclassifications**	**Remeasurement**	**IFRS 9 carrying amount 1 January 2018**
Financial assets at amortised cost	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Cash and balances				
Opening balances as per IFRS 9 2008	**22,898**	**-**	**-**	**22,898**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balances as per IFRS 9	22,898	-	-	22,898
Deposits with financial institutions				
Opening balances as per IFRS 9 2008	**250,098**	**-**	**-**	**250,098**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balances as per IFRS 9	250,098	-	-	250,098
Other receivables				
Opening balances as per IFRS 9 2008	**109,916**	**-**	**-**	**109,916**
Reclassification	-	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balances as per IFRS 9	**109,916**	**-**	**-**	**109,916**
Total financial assets measured at amortised cost	**382,912**	**-**	**-**	**382,912**

Reconciliation of impairment allowance balance from IFRS 9 (2008) to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

Group	**Impairment at 31 December 2017**	**Reclassifications**	**Remeasurement**	**Excepted Credit Loss at 1 January 2018**
Financial asset	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Cash and bank balances	-	-	919	919
Deposits with financial institutions	-	-	1,067	1,067
Receivables arising from direct insurance arrangement	675,813	-	48,603	724,416
Government securities at amortised cost	-	-	1,038	1,038
Corporate bonds and commercial paper	-	-	14	14
Total	**675,813**	**-**	**51,641**	**727,454**

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2018 annual financial statements (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it).

This Interpretation stipulates that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

This Interpretation does not apply to income taxes, insurance contracts and circumstances when an entity measures the related asset, expense or income on initial recognition:

a) at fair value; or
b) at the fair value of the consideration paid or received at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from advance consideration (for example, the measurement of goodwill applying IFRS 3 Business Combinations).

The amendments apply retrospectively for annual periods beginning on or after 1 January 2018, with early application permitted.

The adoption of these changes did not affect the amounts and disclosures of the Group and Company financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The following clarifications and amendments are contained in the pronouncement:

Accounting for cash-settled share-based payment transactions that include a performance condition

Up until this point, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

Classification of share-based payment transactions with net settlement features

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Accounting for modifications of share-based payment transactions from cash-settled to equity-settled

Up until this point, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

— On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
— Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

The Group and the Company do not have share based payments hence there amendment has no impact.

Transfers of Investment property (Amendments to IAS 40)

The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property. The Group and the Company did not make any transfers and hence there amendment has no impact.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2018, and have not been applied in preparing these financial statements.

The Group does not plan to adopt these standards early. These are summarised below;

New standards	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
IFRIC 23 Classification on accounting for income tax exposures	1 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 17 Insurance contracts	1 January 2022
IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	To be determined
Annual improvements cycle (2015 – 2017)	1 January 2019
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
IFRS 3 Definition of balances	1 January 2020
Amendments to IAS 1& IAS 8 Definition of Material	1 January 2020
Amendments to references to conceptual framework in IFRS standards	1 January 2020

IFRS 16: Leases

IFRS 16 was issued in January 2016 and replaces replaces IAS 17 Leases and its related interpretations for reporting periods beginning on or after 1 January 2019.

The Group as lessee: IFRS 16 introduces a 'right of use' model whereby the lessee recognises a right-of-use asset and an associated financial obligation to make lease payments for all leases with a term of more than

12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

The Group as lessor: IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify and account for its leases as operating leases or finance leases.

The Group is in the process of assessing the impact of IFRS 16 and which transitional approach will be used.

IFRIC 23 Clarification on accounting for Income tax exposures

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. Uncertainty is reflected in the overall measurement of tax and separate provision is not allowed.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018 (continued)

IFRIC 23 Clarification on accounting for Income tax exposures (continued)

The entity is required to measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).

The entity will also need to provide disclosures, under existing disclosure requirements, about

a) judgments made;

b) assumptions and other estimates used; and

c) potential impact of uncertainties not reflected.

Management is currently evaluating the impact of the new standard to the Group's financial statements.

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

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

a) 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

b) 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018 (continued)

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Management is currently evaluating the impact of the new standard to the Group's financial statements.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Management is currently evaluating the impact of the new standard to the Group's financial statements.

The amendments apply for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or Company meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or Company is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The effective date for these changes has now been postponed until the completion of a broader review.

The adoption of these changes will not affect the amounts and disclosures of the Group and Company financial statements.

Annual improvement cycle (2015 – 2017) – various standards

Standards	**Amendments**
IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	Clarifies how a Company accounts for increasing its interest in a joint operation that meets the definition of a business: • If a party maintains (or obtains) joint control, then the previously held interest is not remeasured. • If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
IAS 12 Income taxes	Clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
IAS 23 Borrowing costs	Clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The adoption of these amendments is not expected to affect the amounts and disclosures of the Company's financial statements.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a Company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and

- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

Consistent with the calculation of a gain or loss on a plan amendment, entities will now use updated actuarial assumptions to determine the current service cost and net interest for the period. Previously, entities would not have updated the calculation of these costs until the year-end.

Further, if a defined benefit plan is settled, any asset ceiling would be disregarded when determining the plan assets as part of the calculation of gain or loss on settlement.

The amendments apply for plan amendments, curtailments or settlements that occur on or after 1 January 2019, or the date on which the amendments are first applied. Earlier application is permitted.

The adoption of this standard will not have an impact on the financial statements of the Group.

IFRS 3 Definition of a Business

With a broad business definition, determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. These amendments to IFRS 3 Business Combinations seek to clarify this matter as below however complexities still remain.

- **Optional concentration test**
  The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

- **Substantive process**
  If an entity chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The definition of a business is now narrower and could result in fewer business combinations being recognised.

The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The adoption of this standard will not have an impact on the financial statements of the Company.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2018

Amendments to References to the Conceptual Framework in IFRS Standards

This amendment sets out amendments to IFRS Standards (Standards), their accompanying documents and IFRS practice statements to reflect the issue of the International Accounting Standards Board (IASB) revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework).

Some Standards, their accompanying documents and IFRS practice statements contain references to, or quotations from, the IASC's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 (Framework) or the Conceptual Framework for Financial Reporting issued in 2010. Amendments to References to the Conceptual Framework in IFRS Standards updates some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

These amendments are based on proposals in the Exposure Draft Updating References to the Conceptual Framework, published in 2015, and amend Standards, their accompanying documents and IFRS practice statements that will be effective for annual reporting periods beginning on or after 1 January 2020.

TThe adoption of these changes will not affect the amounts and disclosures of the Group's financial statements.

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

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.2. 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 Company'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.

(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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.2. CONSOLIDATION (CONTINUED)

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 its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation 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.

38.3. 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.

Medical and general have been aggregated as the Group does not hold the assets and liabilities separately.

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.

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.

38.4. 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 38.5. 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.4. INSURANCE CONTRACTS (CONTINUED)

a) Classification (continued)

(i) Long-term insurance business

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.

(ii) Short-term insurance business

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.

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.

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.

b) Recognition and measurement

(i) Premium income

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 24ths method, The Jubilee Insurance Company of Kenya Limited revised the method of computing the unearned premiums to the 1/365th method with effect from 1 January 2014.

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

(ii) Claims and policy holders benefits payable

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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.5. INSURANCE CONTRACTS (CONTINUED)

b) Recognition and measurement (continued)

(ii) Claims and policy holders benefits payable (continued)

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.

(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 payable 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 38.4(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.

(v) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the 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 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.5. 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.

38.6. REVENUE RECOGNITION

(i) Insurance premium revenue
The revenue recognition policy relating to insurance contracts is set out under note 38.4 (b) (i).

(ii) Non interest income from financial investments
The revenue recognition policy for non-interest income from financial investments is disclosed in note 38.10.

(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) (iv) Dividend income
Dividend income for available-for-sale equities 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.

(vi) Commission earned

The revenue recognition policy on commission is disclosed in note 38.4 (b) (iii).

38.7. 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.7. PROPERTY AND EQUIPMENT (CONTINUED)

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

38.8. 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 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.

38.9. 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).

38.10. 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 recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. 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 amortized 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

From 1 January 2018, 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. 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.

- Equity instruments at fair value through other comprehensive income (FVTOCI)

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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Prior to 1 January 2018, the Group would assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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.

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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(ii) Simplified approach (Continued)

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.

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
- there 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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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 Agencies 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.

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.

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

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Modification of contracts (Continued)

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 2018. (2017 – 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

Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other gains/(losses).
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income.
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

De-recognition of financial liabilities

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Other financial liabilities

Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement, borrowings and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due

38.11. ACCOUNTING FOR LEASES

Leases of property and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalized at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to profit or loss over the lease period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the lease term or the estimated useful life of the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

38.12. 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.

38.13. 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.

38.14. INCOME TAX EXPENSE

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.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.14 INCOME TAX EXPENSE (CONTINUED)

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.

38.15 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.

38.16 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.

38.17 COMPARATIVES

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

GROUP REVIEW—TEN YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Group Review 10 years	KShs million									
Shareholders' Funds	26,184	23,552	19,946	19,098	15,439	12,431	8,020	6,154	5,114	3,389
Share Capital	362	362	329	329	299	299	299	272	248	225
Long-Term Business Funds	67,243	59,426	48,827	42,337	38,652	28,743	23,476	18,802	14,637	11,495
Total Assets	114,168	104,968	90,568	82,378	74,506	61,159	47,418	38,040	30,691	23,736
Profit Before Tax	5,410	5,161	4,563	4,145	3,949	3,151	2,693	2,144	2,053	1,116
Profit Attributable to Shareholders	3,806	3,932	3,297	2,814	2,880	2,255	2,115	1,802	1,756	825
Profit Attributable to Non - Controlling interest	371	298	379	307	224	248	169	108	83	89
Dividends to Shareholders	72	72	560	560	509	419	419	299	272	203
Dividend Cover Ratio	52.52	54.61	5.89	5.03	5.66	5.38	5.05	6.02	6.45	4.07
Bonus Issue	00:00	00:00	01:10	00:00	01:10	00:00	00:00	01:10	01:10	01:10
*Earnings Per Share (KShs) (par value KShs 5)	52.52	54.26	45.49	38.83	39.73	31.12	29.18	24.86	24.23	11.38

* Earnings per share has been calculated on 72.473 million shares for all the year.

AYAA AWARD - WINNER

AYAA AWARD - AGENT OF THE YEAR

CIO 100 AWARD

AGENTS CHOICE AWARD

AFRICAN ASSURANCE AWARD

AKI AGENT OF THE YEAR 2019 KENYA

General Insurance Company of the Year - Winner
Life Insurance Company of the Year - 2nd Runners Up

CIO 100 EA AWARD 2018 KENYA

Insurance Category - Winner

REAL ESTATE EXCELLENCE AWARD 2018 KENYA

Plate Glass Insurer of the Year - Winner

FIRE AWARDS 2018- KENYA

Insurance Category
Jubilee Holdings - 1st Runners Up

AGENT CHOICE AWARD 2018 – KENYA

Training Excellence &Impact - Winner
Best Claim Settlement - Winner
Risk Management & Solutions - Winner
Best Counter Fraud Initiative - Winner
Best Corporate Social Responsibility - Winner
Innovative Company of the Year -Winner
Customer Champion - 1st Runners Up
Best Product - 1st Runners Up

DIGITAL INCLUSION AWARDS 2018 - KENYA

Insurance Category - Winner

THINK BUSINESS AWARDS 2018 - KENYA

Most Innovative Insurance Company - Winner
The Training Award - Winner
Claims Settlement Award - Life Insurance - Winner
General Insurer of the Year -1st Runners Up
Claim Settlement Award - General insurance -1st Runners Up
Medical Underwriter of the Year - Group -1st Runners Up
Medical Underwriter of the Year - Personal - 1st Runners Up
Best Company in Sustainable CSR - 1st Runners Up
Life Insurer of the Year - 2nd Runners UP
Best Insurance in Product Distribution and Marketing - 2nd Runners Up

AFRICAN INSURANCE AWARDS 2018 - KENYA

Insurance Innovation of the year 2018 - Winner

CORPORATE GOVERNANCE AWARDS UGANDA 2018
Insurance Companies-Winner

AKI AGENT AWARDS
AAYA 2018 - KENYA
Most Improved Company - Individual Life - Winner
Company of the Year - 1st Runners

AYAA AWARD - 2nd RUNNER UP

FIRE AWARD

DIGITAL INCLUSION AWARD

THINK BUSINESS AWARD

CORPORATE GOVERNANCE AWARD

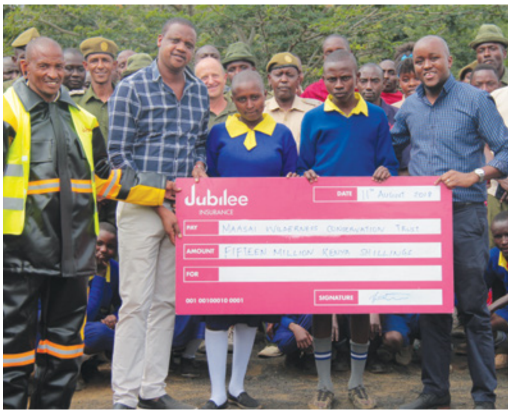
Jubilee
HOLDINGS

Living free is... the art of music

At Jubilee Insurance we believe that everyone should have access to economic opportunities, medical care, education and creative disciplines. We are proud of our dedicated CSR Team who, working alongside our local partners, has helped to build a strong future for the communities we serve.

Jubilee Insurance is a proud sponsor of Ghetto Classics, the flagship programme of the Art of Music Foundation. This community programme involves over 300 children in Korogocho – one of Kenya's largest slums – and over 600 more underprivileged children countrywide. The children are taught life skills through the discipline of studying music and also provided with income generating opportunities.

MAASAI MARA CONSERVATION TRUST - KENYA



Over the next 5 year KShs. 15 million has been committed to the Maasai Wilderness Conservation Trust in Kajiado to support their efforts In:

Conservation of Tsavo West By purchasing a specialized motorcycle to assist the conservancy warders in effective patrols to minimize human-wildlife conflict in the areas.

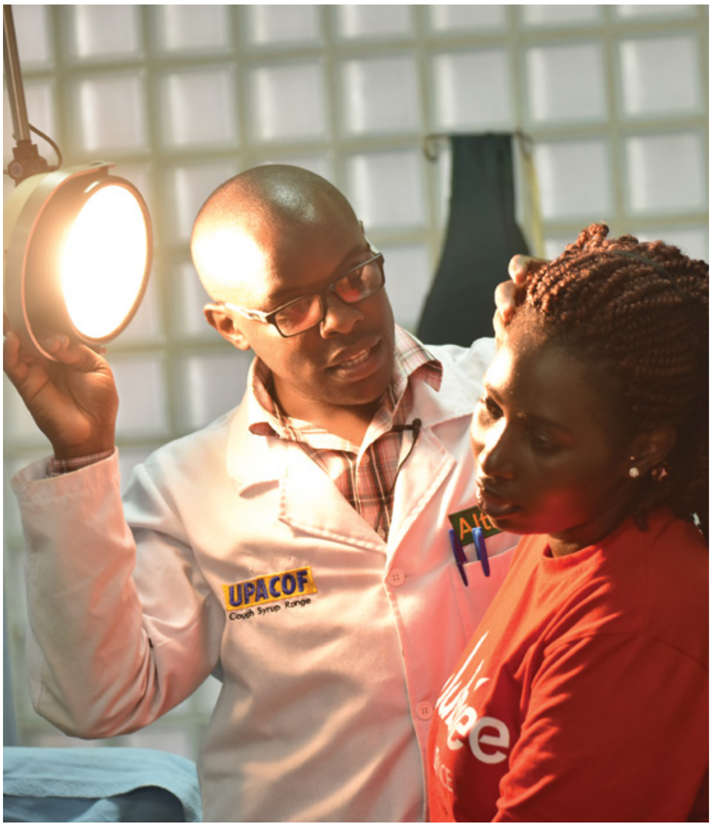
Offering university bursaries to 48 bright needy students from the community from various universities.

Providing health services to the community by training a member of the community to be a nurse and purchase of an ultrasound machine for the community health center.

BREAST CANCER AWARENESS - KENYA

Jubilee Insurance Kenya Team led by GCEO Dr. Julius Kipng'etich visited the Cancer Pediatric Ward at Kenyatta National Hospital to deliver donations and give support to children suffering from cancer as part of the "Live Free" agenda. The visit was meant to cheer-up the children battling with cancer, create awareness and encourage our staff to get screened for various forms of cancer.

EAR OPERATION - BREAKING THE SILENCE - KENYA



So far, we have managed to conduct 113 successful ear surgeries both in Nairobi and outside with a total of 148 since the inception of the project in 2017. So far, we have managed to conduct 113 successful ear surgeries both in Nairobi and outside with a total of 148 since the inception of the project in 2017. Mama Lucy Hospital : 10, Kisumu Surgical Camp : 27, Machakos Surgical Camp : 30, Nanyuki Surgical Camp : 30, Kisii Surgical Camp : 16

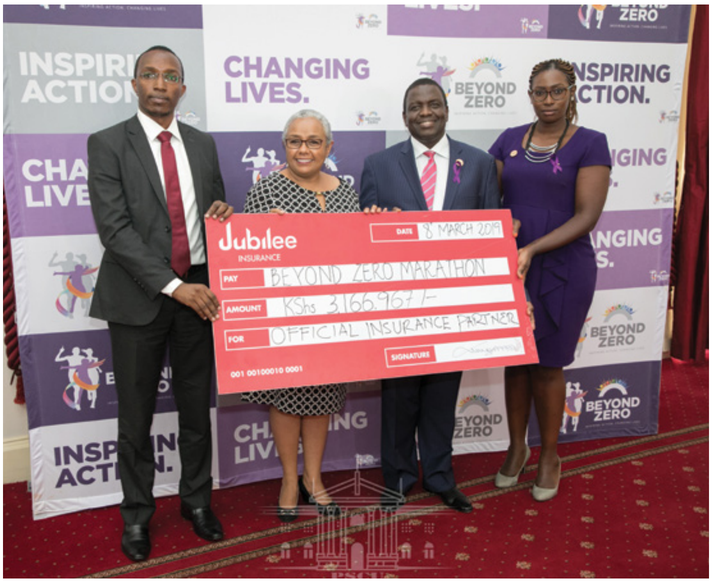
WORLD WATER DAY - KENYA

In pursuit of environmental conservation, Jubilee Insurance Kenya participated in a tree planting exercise in Mwingi West Constituency in partnership with Kenya Organization for Environmental Education in commemoration of World Water Day "Leaving no one behind". Another section (Over 500 tree seedlings were planted with another 2,000 seedlings distributed among the 19 participating schools to be planted in their respective Grounds.)

EYE PROJECT - FREEDOM TO FOCUS - KENYA

In partnership with the Kenya Society for the Blind over 250 pupils in 10 selected counties in Kenya were issued with spectacles and other assistive devices in 2018

BEYOND ZERO CAMPAIGN - KENYA



Jubilee Insurance through the **"Maisha Fiti"** wellness program donated Ksh. 3M for mobilization of medical resources and provision of GPA covers for the over 27,000 participants, officials and volunteers during the Marathon. The initiative is in line with our core business agenda to increase access to and uptake of health insurance.

LIVE FREE PAINTING COMPETITION - KENYA

So far the Live Free Painting Competition has awarded 33 students with full Secondary school education scholarship.
The 25 National winners underwent a mentorship training in abstract thinking through art and exposure to the real work of art at the GoDown Art Center and Nairobi Primary School.

PATIENT VISIT - TANZANIA

On October 2018, as part of giving back to the societies. Jubilee insurance team devoted few days away from work and find time to spend with patients in need at the different hospitals in Dar es Salaam city where they managed to provide patients with words of encouragements and hope. Provide them with gift humps and words of encouragement.

RENOVATION OF CLOAKROOM, CLASSROOM AND TEACHER'S HOUSES - TANZANIA

Mbeya- itiji primary school cloak room (Before)

Cloak room (After)

Mwembesongo primary school - renovations (Before)

Renovations (After)

Mlimwa"b" primary school toilet construction (Before/After)

Jang'ombe primary school class renovation (Before/After)

Madenga primary school toilet construction (Before/After)

Katerero primary school teachers houses (Before/After)

Seven key schools were identified for renovations in Tanzania during the 80th Year anniversary. Renovations were completed in 2018

KIDS OF AFRICA MARATHON - UGANDA

Our Uganda Team joined the Kids of Africa, in a fun run by sponsoring the marathon to a tune of Ugsh. 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.

BLOOD DONATION DRIVE - UGANDA

The Jubilee Life Insurance Uganda Team partnered with EICA (East Indian Cultural Association) and Uganda Blood Transfusion Services to power a blood donation drive in December 2018. Over 120 units of blood were donated in a day.

BREAST CANCER AWARENESS - UGANDA

The Jubilee Insurance Uganda Team took part in the Breast Cancer Awareness month campaign to carry out sensitization, screening, provide support and educate the victims/survivors at the Uganda Cancer Institute.

ASANTE AFRICA - YOUTH LEADERSHIP AND ENTREPRENEURSHIP INCUBATOR PROGRAM - EAST AFRICA

Jubilee Insurance Kenya donated promotional items for the Asante Africa Foundation – Youth Leadership and Entrepreneurship Incubator Program that took place in Arusha Tanzania.

The more than 100 youth from the four East African countries represented were empowered with tools on job readiness, entrepreneurship skills and personal development to become change agents whose dreams and actions transform the future of their communities and countries.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KENYA

HEAD OFFICE
Jubilee Insurance House, Wabera St.
P.O. Box 30376 00100 GPO, Nairobi, Kenya
T: +254 020 328 1000

BRANCHES

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

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

KISII
New Sansora Building 1st Floor,
Town Centre Hospital Road
Tel: +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
Tel: 0709901729 / 0702957979

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

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

MOMBASA ROAD
Tulip House Ground Floor
Tel: +254 071 554 5419 / Finance - +254 071 554 5444

NAKURU
Pollo Centre, Off Kenyatta Avenue
Tel: +254 051 221 1119/ 0702 958 897

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

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

UGANDA GENERAL

HEAD OFFICE

Jubilee Insurance Company of Uganda Limited
Plot 14, Jubilee Insurance Center, 1st Floor
Parliament Avenue,
P.O.Box 10234, Kampala
+256414311701,
jicug@jubileeuganda.com

AGENCY OFFICES

MBARARA
Plot 4, Mbarara City Mall, 2nd Floor Room 28, Buremba Road
T: 0392-175-439

JINJA
Plot 82, Arcade 82, 1st Floor Room 23, Main Street
T: 0430-122-369

MBALE
Plot 2, Bugisu Cooperative Union Building,
2nd Floor, Court Road
T: 045-443-123/4

UGANDA LIFE

HEAD OFFICE
Jubilee Life Insurance Company of Uganda Limited.
Plot 14, Jubilee Insurance Centre, East Podium,
Parliament Avenue
P.O.Box 7122, Kampala
Tel: 0312-178-800
lifeug@jubileeuganda.com

AGENCY OFFICE
KAMPALA
Plot 26, Park Royal building, 4th Floor,
Room A4 Buganda Road
T: 0392 175 438.

JINJA
Plot 28-30, City Hotel Building, Ground Floor,
Clive Road
T: 0393-000-021

ARUA
Plot 19, K.K.T Plaza Building 2nd floor,
Room A006 Duka Road
T: 0393-218-166

MBALE
Plot 18, Miami Plaza, Ground floor Cathedral Road
T: 0393-000-022

MBARARA
Plot 3B, New Kasaka Building 1st Floor, Stanely road
T: 0393-000-023

ENTEBBE
Plot 19, Aurthur's Café Building, 1st Floor Portal road
T: 0392-178-039

GULU
Plot 20, Gulu City Mall Building 2nd floor, Gulu Avenue
T: 0392-178-048

HOIMA
Plot 32, Messiah Towers, 1st Floor, Hoima- Kampala road,
T: 0392-178-050

MASAKA
Plot 27, Brovad Building, Ground Floor, Kampala Road

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
F: +255 22 2135116
E: enquiry@jubileetanzania.com

TANZANIA LIFE HEAD OFFICE
Jubilee Life Insurance Company 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
Plot No.25 Nyerere Road
T: +255 22 2862124
E: jicqc@jubileetanzania.com

MWANZA
Nyanza Co-operative Union Building Kenyatta road
P.O Box 10456, Mwanza
T: +255 28 2500822
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
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

KAHAMA
FINCA Building, 1st Floor, Room No.4 Isaka Road,Kahama
E: jickhm@jubileetanzania.com

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

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

BEAU BASSIN - BRANCH
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,
Tél : +257 22 27 58 20/1/2,
Email :jicb@jubileeburundi.com

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Living free is… the freedom to see

At Jubilee Insurance we believe that everyone should have access to economic opportunities, medical care, education and creative disciplines. We are proud of our dedicated CSR Team who, working alongside our local partners, has helped to build a strong future for the communities we serve.

In partnership with Kenya Society for the Blind, since 2017 Jubilee Insurance has been a proud sponsor of the Eye Project. To date the project has provided important eye treatment to more than 1,500 beneficiaries and provided spectacles to more than 250 public primary pupils.

OUR VISION

Enabling people to overcome uncertainty.

OUR MISSION

To provide solutions to protect the future of our customers.

OUR VALUES

Integrity, Passion, Excellence and Teamwork.

Live Free!

Jubilee
HOLDINGS

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