



KENYA REINSURANCE CORPORATION LTD

NOTICE OF THE 2019 ANNUAL GENERAL MEETING

Notice is hereby given that the 21ST ANNUAL GENERAL MEETING OF KENYA REINSURANCE CORPORATION LIMITED will be held at the Bomas of Kenya, Langata Road, Nairobi, on Friday, 14th June 2019 at 11.00 a.m. when the following business will be transacted, namely:

AGENDA

1. Constitution of the Meeting - To read the notice convening the Meeting and determine if a quorum is present.
2. To receive, consider and, if approved, adopt the Corporation's audited Financial Statements for the year ended 31st December 2018 together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To approve payment of a first and final dividend of **KShs.0.45** per share for the financial year ended 31st December 2018 to the shareholders registered in our books as at 14th June 2019 on or about **26th July 2019**, as recommended by the Board, and approve the closure of the Register of Members on 15th June 2019.
4. Election of Directors:
 - a) In accordance with Article 110 of the Corporation's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:
 - i. **Mrs. Felistas Ngatuny**
 - ii. **Mr. Everest Lenjo**
 - iii. **Mrs. Zipporah Mogaka**
5. To note and approve the Directors' remuneration report for the period ended 31st December 2018.
6. Auditors

To note that the audit of the Corporation's books of accounts will continue to be undertaken by the Controller and Auditor-General or an audit firm appointed by him in accordance with Section 14 of the State Corporations Act and Section 23 of the Public Audit Act 2015.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. To authorise the Directors to appoint members of the Audit Committee of the Board.

SPECIAL BUSINESS

9. Expansion Programme - Creation of a subsidiary in Uganda

To consider and, if thought fit, to pass the following resolution as a special resolution:
 - a) "That the Company be and is hereby authorised to establish a subsidiary in Uganda on such terms and conditions as may be determined by the relevant regulatory authorities and the Board of Directors.
 - b) That the Directors be and are hereby authorised to determine the conditions upon which the subsidiary in Uganda will be established and to obtain all the required regulatory approvals, consents and authorisations and generally to do and effect all acts and things required to give effect to the above resolution."
10. To consider and, if thought fit, to pass the following Resolutions:
 - a) **Increase in share capital**

"That subject to receipt of requisite regulatory approvals, the authorised share capital of the Company be and is hereby increased from Kenya Shillings Two Billion (Kshs.2,000,000,000.00) divided into Eight Hundred Million (800,000,000) ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each to Kenya Shillings Eight Billion (Kshs.8,000,000,000.00) divided into Three Billion Two Hundred Million (3,200,000,000) ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each by the creation of Two Billion Four Hundred Million (2,400,000,000) new ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each, ranking *pari passu* in all respects with the existing ordinary shares of the Company."
 - b) **Listing of Additional Shares**

"That subject to receipt of requisite regulatory approvals, the new additional Two Billion Four Hundred Million (2,400,000,000) ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each in the capital of the Company be and are hereby approved for listing on the main segment of the Nairobi Securities Exchange."
 - c) **Approval of Bonus Issue of Shares**

"That subject to the passing of the above resolutions by the shareholders and the receipt of the requisite regulatory approvals, the Directors be and are hereby authorised to capitalise the sum of Kenya Shillings Five Billion Two Hundred and Forty Nine Million Six Hundred and Eighteen Thousand and Ten (Kshs. 5,249,618,010.00) being part of the amount standing to the credit of the Company's revenue reserves as at 31st December 2018, and that the same be applied in making payment in full and at par Two Billion Ninety Nine Million Eight Hundred and Forty Seven Thousand Two Hundred and Four (2,099,847,204) ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each in the capital of the Company and that such shares be distributed as fully paid up to the persons registered as holders of the ordinary shares in the capital of the Company at the close of business on 14th June 2019 in the proportion of three (3) ordinary shares of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each for every one (1) fully paid up ordinary share of Kenya Shillings Two and Fifty Cents (Kshs.2.50) each then held in the capital of the Company by such persons (fraction of a share to be disregarded), and that, the shares so distributed shall rank *pari passu* for all purposes with the existing shares in the capital of the company, and further that, the new ordinary shares shall not qualify for the proposed dividend for the year ended 31st December 2018, and the Directors be and are hereby authorised and directed to give effect to this resolution.

That should any of the said Two Billion Ninety Nine Million Eight Hundred and Forty Seven Thousand Two Hundred and Four (2,099,847,204) bonus shares not be issued by reason of fractions of a share being disregarded the same be retained as unallocated in the Company's reserves.

11. To consider and, if thought fit, to pass the Special Resolution:

Amendment to the Articles of Association of the Company

"That in accordance with Section 22 of the Companies Act 2015, Article 6 of the Company's Articles of Association be amended to reflect the new share capital of the Company".
12. To transact any other business in respect of which due notice has been received.

By Order of the Board

Charles N. Karluiki
Corporation Secretary,
Kenya Reinsurance Corporation Limited
Reinsurance Plaza, 15th Floor, Taifa Road
P.O. Box 30271-00100
Nairobi

13th May 2018

NOTES:

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid, the form of proxy attached to this Annual Report or downloaded from the Corporation's website (www.kenyare.co.ke), must be duly completed and signed by the member and lodged at the registered offices of the Corporation's Share Registrars, **M/s. Image Registrars Limited, Barclays Plaza, 5th Floor, Lolita Street, and of P.O. Box 9287 - 00100 GPO, Nairobi** or to be posted to the mail address, so as to reach **M/s. Image Registrars Limited**, not later than 12th June 2019 at 11.00 a.m.
2. Any member may by notice duly signed by him or her and delivered to the Corporation Secretary on the above address, not less than seven (7) days and not more than twenty one (21) days before the date appointed for the Annual General Meeting give notice of his intention to propose any other person for election to the Board, such notice to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the Company.
3. Copies of the Corporation complete Memorandum and Articles of Association are available for inspection on the Corporation's website (www.kenyare.co.ke) and also at the Company's Registered Offices - 15th Floor, Reinsurance Plaza, Taifa Road, Nairobi.





KENYA REINSURANCE CORPORATION LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2018

	Long term business 2018	Short term Business 2018	Total 2018	Total 2017
	KSh's '000	KSh's '000	KSh's '000	KSh's '000
INCOME				
Gross premiums written	1,905,287	12,933,106	14,838,393	14,827,296
Less: change in unearned premiums		190,991	190,991	(600,239)
Less: retrocession premiums	(105,146)	(718,262)	(823,408)	(547,481)
NET EARNED PREMIUMS	1,800,141	12,405,835	14,205,976	13,679,576
Investment income	410,176	2,976,001	3,386,177	3,165,314
Commissions recovered	5,265	35,964	41,229	98,416
Fair value gains on revaluation of investment properties	64,586	332,625	397,211	672,077
Other income		54,876	54,876	70,282
Share of associate profits		180,865	180,865	504,069
TOTAL INCOME	2,280,168	15,986,166	18,266,334	18,189,734
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(931,699)	(8,524,518)	(9,456,217)	(8,110,686)
Less: Re-insurers share of claims and policy holder benefits	64,399	561,568	625,967	512,144
NET CLAIMS AND BENEFITS	(867,300)	(7,962,950)	(8,830,250)	(7,598,542)
Cedant acquisition costs	(502,023)	(3,388,232)	(3,890,255)	(3,928,700)
Operating and other expenses	(237,953)	(1,781,881)	(2,019,834)	(1,709,036)
Provision for doubtful debts		(424,145)	(424,145)	(394,905)
TOTAL CLAIMS, BENEFITS, AND OTHER EXPENSES	(1,607,276)	(13,557,208)	(15,164,484)	(13,631,183)
PROFIT BEFORE TAX	672,892	2,428,958	3,101,850	4,589,551
INCOME TAX EXPENSE	(232,446)	(591,122)	(823,568)	(981,211)
PROFIT FOR THE YEAR	440,446	1,837,836	2,278,282	3,577,340
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate		401	401	11,522
Remeasurement gains/ (losses) on defined benefit plans, net of tax		(22,305)	(22,305)	(36,882)
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year		(201,532)	(201,532)	(258,669)
Net gains / (losses) on revaluation of available-for-sale quoted equity instruments		(328,495)	(328,495)	315,208
Net gains on revaluation of available-for-sale government securities		46,896	46,896	47,323
Share of movement in associate reserves:				
- currency translation		(45,990)	(45,990)	(43,209)
- fair value reserve		35,649	35,649	19,113
TOTAL OTHER COMPREHENSIVE INCOME	0	(515,376)	(515,376)	54,406
TOTAL COMPREHENSIVE INCOME	440,446	1,322,460	1,762,906	3,631,746
EARNINGS PER SHARE - basic and diluted			3.25	5.11
Key Ratios				
Capital Adequacy Ratio			219%	219%
Solvency Ratio			842%	804%
Claims Ratio			84%	85%
Expense Ratio			40%	38%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

	Long term Business 2018	Short term Business 2018	Total 2018	Total 2017
	KSh's '000	KSh's '000	KSh's '000	KSh's '000
EQUITY				
Share capital	500,000	1,249,873	1,749,873	1,749,873
Revaluation reserve	15,718	15,718	15,718	15,317
Fair value reserve	(7,556)	(61,114)	(68,670)	378,812
Translation reserve		281,568	281,568	327,558
Statutory reserve	4,379,937		4,379,937	3,939,491
Retained earnings		22,014,607	22,014,607	20,794,033
TOTAL EQUITY	4,872,381	23,500,652	28,373,033	27,205,084
ASSETS				
Property and equipment		91,631	91,631	76,559
Intangible assets	364,719	225,537	588,256	536,122
Investment properties	1,675,000	8,430,000	10,105,000	9,622,000
Investment in associate		4,473,962	4,473,962	4,399,320
Unquoted equity instruments		202,231	202,231	202,231
Non-current assets held for sale				23,000
Mortgage loans		725,862	725,862	658,425
Corporate bonds		475,912	475,912	482,696
Receivables arising out of reinsurance and retrocession arrangements	220,391	3,452,785	3,673,176	4,315,378

Premium and loss reserves		271,655	271,655	306,956
Deferred acquisition costs		1,363,134	1,363,134	1,408,301
Other receivables		224,806	224,806	248,628
Income tax receivable	303,359	138,617	441,976	126,869
Quoted equity instruments	287,773	1,311,658	1,599,431	2,107,855
Government securities	2,323,736	11,991,016	14,314,752	14,562,840
Inventory		13,590	13,590	19,897
Deposits with financial institutions	4,269,444	1,189,781	5,459,225	3,408,386
Cash and bank balances	6,761	331,274	338,035	227,204
TOTAL ASSETS	9,451,183	34,911,451	44,362,634	42,732,667
LIABILITIES				
Long term reinsurance contract liabilities	2,629,125		2,629,125	2,392,423
Short term reinsurance contracts liabilities		6,002,946	6,002,946	5,737,138
Deferred tax liability	1,850,773	(766,991)	1,083,782	944,987
Employee defined benefit liability		55,482	55,482	25,226
Payables arising out of reinsurance arrangements	98,904	450,562	549,466	670,487
Other payables		745,869	745,869	643,380
Unearned premiums		4,922,951	4,922,951	5,113,942
TOTAL LIABILITIES	4,578,802	11,410,799	15,989,601	15,522,583
NET ASSETS	4,872,381	23,500,652	28,373,033	27,205,084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2018

	Share capital '000	Revaluation reserve '000	Fair value reserve '000	Translation reserve '000	Statutory reserve '000	Retained earnings '000	Total '000
At 1 January 2017	1,749,873	3,795	255,837	370,767	3,902,132	18,250,893	24,133,297
Profit for the year	-	-	-	-	437,359	3,139,981	3,577,340
Other comprehensive income	-	11,522	122,975	(43,209)	-	(36,882)	54,406
Total comprehensive income	-	11,522	122,975	(43,209)	437,359	3,103,099	3,631,746
Dividends declared - 2016	-	-	-	-	-	(559,959)	(559,959)
At 31 December 2017	1,749,873	15,317	378,812	327,558	3,939,491	20,794,033	27,205,084
At 1 January 2018	1,749,873	15,317	378,812	327,558	3,939,491	20,794,033	27,205,084
Profit for the year	-	-	-	-	440,446	2,278,282	2,718,728
Other comprehensive income	-	401	(447,482)	(45,990)	-	(22,305)	(515,376)
Total comprehensive income	-	401	(447,482)	(45,990)	440,446	1,815,531	1,762,906
Dividends declared - 2017	-	-	-	-	-	(594,957)	(594,957)
At 31 December 2018	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,373,033

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2018

	2018 KSh's '000	2017 KSh's '000
Net cash generated from operations	1,210,624	1,683,673
Interest received on corporate bonds	58,004	59,530
Interest received on government securities	1,823,523	1,226,804
Interest received on staff mortgages and loans	18,745	16,411
Interest received on deposits with financial institutions	215,445	304,967
Interest received on commercial mortgages	47,828	54,748
Tax paid in the year	(999,879)	(1,248,195)
Net cash generated from operating activities	2,374,280	2,098,138
Cash flows from investing activities		
Purchase of investment property	(85,789)	(46,923)
Purchase of property and equipment	(49,572)	(30,040)
Proceeds on sale of property and equipment		765
Proceeds on disposal of non-current assets held for sale		15,500
Purchase of intangible assets	(194,395)	(252,620)
Purchase of government securities	(7,751,243)	(5,401,776)
Proceeds on maturity of government securities	8,009,796	2,876,600
Proceeds on sale of quoted equity instruments	259,376	273,605
Proceeds on redemption of corporate bonds	5,925	5,925
Dividends received on quoted equity instruments	187,742	111,489
Net cash generated from/ (used in) investing activities	381,840	(2,447,475)
Cash flows used in financing activities		
Dividends paid	(594,957)	(559,959)
Net increase/ (decrease) in cash and cash equivalents	2,161,173	(909,296)
Cash and cash equivalents at 1 January	3,635,590	4,545,481
Effect of unrealised exchange rate changes	497	(595)
Cash and cash equivalent at 31 December	5,797,260	3,635,590

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