LIBERTY
In it with you

Heritage
Insurance Company
A member of LIBERTY

Liberty Kenya Holdings Plc

Incorporating Heritage Insurance and Liberty Life Assurance

Annual Financial Statements and Reports

for the year ended
31 December 2024

Corporate information

Liberty Kenya Holdings Plc (LKH) is incorporated in Kenya under the Kenyan Companies Act, 2015 as a limited liability company, and is domiciled in Kenya. Liberty Holdings Limited (LHL), a South African registered investment holding company owns 73,47% (2023: 73,47%) of LKH.

The company was listed on the Nairobi Securities Exchange on 21 April 2011.

Directors

	First appointed
Mr P Odera (Independent non-executive Chairman)	02/09/2016
Mr M du Toit* (Non-executive)	17/12/2008
Mr P Gethi (Non-executive)	17/12/2009
Mr J Hubbard* (Non-executive)	16/06/2017
Mr R Shah (Independent non-executive)	26/05/2020
Ms R Mbai (Independent non-executive)	27/08/2020
Ms C Mitchem (Independent non-executive)	01/10/2023
Mr K Godden* (Group Chief Executive Officer)	01/08/2023

**South African*

Independent auditor

PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Tower, Waiyaki Way,
PO Box 43963 - 00100,
Nairobi

Registered office

LR No 209/8592/2
Liberty House,
Mamlaka Road,
PO Box 30390-00100,
Nairobi

Secretary

Doreen Onwong'a (CPS No. 3627)
Qwasha Corporate Services LLP
The Pavilion, 5th Floor, Westlands,
PO Box 27547-00100
Nairobi

Governance auditor

Dorion Associates
Thompson Estate, Diani Close,
Compound 7, House 3,
Nairobi

Legal auditor

Khan Githaiga Advocates LLP (Spencer West Kenya)
Brookside Grove, Brookside,
P.O. Box 1093-00606
Nairobi, Kenya

Share registrar

Image Registrars Limited
Securities, Registrars and Trustees,
5th Floor,
Barclays Plaza, Loita Street,
PO Box 9287-00100 GPO,
Nairobi

Principal lawyers

Coulson Harney Advocates (Bowmans)
5th Floor, ICEA Lion Centre
Riverside Park, Chiromo Road,
PO Box 10643-00100,
Nairobi

Principal bankers

Stanbic Bank Kenya Limited
Stanbic Centre, Chiromo Road,
PO Box 72833-00200,
Nairobi

Subsidiaries

- Liberty Life Assurance Kenya Limited (100%)
- The Heritage Insurance Company Kenya Limited (100%)
- Heritage Insurance Company Tanzania Limited (60%)
- CFC Investment Limited (100%)

CONTENTS

Preparation of financial reports

The annual financial statements and reports of Liberty Kenya Holdings Plc group and company for the year ended 31 December 2024 were:

Prepared by: Obadiah Thuranira: Bsc, CPA

Supervised by: Luke Magambo: BA, CPA, CPS

Directors' responsibility for financial reporting

For the year ended 31 December 2024

The directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Liberty Kenya Holdings Plc (group and company) set out on pages 13 to 192 which comprise the group and company statements of financial position as at 31 December 2024, the group and company statements of comprehensive income, the group and company statements of changes in equity, the group and company statements of cash flows for the year, and notes to the financial statements, including material accounting policies and other explanatory information.

The directors' responsibilities include: determining that the basis of accounting described on page 13 to 14 is an acceptable basis for preparing and presenting the consolidated and separate financial statements in the circumstances, preparation and presentation of consolidated and separate financial statements in accordance with IFRS® Accounting Standards and in the manner required by 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 misstatements, whether due to fraud or error.

Under the Kenya Companies Act, 2015 the directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the group and the company as at the end of the financial year and of the profit or loss of the group and company for that year. It also requires the directors to ensure that the group and company keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Companies Act, 2015. The directors are of the opinion that the financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2024 and of the group's and the company's financial performance and cash flows for the year then ended.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control. The directors have made an assessment of the group's and the company's abilities to continue as a going concerns and have no reason to believe the group and the company will not be a going concern for the next 12 months from the date of this statement.

Approval of the financial statements

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the board of directors on 25 March 2025.

P Odera
Chairman

K Godden
Group Chief Executive Officer

Nairobi

25 March 2025

Directors' report

for the year ended 31 December 2024

The directors submit their report together with the audited group and company financial statements for the year ended 31 December 2024, in accordance with the Kenya Companies Act, 2015, which discloses the state of affairs of Liberty Kenya Holdings Plc (Liberty) and its subsidiaries (together the "group").

Principal activities

The group is engaged in the business of insurance and wealth management through its subsidiaries namely Liberty Life Assurance Kenya Limited, The Heritage Insurance Company Kenya Limited, Heritage Insurance Company Tanzania Limited and CFC Investments Limited. The group underwrites classes of long-term insurance in Kenya and all general insurance classes in Kenya and Tanzania, as defined in the Kenyan Insurance Act and Tanzania Insurance Act except for micro insurance and permanent health. It also issues investment contracts in Kenya to provide customers with solutions for their savings and retirement needs.

The boards of both Liberty Kenya Holdings Plc and The Heritage Insurance Company Kenya Limited have approved the sale of the 60% ownership in the Heritage Insurance Company Limited. The sale is still subject to certain regulatory approvals. The directors anticipate the sale to conclude in first half of 2025. More details are contained in note 39 to the financial statements.

Results

For the year ended 31 December 2024, total earnings attributable to ordinary shareholders amounted to KShs 1 389 million, a significant increase compared to KShs 656 million achieved in 2023. The group delivered solid performance during the year, with general business insurance revenue rising by 6%. The sale of Heritage Tanzania is not expected to materially change the group financial performance. Heritage Kenya's general business achieved a 10% growth in insurance revenue, with profit before tax at KShs 2 billion (2023: KShs 1 billion). Earnings were positively influenced by higher insurance revenue despite slightly elevated claims ratios as well as significant uplift in investment income, driven by valuation surplus from asset appreciation. While the Kenya Shilling appreciated across most foreign currencies, the expected reduction in imported costs is yet to fully reflect. The average claims cost rose slightly to 51% of revenue (2023: 49%).

Liberty Life Assurance Kenya, our long-term business, also delivered improved results, with net investment income growing by over 100%. The business achieved above-inflation yields on long-term assets, supported by capital appreciation in the value of longer-dated bonds and equities listed on the Nairobi Securities Exchange.

Dividends

A final dividend of KShs 0.5 and a special dividend of KShs. 0.5 per ordinary share, totalling KShs 536 million (2023: KShs 200 million) in respect of the year ended 31 December 2024 is recommended to shareholders to approve at the annual general meeting and payable no later than 30 June 2025.

Accounting policies

The accounting policies applied in the preparation of these annual financial statements are in terms of IFRS Accounting Standards. Full details are contained in the primary statements and various notes thereto. All accounting policies are consistent with those applied in the prior year group and company annual financial statements.

Share capital

There have been no changes to the authorised or issued share capital during the year.

Directors

The names of the directors who held office during the year and to the date of this report are set out on page 6. In accordance with the Company's Articles of Association, all directors unless retiring, offer themselves for re-election after every three years. Further, at least 1/3 of the directors retire annually. The retiring directors are determined by reference to the directors longest in office since election or appointment.

Director appointments and resignations during 2024 and up to the date of this report

No resignations or new director appointments were made in the year.

Interest of directors, including their families, in share capital of Liberty as at 31 December 2024

No directors have direct ownership interests in the share capital of Liberty Kenya Holdings Plc for 2024 or 2023.

There have been no other changes to the interests of directors, including their families, in the share capital as disclosed above as at 31 December 2024 to the date of approval of the annual financial statements, namely 25 March 2025.

Directors' related party transactions information

Shareholders are referred to note 38 of the group annual financial statements for disclosure pertaining to directors' related party transactions and key management compensation.

Relevant audit information

The directors in office at the date of this report confirm that;

- There is no relevant information of which the group's and company's auditor is unaware; and
- Every director has taken all the steps that they ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 721 of the Kenyan Companies Act 2015.

Holding company

At 31 December 2024, the group's holding company, Liberty Holdings Limited, held 73,47% (2023: 73,47%) of Liberty's issued ordinary shares. The ultimate holding company is Standard Bank Group Limited, a South African registered holding company of various subsidiary companies that collectively is a financial services group.

Directors' report (continued)

for the year ended 31 December 2024

Bancassurance

The group has bancassurance business agreements with Stanbic Bank Kenya Limited for the development, sale and promotion of insurance, investment, and health products through the bank's distribution capability.

In terms of the agreements, the entities in the group pay profit shares to various Stanbic Bank Kenya Limited operations with respect to business sourced from Stanbic Bank distribution and clients. The amounts to be paid are in most cases dependent on source and type of business and are paid as per the agreements.

The bancassurance business agreements are evergreen agreements with a 24-month notice period for termination. As at the date of the approval of this report, neither party had given notice. As the bancassurance relationship provides commercial benefits to both Liberty and Stanbic Bank, a governance framework is in place to protect the interests of non-controlling shareholders.

Refer to related party disclosure in note 38 to the group annual financial statements for further details.

Subsidiaries

Details of the significant interests in directly-owned subsidiary companies are contained in note 7 to the annual financial statements.

Annual General Meeting resolutions

At the annual general meeting (AGM) held on 24 May 2024, LKH's shareholders passed the following resolutions for the purposes indicated:

RESOLUTION	VOTES			
	FOR		AGAINST	
	VOTES	%	VOTES	%
To consider and, if approved, adopt the Audited Financial Statements of the Company for the year ended 31 December 2023 together with the Directors' Report and Auditors' Report	**505 711 282**	**99.997**	**13 500**	**0.003**
To consider and if thought fit, approve the recommendation by the Board for the payment of a first and final dividend of KShs. 0.373 per ordinary share, for the year ended 31 December 2023. Subject to shareholder approval, the published book closure date, is 14 June 2024 and the payment of the final dividend will be made on or before 24 August 2024.	**505 719 817**	**99.990**	**5 465**	**0.010**
In accordance with Article 100 of the Company's Articles of Association Ms. Catherine Mitchem having been appointed to all a casual vacancy, during the financial year, retires by rotation and being eligible, offers herself for election.	**505 248 507**	**99.910**	**477 075**	**0.090**
In accordance with Article 101 of the Company's Articles of Association Mr. Rajesh Shah retires by rotation and being eligible, offers himself for re-election.	**505 248 011**	**99.906**	**477 671**	**0.094**
To approve the Directors' Remuneration policy and the Directors Remuneration Report for the year ended 31st December 2023.	**505 254 019**	**99.907**	**470 363**	**0.093**
To re-appoint PricewaterhouseCoopers as Auditors of the Company, and to authorize the directors to fix their remuneration in accordance with Sections 721(4) and 724(1) of the Companies Act 2015, respectively.	**505 691 172**	**99.993**	**33 410**	**0.007**
To consider and if thought fit, to pass an ordinary resolution pursuant to Section 769 (1) of the Companies Act, 2015, that: I. Mr. Jeff Hubbard be appointed a member of the Board Audit Committee; II. Mr. Rajesh Shah being a member of the Board Audit Committee and subject to his re-election under 4(a) above, be elected to continue to serve as a member of the Board Audit Committee III. Ms. Rachel Mbai being a member of the Board Audit Committee be elected to continue to serve as a member of the Board Audit Committee.	**505 711 493**	**99.997**	**13 689**	**0.003**

5 446 registered shareholders with a total of 535,707,499 shares in Liberty Kenya Holdings Plc were eligible to vote. Total number of shares that participated were 505,725,782 shares. This represents a participation level of 90.40%.

Directors' report (continued)

for the year ended 31 December 2024

Borrowing powers

In terms of the company's memorandum of incorporation the amount which the company may borrow is limited, but the limit can be extended by resolution of the shareholders.

Insurance

Liberty has placed cover for losses as a result of cyber, commercial crime and claims under professional indemnity as well as for directors' and officers' liability insurance. These covers were renewed at 31 December 2024 for the year 2025, as part of the Standard Bank Group Limited's insurance programme, in which the group participates.

Events after reporting date

There have been no significant events after the reporting date, being 31 December 2024, to the date of approval of the audited annual financial statements, namely 25 March 2025, which would require adjustment or disclosure in the financial statements.

Approval of the financial statements

The annual financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

By order of the Board

D Onwong'a (Ms)

25 March 2025

Directors' remuneration report

for the year ended 31 December 2024

Liberty Kenya Holdings Plc hereby presents the Directors' remuneration report for the year ended 31 December 2024. This report is in compliance with the Liberty group's remuneration policy, the Capital Markets Authority Code of Corporate Governance Guidelines on Director's remuneration and the Companies Act, 2015. A key provision of the Company's principles is that reward will directly support the business strategy with clear and measurable linkage to business performance.

Our remuneration system seeks to recognise the contribution individuals make to the success of the Company and reflect the value of the roles they are performing, as well as the level to which they perform them. Our approach to recognising our employees' contribution to the business is based on the principles of:

Market: Our remuneration levels reflect the competitive market and compare favourably with relevant competitors for such skills.

Communication: We aim to give details of the component values of their total remuneration package and the criteria that may affect it.

Effectiveness: We aim to seek out best practice and ensure our remuneration programmes remain effective for the business and individuals.

Overall: Our remuneration components are reviewed regularly and are subject to external benchmarking to ensure that we continually offer competitive total reward packages. We are committed to ensuring appropriate remuneration and recognition is applied in a fair and consistent manner.

Information not subject to audit

Information not subject to audit comprise the following with respect to directors:

- Policy on Directors' remuneration;
- Board evaluation;
- Changes to Directors' remuneration during the year;
- Service contracts; and
- Approval of 2024 Directors' remuneration report.

Information subject to audit (Auditable part)

Information subject to audit comprises of the amounts of each Directors' emolument and compensation in the relevant years.

Details of Directors

Mr Philip Odera	Independent - Non-Executive (Chairman)
Mr Mike du Toit	Non-Executive
Mr Peter Gethi	Non-Executive
Mr Jeff Hubbard	Non-Executive
Mr Rajesh Shah	Independent - Non-Executive
Ms Rachel Mbai	Independent - Non-Executive
Ms Catherine Mitchem	Independent - Non-Executive
Mr Kieran Godden	Group Chief Executive Officer

Non-executive Directors, subject to retirement by rotation, are eligible to serve for an initial three-year term which may be renewed for further periods of three years. Independent Non-executive Directors do not have service agreements.

Directors' appointment and retirement term

Director	Appointment	Retirement date by rotation at the AGM[1]
Mr Philip Odera	2016	n/a
Mr Mike du Toit	2008	2026
Mr Peter Gethi	2009	2025
Mr Jeff Hubbard	2017	2026
Mr Rajesh Shah	2020	2027
Ms Rachel Mbai	2020	2025
Ms Catherine Mitchem	2023	2027
Mr K Godden	2023	n/a

[1] The Annual General Meeting is planned to be held on 23 May 2025

The retirement dates are subject to change depending on casual vacancies filled in the year.

Remuneration Policy for the Non-Executive Chairman and Non-Executive Directors

The remuneration of the Non-Executive Chairman and Non-Executive Directors is determined by the Directors' Affairs and Remuneration Committee of the Company. These Board members receive annual fees and allowances for attending meetings. Non-Executive roles are not entitled to any performance-related pay or pension.

The fees for Non-Executive Directors are set at a level that is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. Fees are paid in cash.

The amount of fees reflects the commensurate responsibility and time commitment given to the Board and Board Committees.

The Company's policy is to appoint the Non-Executive Directors for an initial three-year period, which may be extended for further 3-year term by Members at an Annual General Meeting. The initial appointments and any subsequent reappointments are subject to annual election or re-election by shareholders.

The appointment of non-executive Directors is subject to a formal appointment and induction process. The approval from the Capital Markets Authority is a prerequisite for the formal appointment of any director.

Executive Directors' remuneration

The remuneration of executive directors is determined by the Directors' Affairs and Remuneration Committee commensurate with market and levels of responsibility.

Directors' remuneration report (continued)

for the year ended 31 December 2024

Board Evaluation

The performance of Board members and the Board collectively is based on board evaluations conducted periodically. The evaluation is in the form of a questionnaire that is completed individually and reviewed together. The questionnaire is designed to capture key matrices that are considered important for the strategic direction of the Group. Some of the key matrix assessments are as follows:

- Board composition and quality;
- Board meetings and procedures;
- Board strategy and risk management;
- Board and management relations; and
- Succession planning.

The list of the reward components are as follows:

The Directors' fees and benefits are as follows and are subject to periodic review taking into account market practice and the role of the directors.

1. Retainer fees

This is competitive, taking into account market rates of pay. Fees are reviewed by the Directors' Affairs and Remuneration Committee every year using surveys of prevailing market movements. Any increases are determined in accordance with the business's ability to fund the increase. Retainer fees are paid on a quarterly basis.

2. Attendance fees

Non-Executive Directors (excluding Liberty representatives) are paid an attendance fee in recognition of the time spent attending Board or Committee meetings as well as formal governance meetings for the subsidiary companies. These are also benchmarked on market rates and trends.

3. Insurance cover

The group provides Directors' and Officers' liability insurance cover in line with best practice.

4. Travel and accommodation when on company business

Liberty caters for travel and accommodation costs in line with its Travel and Entertainment policy in place for Directors attending to Board and Company related meetings and matters.

Changes to Directors' remuneration

There were no substantial changes to the director's remuneration policy relating to the directors' remuneration made during the year (2023: None).

For the financial year ended 31 December 2024, the total Non-Executive Directors remuneration from the company in KShs million was KShs 20 (2023: KShs 19) and for executive directors in KShs million was KShs 80 (2023: KShs 53).

The total amount of emoluments paid to Directors for services rendered during 2024 is also disclosed in note 38 to the financial statements.

	2024			2023		
	Retainer Fees	Attendance Fees	Total	Retainer Fees	Attendance Fees	Total
Non-Executive Directors	KShs m	KShs m	KShs m	KShs m	KShs m	KShs m
Mr Philip Odera	0.64	3.41	4.05	0.61	4.67	5.27
Mr Peter Gethi	0.48	2.63	3.11	0.46	3.18	3.63
Mr Rajesh Shah	0.48	2.27	2.75	0.46	1.97	2.42
Ms Rachel Mbai	0.48	1.95	2.43	0.46	2.01	2.47
Mr Mike du Toit	0.48	1.07	1.55	0.46	1.17	1.63
Ms Catherine Mitchem	0.48	1.23	1.71	0.11	0.34	0.45
Ms Gladys Ogallo (Retired)	-	-	-	0.34	3.02	3.36
Mr Jeff Hubbard[(i)]	-	-	-	-	-	-
By Invitation:						
Ms Gladys Ogallo	-	1.93	1.93	-	-	-
Ms Anne Wanjiku	-	1.75	1.75	-	-	-
Mr Herbert Chiveli	-	0.36	0.36	-	-	-
Mr Imtiaz Khan	-	0.36	0.36	-	-	-
Total	**3.04**	**16.96**	**20.00**	**2.88**	**16.35**	**19.23**

I. Retainers and Board attendance fees are only paid to external Non-Executive Directors. Mr Jeff Hubbard is the nominated director representing the controlling shareholder, Liberty Holdings Limited. No fees were charged for his services as a director for 2024 or 2023.

II. The cost incurred by the company to purchase insurance cover on behalf of Directors amounted to KShs 0.55 million (2023: KShs 0.53 million).

III. No amount was paid as an expense allowance that is not chargeable to income tax, or would benefit the director as an individual, or paid to or receivable by the director in respect of qualifying services.

IV. No compensation for loss of office was paid to or receivable by any director in connection with the termination of qualifying services in the year.

V. No director is entitled to any compensation upon the termination or end of their tenure as a member of the Board.

Directors' remuneration report (continued)

for the year ended 31 December 2024

Executive Director remuneration policy

Service contracts

The Group Chief Executive was the only Executive Director of the Company. He was appointed with effect from 01 August 2023.

Name	Date of Contract	Type of Contract	Notice period	Amount payable for early termination KShs m
Mr Kieran Godden	1 August 2023	Three-year renewable contract ending 31 December 2026	3 months	Nil

The remuneration of the Group Chief Executive was set at a level which was considered appropriate to attract an individual with the necessary experience and ability to oversee the businesses across the region. The remuneration is paid in cash.

Neither at the end of the financial year, nor at any time during the year, did there exist any arrangement to which the Company is a party, under which the Group Chief Executive acquired benefits by means of acquisition of shares in the Company or a long-term investment scheme.

2024	Basic Pay KShs m	Other Benefits KShs m	Incentive KShs m	Non-cash Benefits KShs m	Total KShs m
Mr Kieran Godden	**25**	**27**	**25**	**3**	**80**

2023	Basic Pay KShs m	Other Benefits KShs m	Incentive KShs m	Non-cash Benefits KShs m	Total KShs m
Mr Kieran Godden	10	21	20	2	53

I. Other benefits comprise annual expatriate allowances, retention payments and other sundry benefits.

II. Non-cash benefits consist of a company car benefit.

III. Pension/gratuity: The Company does not operate a pension or gratuity scheme to the benefit of the Group Chief Executive.

IV. The incentive amount for Mr Godden was awarded for performance during 2024 but paid out in 2025, in line with the Group's remuneration policy.

V. All benefits are subjected to tax at prevailing PAYE rates.

Approval of 2023 Directors' remuneration report

At the Annual General Meeting held on 24 May 2024, the Shareholders approved the Directors' remuneration report for 2023.

Further, the Company conducted a poll as required by the Companies Act to vote on the Directors' remuneration report and the results were published at the company's website (www.LibertyKenya.co.ke). It is also a requirement that the tally of the results is observed by an independent person. The Group Internal Audit function was the observer of the process and tallying of the poll results. The poll results are summarised under AGM resolutions in the Directors' report on page 4 and were communicated to CMA/NSE on 25 May 2024.

Approval of the Directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act 2015, the Capital Markets Authority (CMA) Code and Listing Rules and reflects the disclosure requirements under IFRS Accounting Standards.

By Order of the Board

D Onwong'a (Ms)
25 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIBERTY KENYA HOLDINGS PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Liberty Kenya Holdings Plc (the company) and its subsidiaries (together, the group) set out on pages 13 to 192, which comprise the group and company statement of financial position at 31 December 2024 and the group and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2024 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIBERTY KENYA HOLDINGS PLC

Key audit matter	*How our audit addressed the key audit matter*
Determination of Insurance Contract Liabilities A key focus of our audit relates to management's selection of assumptions to determine the insurance contract liabilities given the scope that exists for the exercise of judgement and therefore potential manipulation. The assumptions that we have determined to have the most significant impact are: **For life insurance contracts:** ● Mortality assumption used to value best estimate liabilities for the life insurance contracts; ● Expenses, reflect the expected future expenses that will be required to maintain the in-force policies at the balance sheet date; ● Withdrawal assumptions representing the estimated cancellation, lapses or surrenders of life policies. The contractual service margin ('CSM') represents the future profits within the in-force book that will be recognised as revenue in future periods. The approach to calculate CSM differs based on the measurement model. Release of CMS to profit or loss is highly judgmental. **For general insurance contracts:** The estimation of the liability for incurred claims involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred particularly for claims incurred but not reported. In addition, the liabilities are adjusted for the time value of money based on historical settlement patterns. Judgement is applied in estimating this future settlement pattern and in determination of the discount rate. **For all insurance contracts:** ● Discount rate used to determine the present value of fulfilment cashflows; ● Risk Adjustment, representing the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk.	Using our actuaries as part of our audit team, we performed the following procedures: ● assessed the competence, capabilities and objectivity of the company's Statutory Actuary; ● Determined whether the methodology and assumptions applied are appropriate by comparing it to our knowledge of industry standards and IFRS 17; ● Tested the appropriateness of the methodology and assumptions used by the external actuary and management in estimation of reserves as at 31 December 2024 and where applicable, performed reprojections for a sample of reserves to validate the estimates; ● Evaluated and corroborated the methodology used in determining the discount rate applied; ● Corroborated the mortality, expense, withdrawal and loss ratio assumptions adopted by management considering the impact of the recent economic volatility and the impact of the volumes of new insurance business written; ● Testing management's approach to derive the risk adjustment and discount rates; ● Tested a sample of claim payments and reserves to confirm the amounts recorded in the claims systems agree to the source data. ● tested accuracy and completeness of data used in the valuation of the liabilities. ● reviewed management's process of extraction and reconciliation of the data used in the determination of the insurance contract liabilities; ● Tested the recognition of CSM and its recognition to the profit or loss; ● Agreed the output of actuarial models at 31 December 2024 to the financial statements; and ● Reviewed disclosures in the financial statements for compliance with IFRS 17.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIBERTY KENYA HOLDINGS PLC

Other information

The other information comprises the corporate information, directors' responsibility for financial reporting, directors' report, directors' remuneration report and shareholder information which we obtained prior to 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, except to the extent otherwise explicitly stated in this report, we do 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.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIBERTY KENYA HOLDINGS PLC

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

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

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

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

Report of the directors

In our opinion the information given in the directors' report on pages 3 to 5 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 6 to 8 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practicing Certificate Number 1457

Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP

Certified Public Accountants

Nairobi

25 March 2025

Accounting principles

for the year ended 31 December 2024

BASIS OF PREPARATION

The 2024 group and company annual financial statements of Liberty Kenya Holdings Plc have been prepared in accordance with and containing information required by:

- IFRS Accounting Standards;
- the Kenyan Companies Act of 2015.

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

The financial statements are presented in the functional currency, Kenya Shillings (KShs), rounded to the nearest million unless otherwise indicated.

There were no new standards or amendments issued by the IASB for the year commencing 1 January 2024 that had a material impact on the group or company.

The group and company did not early adopt any amended standards during the current reporting period.

Accounting policy elections

Where permitted under IFRS Accounting Standards, the group and company adopts accounting policy choices which increase the relevance of reported profit in line with how the business is managed and to eliminate, as much as possible, accounting mismatches within profit or loss.

The group and company have made the following accounting policy elections in terms of IFRS Accounting Standards:

Financial assets:

Where applicable, debt instruments that back policyholder liabilities are designated at fair value through profit or loss as permitted by IFRS 9, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities on a different basis.

For all financial assets and financial liabilities that are measured at fair value through profit or loss, all income statement movements (including dividends, interest received and finance costs) are classified as fair value adjustments.

Financial liabilities are predominantly designated at fair value through profit or loss. This results in more relevant information because financial assets and financial liabilities are managed, and performance is evaluated on a fair value basis for information provided internally to the group's key management personnel. Reporting on a fair value basis also eliminates or significantly reduces a measurement or recognition inconsistency.

Owner-occupied properties:

Where owner-occupied properties are shareholder assets, the properties are measured at fair value through other comprehensive income under IAS 40 as issued by the International Accounting Standards Board (IAS 40).

Where the group issues groups of insurance contracts with direct participation features and holds the underlying items, which include owner-occupied properties, the group has elected to measure these owner-occupied properties at fair value through profit or loss as permitted by IAS 16..

Accounting principles (continued)

for the year ended 31 December 2024

Accounting Policy Elections (continued)

IFRS 17 Premium Allocation Approach

The group has elected, as permitted by IFRS 17, to apply the PAA, being a simplified model for insurance contracts issued and reinsurance contracts held, where the coverage period is one year or less. On inception of a group of contracts where the coverage period is over one year, and the group meets the eligibility criteria, the group may choose to apply the PAA. For the period under review, the group has elected to apply the PAA where coverage is one year or less, or where the group meets the required eligibility criteria. The group applies both a qualitative and quantitative assessment to determine the eligibility.

For contracts measured under PAA, the group has elected:

- To defer the recognition of the acquisition costs over the coverage period.
- To not adjust the carrying amount of the liability for remaining coverage (LRC) to reflect the time value of money and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year, if at initial recognition the group expects that the time between providing each part of the coverage and the related premium due date is no more than one year.
- Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for the time value of money.

Presentation and disclosure elections under IFRS 17 in the statement of comprehensive income

Regarding the choice of recognition of insurance finance income or expense for the reporting period in profit or loss on a portfolio basis, or to recognise a portion of that in other comprehensive income (OCI), the group has elected not to disaggregate amounts in OCI for both those contracts with and those contracts without direct participation features.

The group has elected to present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount on the face of the statement of comprehensive income; rather than presenting separately the amounts recovered from the reinsurer and an allocation of the expenses paid that together give a net amount equal to that single amount.

The group has elected to disaggregate the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Measurement of the non-distinct investment component (NDIC)

The NDIC is the amount repayable to the policyholder in all circumstances. Receipts and repayments of such amounts do not relate to the provision of insurance services and are excluded from insurance revenue and insurance service expense. IFRS Accounting Standard 17 does not prescribe what value to use as the NDIC (either unit value or surrender value). The company has elected to use the unit value as the amount representing the non-distinct investment component.

Other accounting policy elections adopted

- Equipment is stated at cost less accumulated depreciation.
- Payments of dividends are included in financing activities in the cash flow statement.
- Investment properties are accounted for using the fair value model.
- After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Key judgements in applying assumptions on application of accounting policies

for the year ended 31 December 2024

Key assumptions can materially affect the reported amounts of assets and liabilities. The assumptions require complex management judgements and are therefore continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following key assumptions are considered material assumptions applied in preparing these annual financial statements.

Key judgements applied on the application of IFRS 17

More information related to the process used to decide on assumptions and changes in assumptions related to insurance contracts is included in the Insurance contract balances note, including, for example, details on judgements or key estimates on discount rates, mortality, lapses. This section includes more detail related to key judgements on the implementation of IFRS 17 itself.

Contracts scoped under IFRS 17 measurement

Definition and classification of contracts

The group assesses whether it accepts significant insurance risk within the scope of IFRS 17 for each individual contract issued. Insurance risk is significant if an insured event could cause the group to incur additional costs that are significant in any single scenario, excluding scenarios that have no commercial substance, i.e., no discernible effect on the economics of the transaction. The possibility of a loss is measured on a present value basis.

The group applies judgement as to whether there is significant insurance risk under the terms of contracts issued. For example, certain contracts issued by the group guarantee a return of contributions as the minimum death benefit, i.e. the higher of the policyholder's original contribution or the unit value. The group also exercises judgement in determining whether any contracts should be classified as investment contracts with DPFs. An assessment is made as to whether the investor would receive, as a supplement to the amount not subject to the discretion of the issuer, additional amounts that are expected to be a significant portion of the total contractual benefits. Where it is concluded that there is significant discretion contractually given to the issuer; considering policyholders' reasonable benefit expectations, past practice by the group, industry practice, as well as representations made to policyholders, these contracts are classified as investment contracts with DPFs.

Application of the VFA

In addition to investment contracts with DPFs, insurance contracts with a significant investment component are eligible for the variable fee measurement approach. Judgement is applied to the following criteria to assess whether an insurance contract has a significant investment component with direct participating features:

- Investment returns are referenced to defined investment portfolios or indices.
- The entity expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying referenced investments.
- A substantial proportion of any change in the amounts to be paid to the policyholder vary with the change in the fair value of the underlying items.

These criteria are assessed on a contract-by-contract basis at contract inception and internally developed guidelines and value thresholds are applied consistently across all applicable contracts. If the guidelines are not met, the insurance contracts are measured under the GMM.

The group determines significance of investment related services by comparing benefits derived from an investment return based on underlying items, i.e. investment-related benefits, to the total policy benefits on a present value probability- weighted average basis at inception of the contract. Additional facts and circumstances such as the intent of the contract when it was priced and sold to customers as well as the policyholder expectations created at the inception of the contract through the marketing material are also taken into account in determining significant investment-related benefits. In addition, the group assesses whether it expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying referenced investments, where at least 70% of the total policy benefits would need to be regarded as investment related benefits (i.e. benefits derived from an entity promising an investment return based on underlying items) on a present value probability weighted average basis at inception of the contract.

Application of the PAA measurement approach

For certain insurance contracts with a coverage period of more than one year, the group has elected to apply the PAA at inception of the group of contracts. This election is dependent on a reasonable expectation that the PAA will provide a liability for remaining coverage measurement that would not differ materially from the application of the GMM. The group has developed internal guidelines which include the use of projection models which provide outcomes that satisfy pre-defined eligibility range comparisons.

Aggregation of contracts issued on initial recognition into groups of onerous contracts, groups with no significant possibility of becoming onerous, and groups of other contracts

The determination of whether a contract or a group of contracts is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. Contracts are initially allocated into profitability groups, being onerous contracts, groups with no significant possibility of becoming onerous, and groups of other contracts. The approach used by the group to determine whether a contract is unlikely to become onerous over the contract term is to calculate profitability using the risk adjustment at a higher confidence level. If the contract is still profitable, then it will be deemed to be unlikely to become onerous, otherwise (if not onerous the point of sale) will default into the "possible that will become onerous" grouping.

Key judgements in applying assumptions on application of accounting policies (continued)

for the year ended 31 December 2024

The assessment is performed at an individual contract level. Otherwise, contracts default into "groups of other contracts". These initial recognition groups remain over the term of the contracts. For contracts measured using the VFA, market risk is also considered in determining the threshold to differentiate between the profitability groups. Contracts measured under PAA are also assessed for onerous conditions at inception (for example, expectations of higher expenses or claims) and if these conditions are evident, then these contracts are accounted for as onerous contracts.

Coverage units to be utilised for release of the CSM

The coverage units used to release CSM into profit or loss over time is a key judgement. The CSM represents the unrecognised profits for long contract boundary business and should reflect the amount of services provided.

For insurance contracts without DPFs and measured under the GMM, coverage units are mainly referenced to the expected sum assured in-force. For annuity-type contracts, coverage units are the expected recurring annuity payments in-force in each period. For both insurance contracts with DPFs and investment contracts with DPFs, measured under the VFA, the coverage units are generally referenced to the maximum benefit, i.e. death benefit, unit value or surrender value, as this allows for the insurance contract services provided and the relative weighting of insurance coverage and investment-related service at each point in time, depending on which component is more applicable. A key judgement regarding the coverage units is to decide whether and by what future coverage units are discounted. The group elected to discount the future coverage units expected to be provided by the inflation rate, thereby capturing the services being provided and the buying power of those services over the coverage period.

Discount rates

The group and company have elected to use the bottom-up approach in calculating discount rates for GMM and VFA measured contracts. The bottom-up approach requires adjusting the risk-free yield curve for an illiquidity premium reflecting the liquidity characteristics of insurance contracts with cash flows that do not vary based on the returns on underlying items. The illiquidity risk premium would apply for a few of the products under Liberty Life Kenya that cannot be easily surrendered like guaranteed annuities. Management performed a materiality assessment for illiquidity premium, and concluded that it is immaterial.

Investment component

The group reviews all contracts within the scope of IFRS 17 to determine whether they include an investment component and to assess whether such a component would be non-distinct. The group determines the investment component in an insurance contract, amounts that the group is required to pay to a policyholder in all circumstances, as the defined unit value within the policyholder account. This typically references the policy investment value at a point in time. Any additional payments represent the insurance benefits payable if an insured event occurs. The unit value is the total amount an investment reflects, including the net capital invested (policyholder deposits less withdrawals and surrenders), adjusted for related investment returns, capital appreciation and/or income earned to date, and reduces by annual charges for asset and fund management. Surrender values are not used as surrenders of policies are contingent on policyholder behaviour and are not at the contractual option of the group.

Reportable groups

IFRS 17 requires that an entity should aggregate or disaggregate information so that useful information is not obscured either by the inclusion of a large amount of insignificant detail or by the aggregation of items that have different characteristics. Whereas information is aggregated for the line items included on the face of the statement of financial position and statement of comprehensive income; where applicable, various notes to the financial statements are disaggregated to what the group has termed its 'reportable groups', in order meet the disclosure requirements of IFRS 17.

Key judgements in applying assumptions on application of accounting policies (continued)

for the year ended 31 December 2024

The group's reportable groups are:

Insurance contracts	Characteristics of contracts	Major products
Life insurance contracts measured under GMM	Life insurance contracts that provide insurable benefits in the event of death, sickness or disability, and that are measured using the General Measurement Model. These also include Universal Life contracts that have indirect participating features. Comprises insurance contracts issued to retail customers.	Retail pure risk products, e.g. Soma plan, Kenya Commercial Bank (KCB) Elimisha and funeral plans.
Life insurance contracts measured under PAA	Life insurance contracts that provide insurable risk benefits in the event of death, sickness or disability, and that are measured using the Premium Allocation Approach. These include insurance contracts issued to retail customers and groupings of employees and members.	Embedded bancassurance (Group Life, Credit Life), funeral products sold via banking channels. Education plans.
Life participating contracts measured under VFA	Insurance contracts for which, at inception: • The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; • The group expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and • The group expects a substantial proportion of any change in fair value of the underlying items.	Comprises mainly unit-linked retirement annuities and endowments which have a return of contribution on death (e.g. Income Builder, Life Vest), as well as some linked annuities.
	Long-term insurance contracts that: • offer a combination of savings, deferred annuities and risk benefits. These include products that offer a defined monetary benefit over a contractually determined period or facilitates groups of employees or member savings for retirement and payment of post-retirement benefits. These contracts are measured using the variable fee approach.	Retail guaranteed annuities and living annuities with funeral benefits.

Investment contracts with Discretionary participating features	A financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:
	• That are expected to be a significant portion of the total contractual benefits;
	• The timing or amount of which are contractually at the discretion of the issuer; and
	• That are contractually based on:
	  ◦ the returns of a specified pool of contracts or a specified type of contract;
	  ◦ realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
	  ◦ the profit or loss of the entity or fund that issues the contract.
		Comprises of the Deposit Administration (DA) guaranteed fund and the Boresha Maisha (BM) Retirement Plan guaranteed fund (2023). Not applicable in 2024.

General insurance non-medical measured under PAA	Contracts insuring policyholders for mechanical breakdown of equipment, theft, fire, weather-related events, fraud and third-party claims.	Comprises general insurance category contracts offered by Heritage Insurance companies.
General insurance medical measured under PAA	Contracts insuring policyholders against medical expenses.	Medical Expense Cover; Flexi range and Blue plans.
Reinsurance contracts		
Reinsurance life contracts measured under GMM	Reinsurance on insurance contracts noted above.	Comprises cover for contracts measured under GMM, mainly the endowment Soma plan and KCB Elimisha.
Reinsurance life insurance measured under PAA	Reinsurance on insurance contracts noted above.	Comprises reinsurance for Catastrophic risks.

Key judgements in applying assumptions on application of accounting policies (continued)

for the year ended 31 December 2024

Insurance contracts	Characteristics of contracts	Major products
Reinsurance general non-medical measured under PAA	Reinsurance on insurance contracts noted above.	Reinsurance for short term business contracts under Heritage Insurance companies.
Reinsurance general medical measured under PAA	Reinsurance on insurance contracts noted above.	Comprises reinsurance for medical expense cover.

Classification and measurement of financial instruments

IFRS 9 requires an entity to assess its business model to determine the classification of financial assets. A business model refers to how an entity manages its financial assets in order to generate cash flows. Management applies judgement to determine the level at which the business model assessment is applied.

Liberty Kenya Holdings Plc (LKH) business model is as an investment holding company. Through its subsidiaries, it utilises and renews available capital resources sustainably to create shareholder value by providing solutions to individuals or groups of individuals to meet their insurance and investment needs.

The financial assets held by LKH's subsidiaries as part of their operating activities are managed with the objective of matching policyholder contracted investment benefits and realising cash flows through the sale of assets. Management makes decisions based on the assets' fair values and manages the assets to realise those fair values.

Properties at fair value

Investment and owner-occupied properties are measured at fair value using the income approach method by external valuation appraisers taking into account characteristics of the properties that market participants would take into account when pricing the property at measurement date. The key assumptions in the determination of the fair value are the exit capitalisation and discount rates. Other inputs considered relate to existing tenant terms, location, vacancy levels and restrictions, if any, on the sale or use of the asset. Determination of fair value also considers the current use of the property in terms of its highest and best use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible.

The rebuttable presumption for taxation considerations is that the properties will ultimately be realised through sale.

The sensitivity analysis is detailed in note 20.6 of this report.

Impairment of goodwill

The group tests annually whether goodwill was impaired in accordance with the accounting policy note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

The key assumptions applied, and analysis of their sensitivity is detailed in note 3 of this report.

Income taxes

The group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

Impairment of receivables measured using amortised cost

The group recognizes expected credit losses (ECL) on debt financial assets classified as amortised cost. The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. A significant change in credit risk is when there is a material change in the probability of default, since origination.

The sensitivity is detailed in note 9.

Cash flow statement

Management consider it appropriate for all cash flows relating to assets backing investment portfolios policyholder liabilities for required capital to be reflected as cash flows from operating activities rather than cash flows from investing activities.

Deferred taxation

Asset measurement: Deferred taxation assets are assessed for the probability of recovery based on the applicable estimated future business performance and related projected taxable income. The group's expected future activities and results support the recognition of the deferred tax assets where applicable, in accordance with the guidance provided in IAS 12 Income Taxes. Judgement is applied as to the timing of the utilisation of the deferred tax assets. The total amount arises from various group entities, mainly attributable to the utilisation of tax losses and to timing differences. The group expects the timing of future emergence of taxable profits to be between one and five years, depending on the entity.

Guide to the annual financial statements and notes

Group and company statements of financial position

as at 31 December 2024

		Group		Company	
KShs m	**Notes**	**2024**	**2023**	**2024**	**2023**
Assets					
Interests in subsidiaries	7	**–**	–	**2 702**	2 702
Intangible assets	3	**1 447**	1 481	**–**	–
Owner-occupied properties	4.2	**1 216**	1 216	**–**	–
Equipment	5	**146**	200	**–**	–
Right-of-use assets	6.1	**52**	87	**–**	–
Deferred taxation	14	**6**	196	**–**	–
Financial investments	8.1	**27 601**	20 345	**–**	–
Staff loans receivable	8.1	**542**	635	**–**	–
Reinsurance contract assets	12.1	**1 884**	5 737	**–**	–
Current taxation	37	**66**	125	**–**	–
Intergroup balances with subsidiaries	7.3	**–**	–	**11**	28
Prepayments and other receivables	9	**746**	882	**7**	22
Assets classified as held for sale	39.1	**5 334**	–	**–**	–
Cash and cash equivalents	10	**9 109**	12 857	**3**	19
Total assets		**48 149**	43 761	**2 723**	2 771
Liabilities					
Lease liabilities	16.1	**61**	100	**–**	–
Insurance contract liabilities	11.1	**18 937**	23 863	**–**	–
Financial liabilities under investment contracts	13	**11 021**	7 088	**–**	–
Deferred taxation	14	**1 007**	927	**–**	–
Financial liabilities	15	**225**	180	**–**	–
Liabilities relating to assets held for sale	39.1	**4 480**	–	**–**	–
Intergroup balances with subsidiaries	7.3	**–**	–	**11**	4
Other payables	18	**1 566**	1 831	**19**	24
Employee benefits	17	**207**	195	**25**	–
Total liabilities		**37 504**	34 184	**55**	28
Equity					
Ordinary shareholders' equity		**10 304**	9 189	2,668	2 743
Share capital	21	**536**	536	**536**	536
Share premium	21	**1 490**	1 490	**1 490**	1 490
Retained surplus		**6 473**	5 394	**642**	717
Other reserves		**1 805**	1 769	**–**	–
Non-controlling interests	35.1	**341**	388	**–**	–
Total equity		**10 645**	9 577	**2 668**	2 743
Total equity and liabilities		**48 149**	43 761	**2 723**	2 771

The financial statements on pages 13 to 192, were approved and authorised for issue by the board of directors on 25 March 2025 and were signed on its behalf by:

P Odera **K Godden**

The accounting principles on pages 13 to 14, key judgements on pages 15 to 18, notes on pages 25 to 131, risk management on pages 132 to 165, and the material accounting policies on pages 166 to 192, form an integral part of the financial statements.

Group and company statements of comprehensive income

as at 31 December 2024

		Group		Company	
KShs m	Notes	2024	Restated 2023[(1)]	2024	2023
Revenue					
Insurance revenue	22	**10 950**	10 828	**–**	–
Insurance service expense	23	**(8 528)**	(8 624)	**–**	–
Net insurance service result before reinsurance contracts held		**2 422**	2 204	**–**	–
Net expense from reinsurance contracts held	24	**(1 418)**	(1 253)		
Insurance service result		**1 004**	951	**–**	–
Investment income	25	**(24)**	149	**315**	140
Interest income on financial assets using the effective interest method	26	**1 395**	1 243	**–**	–
Fair value adjustments to assets held at fair value through profit or loss	27	**5 736**	590	**–**	–
Fair value adjustment to financial liabilities under investment contracts	13	**(2 154)**	(412)	**–**	–
Fair value adjustment to financial liabilities	28	**(212)**	(146)	**–**	–
Net Investment income		**4 741**	1 424	**315**	140
Net finance expenses from insurance contracts issued	29	**(2 806)**	(427)	**–**	–
Net finance income from reinsurance contracts held	30	**55**	(1)	**–**	–
Net insurance finance expenses		**(2 751)**	(428)	**–**	–
Net insurance and investment result		**2 994**	1 947	**315**	140
Revenue from contracts with customers	31	**456**	149	**–**	–
Other operating expenses	32	**(1 351)**	(1 074)	**(190)**	(114)
Finance costs	33	**(8)**	(2)	**–**	–
Profit before taxation from continuing operations		**2 091**	1 020	**125**	26
Taxation	34.1	**(721)**	(389)	**–**	–
Total earnings from continuing operations		**1 370**	631	**125**	26
Total earnings from discontinued operations	39	**32**	41	**–**	–
Total earnings		**1 402**	672	**125**	26
Other comprehensive income		**(124)**	13	**–**	–
Items that may be reclassified subsequently to profit or loss		**(124)**	13	**–**	–
Foreign currency translation		**(124)**	13	**–**	–
Total comprehensive income		**1 278**	685	**125**	26
Total earnings attributable to:					
Shareholders' equity		**1 389**	656	**125**	26
Non-controlling interests	35.1	**13**	16	**–**	–
		1 402	672	**125**	26
Total comprehensive income attributable to:					
Shareholders' equity		**1 315**	663	**125**	26
Non-controlling interests	35.2	**(37)**	22	**–**	–
		1 278	685	**125**	26
Basic earnings per share					
Basic and diluted earnings per share KShs	**1**	**2.59**	1.22		

(1) *Refer to note 40.2 on restatement of statement of comprehensive income for more details.*

The Heritage Tanzania operations have been presented as discontinued operations and 2023 results restated in accordance with IFRS 5.

The accounting principles on pages 13 to 14, key judgements on pages 15 to 18, notes on pages 25 to 131, risk management on pages 132 to 165, and the material accounting policies on pages 166 to 192, form an integral part of the financial statements.

Group statement of changes in equity

for the year ended 31 December 2024

KShs m	Share capital	Share premium	FCTR[1]	Statutory reserve[2] and owner occupied properties	Retained surplus	Non controlling interests	Total equity
Balance at 1 January 2023	536	1 490	(111)	1 839	4 771	367	8 892
Total comprehensive income	–	–	8	–	656	21	685
Total earnings	–	–	–	–	656	16	672
Other comprehensive income	–	–	8	–	–	5	13
Transfer between reserves	–	–	–	33	(33)	–	–
Balance at 31 December 2023	536	1 490	(103)	1 872	5 394	388	9 577
Total comprehensive income	–	–	(74)	–	1 389	(37)	1 278
Total earnings	–	–	–	–	1 389	13	1 402
Other comprehensive income	–	–	(74)	–	–	(50)	(124)
Transfer between reserves	–	–	–	110	(110)	–	–
Dividends paid	–	–	–	–	(200)	(10)	(210)
Balance at 31 December 2024	536	1 490	(177)	1 982	6 473	341	10 645

(1) FCTR – Foreign currency translation reserve. The FCTR arises from the consolidation of the foreign owned subsidiary, Heritage Insurance Tanzania Limited. It represents gains and losses, including the differences arising as a result of translating opening shareholders' equity using exchange rates at the end of the reporting period rather than exchange rates at the beginning of the period which are included in a translation reserve account and reported as a separate component of equity.

(2) The statutory reserve comprises the undistributed life surplus and a separate reserve set aside as required by insurance regulations in Tanzania. Tanzania regulations require a separate reserve equal to 5% of net written premium or 20% of the net profits whichever is higher. This reserve is capped at minimum paid-up capital or 50% of net written premiums. Distribution of Liberty Life Kenya surplus to the benefit of the shareholders is on the recommendations of the statutory actuary and is capped to 30% of available surplus as required by Insurance Act Kenya.

The accounting principles on pages 13 to 14, key judgements on pages 15 to 18, notes on pages 25 to 131, risk management on pages 132 to 165, and the material accounting policies on pages 166 to 192, form an integral part of the financial statements.

Company statement of changes in equity

for the year ended 31 December 2024

KShs m	Share capital	Share premium	Retained surplus	Total equity
Balance at 31 December 2022	536	1 490	691	2 717
Total comprehensive income and total earnings	–	–	26	26
Balance at 31 December 2023	**536**	**1 490**	**717**	**2 743**
Total comprehensive income and total earnings	–	–	125	125
Dividends paid	–	–	(200)	(200)
Balance at 31 December 2024	**536**	**1 490**	**642**	**2 668**

The accounting principles on pages 13 to 14, key judgements on pages 15 to 18, notes on pages 25 to 131, risk management on pages 132 to 165, and the material accounting policies on pages 166 to 192, form an integral part of the financial statements.

Group and company statements of cash flows

for the year ended 31 December 2024

		Group		Company	
KShs m	**Notes**	**2024**	**2023**	**2024**	**2023**
Cash flows from/(to) operating activities		**(1 795)**	4 500	**184**	(12)
Cash (utilised in)/generated from by operations	36	**(1 008)**	(24)	**184**	(12)
Cash receipts from policyholders		**16 154**	16 403	**–**	–
Cash paid to policyholders, intermediaries, suppliers and employees		**(17 162)**	(16 427)	**184**	(12)
Interest received on financial assets using the effective interest method[(1)]	26	**1 395**	1 366	**–**	–
Taxation paid	37	**(475)**	(346)	**–**	–
Proceeds on sale of investment properties	4.3	**–**	126	**–**	–
Net purchase of financial instruments	8.2	**(1 540)**	3 507	**–**	–
Repayment of financial liability (bancassurance)	15	**(167)**	(129)	**–**	–
Cash flows from investing activities		**(105)**	(182)	**–**	–
Purchase of equipment	5.2.1	**(50)**	(54)	**–**	–
Proceeds on sale of equipments		**9**	**–**	**–**	**–**
Acquisition of intangible assets	3	**(64)**	(128)	**–**	–
Cash flow from financing activities		**(299)**	(41)	**(200)**	–
Repayment of the lease liability	16.1	**(89)**	(41)	**–**	–
Dividends paid		**(210)**	–	**(200)**	–
Net increase/(decrease) in cash and cash equivalents		**(2 199)**	4 277	**(16)**	(12)
Cash and cash equivalents at the beginning of the year		**12 857**	8 566	**19**	31
Classified as held for sale		**(1 529)**	–	**–**	–
Foreign currency translation		**(20)**	14	**–**	–
Cash and cash equivalents at the end of the year	10	**9 109**	12 857	**3**	19

(1) *The prior year value is the total interest before reclassification of Heritage Insurance Tanzania results to discontinued operations. After the reclassification, the P&L amount is KShs 1 243 million.*

The accounting principles on pages 13 to 14, key judgements on pages 15 to 18, notes on pages 25 to 131, risk management on pages 132 to 165, and the material accounting policies on pages 166 to 192, form an integral part of the financial statements.

Notes to the group and company annual financial statements

for the year ended 31 December 2024

1. Basic earnings and earnings per share

	Group	
	2024	**2023**
Basic earnings attributable to ordinary shareholders (KShs million)	**1 389**	656
Weighted average number of ordinary shares (Number of shares)	**535 707 499**	535 707 499
	Shillings	Shillings
Basic and diluted earnings per share	**2.59**	**1.22**

Definitions

Basic earnings per share

Basic earnings per share is total earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. There was no dilution effect on the basic earnings per share.

2 Segment information

Liberty Kenya Holdings Plc and its subsidiaries is a insurance organisation delivering mainly insurance products and services to individuals and corporates.

The group is currently organised in line with the Insurance Acts which classify contracts of insurance and investment into two main categories being long-term insurance and general insurance, which includes medical insurance. The distinction is determined through the definitions contained in the insurance act which is largely aligned to contract duration with general insurance typically having short-term contract terms (12 months or less).

The group is structured into three licenced subsidiaries following the Insurance Acts requirements. Two of the subsidiaries undertake general insurance and the other undertakes long-term insurance.

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. Identification of segments and the measurement of segment result is based on the group's internal reporting to management and the respective boards. The Chief Operating and Decision Maker (CODM) is the chief executive along with oversight of Liberty Kenya Holdings Board.

The group is organised by business units and geographical spread. The business units are segmented as follows:

1. Long-term business
2. General businesses
3. Holding company

The holding company is represented by Liberty Kenya Holdings and is primarily involved in holding the separate insurance subsidiaries and other investing activities.

The group produces segmented financial statements i.e. profit or loss and statement of financial position in compliance with IFRS 8.

The group does not have any one major customer that contributes more than 10% of its revenues.

Definitions

Africa regions

Kenya

Retail and institutional long-term and general.

Tanzania

Retail and institutional general.

Consolidation adjustment

The information in the segments reports is presented on the same basis as reported to management. Consolidating adjustments are those accounting reclassifications and entries required to produce IFRS compliant results. Specific details of these adjustments are included as footnotes.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.1 Segment earnings – results by business unit

2024 KShs m	Long-term business	General business	Holding company	Consolidation adjustments[1]	IFRS reported
Insurance service result	257	747	–	–	1 004
Net investment income	3 084	1 811	315	(469)	4 741
Net insurance finance expenses	(2 587)	(164)	–	–	(2 751)
Net insurance and investment result	754	2 394	315	(469)	2 994
Revenue from contracts with customers	456	–	–	–	456
Other operating expenses	(858)	(426)	(190)	123	(1 351)
Finance costs	(3)	(7)	–	2	(8)
Profit before taxation from continuing operations	349	1 961	125	(344)	2 091
Taxation	(162)	(559)	–	–	(721)
Total earnings from continuing operations	187	1 402	125	(344)	1 370
Total earnings from discontinued operations	–	32	–	–	32
Total earnings for the year	187	1 434	125	(344)	1 402
Other comprehensive income	–	(124)	–	–	(124)
Total comprehensive income	187	1 310	125	(344)	1 278
Attributable to non-controlling interests (note 39)	–	37	–	–	37
Total attributable to shareholders	187	1 347	125	(344)	1 315

(1) *Consolidation adjustments include the elimination of inter-group transactions.*

2023 - restated[2] KShs m	Long-term business	General business	Holding company	Consolidation adjustments[1]	IFRS reported
Insurance service result	286	665	–	–	951
Net investment income	766	795	140	(277)	1 424
Net insurance finance expenses	(386)	(42)	–	–	(428)
Net insurance and investment result	666	1 418	140	(277)	1 947
Revenue from contracts with customers	149	–	–	–	149
Other operating expenses	(703)	(378)	(114)	121	(1 074)
Finance costs	(3)	(6)	–	7	(2)
Profit before taxation from continuing operations	109	1 034	26	(149)	1 020
Taxation	(78)	(311)	–	–	(389)
Total earnings from continuing operations	31	723	26	(149)	631
Total earnings from discontinued operations (note 39)	–	41	–	–	41
Total earnings for the year	31	764	26	(149)	672
Other comprehensive income	–	13	–	–	13
Total comprehensive income	31	777	26	(149)	685
Attributable to non-controlling interests	–	(22)	–	–	(22)
Total attributable to shareholders	31	755	26	(149)	663

(1) *Consolidation adjustments include the elimination of inter-group transactions.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.2 Segment assets and liabilities by business unit

2024 KShs m	Long-term business	General business	Holding company	Reporting adjustments[1]	IFRS reported
Total assets	28 679	18 319	2 723	(1 572)	48 149
Equipment	79	67	–	–	146
Right-of-use assets	17	35	–	–	52
Intangible assets	117	75	–	1 255	1 447
Investment in subsidiary	–	–	2 702	(2 702)	–
Owner-occupied properties	771	–	–	445	1 216
Financial investments	21 143	6 458	–	–	27 601
Staff loans receivable	402	140	–	–	542
Reinsurance contract assets	245	1 639	–	–	1 884
Assets classified as held for sale (note 39)	–	5 334	–	–	5 334
Other assets	5 905	4 571	21	(570)	9 927
Total liabilities	25 891	11 543	55	15	37 514
Insurance contract liabilities	12 951	5 986	–	–	18 937
Financial liabilities under investment contracts	11 021	–	–	–	11 021
Liabilities in relation to assets held for sale (note 39)	–	4 480	–	–	4 480
Other liabilities	1 919	1 077	55	15	3 066

Other financial detail by business unit

2024 KShs m	Long-term business	General business	Holding company	IFRS reported
Additions to property and equipment (note 5.2)	18	32	–	50
Additions to right-of-use assets (note 6.2)	1	18	–	19
Additions to intangible assets (note 3)	51	13	–	64
Interest income on financial assets held at amortised cost (note 26)	738	657	–	1 395
Depreciation - continuing operations (note 5 and 6)	39	69	–	108
Depreciation - discontinued operations (note 5 and 6)	–	23	–	23

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.2 Segment assets and liabilities by business unit (continued)

2023 Restated[2] KShs m	Long-term business	General business	Holding company	Reporting adjustments[1]	IFRS reported
Total assets	24 996	17 609	2 771	(1 615)	43 761
Equipment	95	105	–	–	200
Right-of-use assets	23	87	–	(23)	87
Intangible assets	130	96	–	1 255	1 481
Investment in subsidiary	–	147	2 702	(2 849)	–
Owner-occupied properties	771	–	–	445	1 216
Financial investments	14 943	5 402	–	–	20 345
Staff loans receivable	446	189	–	–	635
Reinsurance contract assets	383	5 354	–	–	5 737
Other assets	8 205	6 229	69	(443)	14 060
Total liabilities	22 395	11 800	27	(38)	34 184
Insurance contract liabilities	13 634	10 229	–	–	23 863
Financial liabilities under investment contracts	7 088	–	–	–	7 088
Other liabilities	1 673	1 571	27	(38)	3 233

Other financial detail by business unit

2023 Restated [2] KShs m	Long-term business	General business	Holding company	IFRS reported
Additions to property and equipment (note 5.2)	26	28	–	54
Additions to right-of-use assets (note 6.2)	10	15	–	25
Additions to intangible assets (note 3)	56	71	–	127
Interest income on financial assets held at amortised cost (note 26)	1 150	93	–	1 243
Depreciation - continuing operations (note 5 and 6)	65	17	–	82
Depreciation - discontinued operations (note 5 and 6)	–	25	–	25

(1) *Consolidation adjustments include the elimination of inter-group transactions..*

(2) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.3 Segment earnings – results by geographical spread

2024 KShs m	Kenya	Tanzania	IFRS reported
Insurance service result	1 004	–	1 004
Net Investment income	4 741	–	4 741
Net insurance finance expenses	(2 751)	–	(2 751)
Net insurance and investment result	2 994	–	2 994
Revenue from investment contracts with customers	456	–	456
Other operating expenses	(1 351)	–	(1 351)
Finance costs	(8)	–	(8)
Profit before taxation from continuing operations	2 091	–	2 091
Taxation	(721)	–	(721)
Total earnings from continuing operations	1 370	–	1 370
Total earnings from discontinued operations (note 39)	–	32	32
Total earnings for the year	1 370	32	1 402
Other comprehensive income	–	(124)	(124)
Total comprehensive income	1 370	(92)	1 278
Attributable to non-controlling interests	–	37	37
Total comprehensive income attributable to shareholders	1 370	(55)	1 315

Segment assets and liabilities by geographical spread

2024 KShs m	Kenya	Tanzania	IFRS reported
Total assets	42 815	5 334	48 149
Equipment	146	–	146
Right-of-use assets	52	–	52
Intangible assets	1 447	–	1 447
Owner occupied properties	1 216	–	1 216
Financial investments	27 601	–	27 601
Staff loans receivable	542	–	542
Reinsurance contract assets	1 884	–	1 884
Assets classified as held for sale (note 39)	–	5 334	5 334
Other assets	9 927	–	9 927
Total liabilities	33 024	4 480	37 504
Insurance contract liabilities	18 937	–	18 937
Financial liabilities under investment contracts	11 021	–	11 021
Laibilities in relation to assets held for sale (note 39)	–	4 480	4 480
Other liabilities	3 066	–	3 066

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.3 Segment earnings – results by geographical spread (continued)

Other financial detail

2024 KShs m	Kenya	Tanzania	IFRS reported
Additions to property and equipment (note 5.2)	**39**	**11**	**50**
Additions to right-of-use assets (note 6.2)	**17**	**2**	**19**
Additions to intangible assets (note 3)	**61**	**3**	**64**
Interest income on financial assets held at amortised cost (note 26)	**1 395**	**–**	**1 395**
Depreciation - continuing operations (note 5 and 6)	**108**	**–**	**108**
Depreciation - discontinued operations (note 5 and 6)	**–**	**23**	**23**

2023 - restated[(1)] KShs m	Kenya	Tanzania	IFRS reported
Insurance service result	951	–	951
Net Investment income	1 424	–	1 424
Net insurance finance expenses	(428)	–	(428)
Net insurance and investment result	1 947	–	1 947
Revenue from investment contracts with customers	149	–	149
Other operating expenses	(1 074)	–	(1 074)
Finance costs	(2)	–	(2)
Profit before taxation from continuing operations	1 020	–	1 020
Taxation	(389)	–	(389)
Total earnings from continuing operations	631	–	631
Total earnings from discontinued operations (note 39)	–	41	41
Total earnings for the year	631	41	672
Other comprehensive income	–	13	13
Total comprehensive income	631	54	685
Attributable to non-controlling interests	–	(22)	(22)
Total comprehensive income attributable to shareholders	631	32	663

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

2 Segment information (continued)

2.3 Segment earnings – results by geographical spread (continued)

2023 KShs m	Kenya	Tanzania	IFRS reported
Total assets	37 631	6 130	43 761
Equipment	180	20	200
Right-of-use assets	60	27	87
Intangible assets	1 473	8	1 481
Owner occupied properties	1 216	–	1 216
Financial investments	20 192	153	20 345
Staff loans receivable	635	–	635
Reinsurance contract assets	1 872	3 865	5 737
Other assets	12 003	2 057	14 060
Total liabilities	29 023	5 161	34 184
Insurance contract liabilities	19 266	4 597	23 863
Financial liabilities under investment contracts	7 088	–	7 088
Other liabilities	2 669	564	3 233

Other financial detail

2023 Restated [(1)] KShs m	Kenya	Tanzania	IFRS reported
Additions to property and equipment (note 5.2)	41	13	54
Additions to right-of-use assets (note 6.2)	17	8	25
Additions to intangible assets (note 3)	126	1	127
Interest income on financial assets held at amortised cost attributable to continuing operations (note 26)	1 243	–	1 243
Depreciation - continuing operations (note 5 and 6)	99	–	99
Depreciation - discontinued operations (note 5 and 6)	–	8	8

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

3 Intangible assets

KShs m		Group 2024	Group 2023 Restated[1]
Cost at the beginning of the year		**2 245**	2 117
Additions		**64**	128
Disposals		**(40)**	–
Foreign currency translation		**(5)**	–
Reclassified to assets held for sale (note 39)		**(41)**	–
Cost at the end of the year		**2 223**	2 245
Accumulated amortisation at the beginning of the year		**(764)**	(702)
Amortisation – continuing operations		**(86)**	(55)
Amortisation – discontinued operations		**(3)**	(7)
Disposals		**40**	–
Foreign currency translation		**2**	–
Reclassified to assets held for sale (note 39)		**35**	–
Accumulated amortisation at the end of the year		**(776)**	(764)
Net carrying value at the end of the year		**1 447**	1 481
Summary of net carrying value	**Amortisation period (years)**		
Goodwill	None	**1 255**	1 255
Computer software – purchased	Up to 5	**192**	226

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

3 Intangible assets (continued)

	Group							
KShs m	Balance at the beginning of the year	Additions	Disposals	Amortisation – continuing operations	Amortisation – discontinued operations	Foreign currency translation	Reclassified to assets (note 39)	Balance at the end of the year
2024								
Cost – movement								
Goodwill	1 255	–	–	–	–	–	–	1 255
Computer software – purchased[2]	990	64	(40)	–	–	(5)	(41)	968
Total cost	2 245	64	(40)	–	–	(5)	(41)	2 223
Accumulated amortisation and impairment – movement								
Goodwill	–	–		–	–	–	–	–
Computer software – purchased[2]	(764)	–	40	(86)	(3)	2	35	(776)
Total accumulated amortisation and impairment	(764)	–	40	(86)	(3)	2	35	(776)
Net carrying amount at the end of the year	1 481	64	–	(86)	(3)	(3)	(6)	1 447
2023 Restated[1]								
Cost – movement								
Goodwill	1 255	–	–	–	–	–	–	1 255
Computer software – purchased[2]	862	128	–	–	–	–	–	990
Total cost	2 117	128	–	–	–	–	–	2 245
Accumulated amortisation and impairment – movement								
Goodwill	–	–	–	–	–	–	–	–
Computer software – purchased[2]	(702)	–	–	(55)	(7)	–	–	(764)
Total accumulated amortisation and impairment	(702)	–	–	(55)	(7)	–	–	(764)
Net carrying amount at the end of the year	1 415	128	–	(55)	(7)	–	–	1 481

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

(2) *Purchased computer software is not judged to be an integral part of the related hardware and has been recognised as an intangible asset.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

3 Intangible assets (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (CGU), or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU Level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs of disposal and its value in use. Any impairment recognized on goodwill is not subsequently reversed.

Goodwill impairment testing

Goodwill arose from the acquisition of Liberty Life Assurance Kenya Limited (formerly Alico) in 2004 and acquisition of Heritage in 2010 and current allocation to CGUs is as shown below:

KShs m	2024	2023
Liberty Life Assurance Kenya Limited	**1 085**	1 085
Heritage Insurance Kenya Limited	**170**	170
Total goodwill	**1 255**	1 255

Goodwill relating to Liberty Life Assurance Kenya Limited (formerly Alico) and Heritage Insurance Kenya Limited was tested for impairment on 31 December 2024. The recoverable amount was determined using the best practice in valuing insurance business that comprises embedded value measure and value of future new business. Future net cashflows were discounted to determine the recoverable amount.

Heritage Insurance Kenya Limited is the general insurance business while Liberty Life Assurance Kenya Limited is the life business..

Liberty Life Assurance Kenya

The key planning assumptions applied are:	2024		2023	
Forecast period	**5 years**	**Terminal period 25 Year**	5 years	Terminal period 25 Year
Long-term insurance industry growth rate	**5.0%**	**2.0%**	5.0%	2.0%
Projected country GDP growth rate	**5.0%**	**2.0%**	5.0%	2.0%
Projected growth in market share	**2.0%**	**1.0%**	4.0%	1.0%
Premium growth rate (CAGR)	**7.0%**	**2.0%**	10.0%	2.0%

(a) Future cashflows: The forecast periods adopted reflect an estimate of future net cashflows based on management judgement and expected market conditions that could be sustainably generated over such a period. A five-year forecast was used as a basis for future value to be generated from new business expected to be acquired. The new business volumes are based on companies approved five-year strategy that is reviewed on rolling basis. Based on the testing performed, no impairment was identified.

(b) Discount rate: The pre-tax discount rate used was based on an assessment of the risks applicable to Liberty Life Kenya Limited. The cost of equity discount rate calculated for the forecast years was set equal to 31 December 2024 Kenya Government bond yield curve plus an equity risk premium of 280 basis points. In 2023, the cost of equity discount rate was set equal to 31 December 2023 Kenya Government bond yield curve plus an equity risk premium of 280 basis points. The cost of equity assigned to the CGU and used to discount its future cash flows can have a significant effect on its valuation.

Fair value calculation has a projected headroom value of KShs 4 203 million against a goodwill carrying amount of KShs 1 085 million.

An increase of 1% to the risk discount rate (RDR) applied would result in fair value reducing by Kshs 24 million (2023: KShs 74 million), a decrease of 1% in RDR results to an increase in fair value by KShs 25 million (2023: KShs 77 million). A 1% change in premium growth rate would result into a change in estimated value by KShs 206 million. Change in profit after tax growth rate by 1% would result into a change in estimated value by KShs 207 million.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

3 Intangible assets (continued)

Heritage Insurance Kenya

Heritage insurance Kenya Limited is the general insurance businesses in the Kenyan and Tanzanian Markets.

Key planning assumptions applied are shown on the table below:

	2024		2023	
Forecast period	5 years	Terminal period 25 Year	5 years	Terminal period 25 Year
Short-term insurance industry growth rate	5.0%	2.0%	5.0%	2.0%
Projected country GDP growth rate	5.0%	2.0%	5.0%	2.0%
Projected growth in market share	4.0%	1.0%	4.0%	1.0%
Premium growth rate (CAGR)	11.0%	2.0%	9.0%	2.0%

(a) Future cashflows: The forecast periods adopted reflect an estimate of future net cashflows based on management judgement and expected market conditions that could be sustainably generated over such a period. A five-year rolling forecast was used as a basis for future profit after tax to be generated and a further 25 years representing estimate of terminal value of business to be generated for the foreseeable future. The forecasted profit after tax is based on companies approved five-year strategy that is reviewed on rolling basis.

(b) Discount rate: The pre-tax discount rate used was based on an assessment of the risks applicable to Heritage Kenya. The cost of equity discount rate calculated for the forecast years ranged between 11.41-17.45 per annum (2023: 15.70-17.96 per annum). Fair value calculation has projected a headroom value of KShs 13 812 million against a goodwill carrying value of KShs 170 million. An increase of 1% to the risk discount rate (RDR) applied would result in fair value reducing by KShs 520 million (2023: KShs 468 million), a decrease of 1% in RDR results to an increase in fair value by KShs 589 million (2023: KShs 530 million).

A 1% change in premium growth rate would result into a change in estimated value by KShs 57 million. Change in profit after tax growth rate by 1% would result into a change in estimated value by KShs 37 million. There is no reasonably possible changes to assumptions that would result to impairment of goodwill.

4 Properties

4.1 Summary

		Group	
KShs m	Notes	**2024**	**2023**
Owner-occupied properties at fair value through profit or loss	4.2	**1 216**	1 216
Total fair value of properties at end of year		**1 216**	1 216
Investment properties held for sale	4.3	**–**	–
Total properties		**1 216**	1 216

Details of property investments are recorded in registers, which may be inspected by members or their duly authorised agents, at the company's registered office.

4.2 Owner-occupied properties

	Group	
KShs m	**2024**	**2023**
Fair value at the beginning of the year	**1 216**	1 216
Depreciation	**–**	–
Fair value at the end of the year	**1 216**	1 216

All owner-occupied properties are located in Kenya.

Owner-occupied properties are marked to fair value at every reporting period as a portion of assets are matching policyholders liabilities.

If owner-occupied properties were stated on the historical cost basis, the carrying amounts would have been KShs 6 137 000 (2023: KShs 6 137 000)

Depreciation is not applicable as the relevant buildings fair value is equal or greater than the opening valuation.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

4 Properties (continued)

4.3 Investment properties held for sale

The property classified as held-for-sale at the beginning of 2023 was a residential property that was under agreement of sale. The sale transfer process was concluded during 2023 and proceeds of sale of KShs 126 million realised.

KShs m	2024	2023
Balance at the beginning of the year	–	118
Fair value adjustment	–	8
Disposal	–	(126)
Fair value at the end of the year	–	–

4.4 Basis of valuation

The properties were independently valued as at 31 December 2024 by various registered professional valuers. The valuation is prepared in accordance with the International Valuation Standards to which the Institution of Surveyors of Kenya (ISK) subscribes to.

The market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

To arrive at a market value, the properties have been valued using income approach method.

Income approach

The income approach uses the discounted cash flow methodology whereby an appropriate capitalisation rate based on reasonable expectation of return in the investment appropriate to the market is obtained. The suitable rate is obtained by analysing actual and prudent property sales versus their rental incomes. This rate is compared with the rate of return investors would expect on net operating income in order to invest in the type of real estate having due regard to other investment opportunities such as stocks, treasury bills, etc.

The net operating income is then discounted back to the valuation date to arrive at the market value of the property.

The directors review and may apply judgement on the results of the valuation to be recognised in the financial statements. Refer to note 20.6.1 for sensitivity analysis of the valuation assumptions.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

5 Equipment

5.1 Summary

KShs m	Notes	Group 2024	Group 2023
Equipment	5.2	146	200
Total equipment		**146**	200

5.2 Movement analysis of equipment

KShs m		Group 2024	Group 2023 Restated[1]
Cost at the beginning of the year		1 185	1 144
Additions		50	54
Disposals		(255)	(14)
Loss on derecognition		(2)	–
Foreign currency translation		(15)	1
Reclassified to assets held for sale (note 39)		(119)	–
Cost at the end of the year		**844**	1 185
Accumulated depreciation at the beginning of the year		(985)	(929)
Disposals		248	14
Depreciation – continuing operations		(64)	(61)
Depreciation – discontinued operations		(7)	(8)
Foreign currency translation		9	(1)
Reclassified to assets held for sale (note 39)		101	–
Accumulated depreciation at the end of the year		**(698)**	(985)
Net carrying amount at the end of the year		**146**	200
Summary of net carrying value	**Depreciation period (years)**		
Equipment		146	200
Computer equipment	3 to 5	71	79
Fixtures, furniture and fittings	5 to 15	57	78
Motor vehicles	5	18	43

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Assets with a zero book value were identified and those with no useful future life have been derecognised.

There were no items of equipment that were pledged as security for liabilities.

The amount of contractual commitments for the acquisition of property and equipment is disclosed in note 41 of the annual financial statements.

There was no compensation received from third parties in relation to items of property and equipment arising from impairments and loss.

There were no restrictions on titles to the equipment.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

5 Equipment (continued)

5.2 Movement analysis of equipment (continued)

5.2.1 Equipment

KShs m	Balance at the beginning of the year	Additions	Disposals	Depre-ciation – continuing operations	Depreciation – discon-tinued operations	Loss on derecogni-tion	Foreign currency translation	Reclassified to assets held for sale (note 39)	Balance at the end of the year
2024									
Cost – movement									
Computer equipment	**404**	**3**	**(81)**	**–**	**–**	**–**	**–**	**9**	**335**
Fixtures, furniture and fittings	**684**	**45**	**(158)**	**–**	**–**	**(2)**	**(12)**	**(103)**	**454**
Motor vehicles	**97**	**2**	**(16)**	**–**	**–**	**–**	**(3)**	**(25)**	**55**
Total cost	**1 185**	**50**	**(255)**	**–**	**–**	**(2)**	**(15)**	**(119)**	**844**
Accumulated depreciation – movement									
Computer equipment	**(324)**	**–**	**79**	**(41)**	**–**	**–**	**–**	**23**	**(263)**
Fixtures, furniture and fittings	**(606)**	**–**	**157**	**(12)**	**(4)**	**–**	**8**	**60**	**(397)**
Motor vehicles	**(55)**	**–**	**12**	**(11)**	**(3)**	**–**	**1**	**18**	**(38)**
Total accumulated depreciation	**(985)**	**–**	**248**	**(64)**	**(7)**	**–**	**9**	**101**	**(698)**
Net carrying amount at the end of the year	**200**	**50**	**(7)**	**(64)**	**(7)**	**(2)**	**(6)**	**(18)**	**146**
2023 Restated [(1)]									
Cost – movement									
Computer equipment	378	26	–	–	–	–	–	–	404
Fixtures, furniture and fittings	672	11	–	–	–	–	1	–	684
Motor vehicles	94	17	(14)	–	–	–	–	–	97
Total cost	1 144	54	(14)	–	–	–	1	–	1 185
Accumulated depreciation – movement									
Computer equipment	(282)	–	–	(42)	–	–	–	–	(324)
Fixtures, furniture and fittings	(591)	–	–	(14)	(1)	–	–	–	(606)
Motor vehicles	(56)	–	14	(5)	(7)	–	(1)	–	(55)
Total accumulated depreciation	(929)	–	14	(61)	(8)	–	–	–	(985)
Net carrying amount at the end of the year	215	54	–	(61)	(8)	–	–	–	200

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

6 Right-of-use assets

6.1 Summary

		Group	
KShs m	**Notes**	**2024**	**2023**
Right-of-use assets	6.2	**52**	87
Total right-of-use assets		**52**	87

6.2 Movement analysis of right-of-use assets

	Group	
KShs m	**2024**	**2023 Restated[(1)]**
Cost at the beginning of the year	**145**	149
Additions	**19**	25
Modifications	**(5)**	–
Derecognition	**(14)**	(29)
Foreign currency translation	**(5)**	–
Reclassified to assets held for sale (note 39)	**(51)**	–
Cost at the end of the year	**89**	145
Accumulated depreciation at the beginning of the year	**(58)**	(52)
Derecognition	**14**	32
Depreciation – continuing operations	**(20)**	(21)
Depreciation – discontinued operations	**(16)**	(17)
Foreign currency translation	**3**	–
Reclassified to assets held for sale (note 39)	**40**	–
Accumulated depreciation at the end of the year	**(37)**	(58)
Net carrying amount at the end of the year	**52**	87

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

6 Right-of-use assets (continued)

6.2 Movement analysis of right-of-use assets (continued)

6.2.1 Right-of-use assets

KShs m	Balance at the beginning of the year	Additions	Modifications	De-recognition	Depreciation – continuing operations	Depreciation discontinued operations	Foreign currency translation	Reclassified to assets held for sale (note 39)	Balance at the end of the year
2024									
Cost – movement									
Properties	**145**	**19**	**(5)**	**(14)**	**–**	**–**	**(5)**	**(51)**	**89**
Total cost	**145**	**19**	**(5)**	**(14)**	**–**	**–**	**(5)**	**(51)**	**89**
Accumulated depreciation									
Properties	**(58)**	**–**	**–**	**14**	**(20)**	**(16)**	**3**	**40**	**(37)**
Total accumulated depreciation	**(58)**	**–**	**–**	**14**	**(20)**	**(16)**	**3**	**40**	**(37)**
Net carrying amount at the end of the year	**87**	**19**	**(5)**	**19**	**(20)**	**(16)**	**(2)**	**(11)**	**52**
2023 Restated (1)									
Cost – movement									
Properties	149	25	(7)	(22)	–	–	–	–	145
Total cost	149	25	(7)	(22)	–	–	–	–	145
Accumulated depreciation									
Properties	(52)	–	10	22	(21)	(17)	–	–	(58)
Total accumulated depreciation	(52)	–	10	22	(21)	(17)	–	–	(58)
Net carrying amount at the end of the year	97	25	3	–	(21)	(17)	–	–	87

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Derecognition represents leases that are either terminated or reach the end of contractual term.

7 Interest in subsidiaries

7.1 Summary

The company's interest in its subsidiaries all of which are unlisted, and all of which have the same year-end as the company's, were as follows:

	Company				
Name of company	**Country of incorporation**	**Beneficial ownership 2024**	**Beneficial ownership 2023**	**KShs m Carrying amount 2024**	**KShs m Carrying amount 2023**
Liberty Life Assurance Kenya Limited	Kenya	**100%**	100%	**1 956**	1 956
The Heritage Insurance Company Kenya Limited	Kenya	**100%**	100%	**742**	742
Heritage Insurance Company Tanzania Limited	Tanzania	**60%**	60%	**-**	-
CFC Investments Limited	Kenya	**100%**	100%	**4**	4
				2 702	2 702

Interest in subsidiaries are non current assets. Heritage Insurance Company Tanzania is held for sale at Heritage Insurance Company Kenya

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

7 Interest in subsidiaries (continued)

7.1 Summary (continued)

	Company	
KShs m	2024	2023
Shares at cost	**3 332**	3 332
Impairment provision	**(630)**	(630)
Total interest in subsidiaries	**2 702**	2 702

7.2 Movement analysis of shares at cost

	Company	
KShs m	2024	2023
Shares at cost		
Shares at cost at the beginning of the year	**3 332**	3 332
Additional shares issued	**–**	–
Shares at cost at the end of the year	**3 332**	3 332
Impairment provision		
Impairment provision at the beginning of the year	**(630)**	(630)
Impairment provision at the end of the year	**(630)**	(630)

Subsidiaries impairment testing

Equity investments in subsidiary companies are measured at cost less any impairment losses. The carrying amount of these investments are assessed annually for impairment indicators. If an indicator exists, for semi-dormant, dormant and investment holding subsidiaries, the subsidiaries impairment is referenced to the net asset value calculated on a fair value basis. Operating subsidiaries are assessed against discounted cash flow models or price earnings valuation techniques referenced to approved business plans.

The impairment provision of KShs 630 million relates to CFC Investment Limited that was taken to align the carrying values of the holding company and the subsidiary's net asset carrying value.

The subsidiaries impairment test has been performed at 31 December 2024 and no further impairment was necessary. Reasonably possible changes to assumptions do not result in impairment of investment in subsidiaries.

7.3 Intergroup balances with subsidiaries at amortised cost

	Company	
KShs m	2024	2023
Intergroup balances due from subsidiaries	**11**	28
Intergroup balances due to subsidiaries	**(11)**	(4)
Total intergroup balances with subsidiaries	**–**	24

7.3.1 Movement analysis of intergroup balances with subsidiaries

	Company	
KShs m	2024	2023
Intergroup balances – at amortised cost		
Intergroup balances with subsidiaries at the beginning of the year	**24**	6
Advances	**(158)**	(226)
Receipts	**134**	244
Intergroup balances with subsidiaries at the end of the year[(1)]	**–**	24

(1) Intergroup balances are callable on demand.

The company applies impairment testing, where applicable, utilising an expected credit loss impairment model.

The expected credit loss was assessed and is immaterial, the intercompany balances are settled with 90 days.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

8 Financial instruments

8.1 Financial investments

	Group	
KShs m	2024	2023
At fair value through profit or loss (default)		
Equity instruments	**2 498**	1 713
Listed	**2 168**	1 642
Unlisted	**419**	71
Reclassified to assets held for sale (note 39)	**(89)**	–
At fair value through profit or loss (designated)		
Debt instruments	**25 103**	18 632
Listed government bonds[1, 2]	**25 176**	18 632
Reclassified to assets held for sale (note 39)	**(73)**	–
Total financial investments at fair value	**27 601**	20 345
Financial instruments at amortised cost	**542**	635
Staff loans receivable[3]	**542**	635
Total financial investments	**28 143**	20 980
Current	**7 214**	5 828
Non-current	**20 929**	15 152

(1) *As at 31 December 2024, Liberty Life Assurance Kenya Limited had a total of KShs 1 486 million (2023: KShs 1 336 million) of government securities held under lien in favour of Insurance Regulatory Authority as prescribed by the Insurance Act section 32 (1(a)*

(2) *As at 31 December 2024, Heritage Insurance Kenya Company Limited had a total of KShs 730 million (2023: KShs 730 million) of government securities held under lien in favour of Insurance Regulatory Authority as prescribed by the Insurance Act section 32.*

(3) *Mortgage and car loans offered to staff members as a benefit which are collateralised LKH and subsidiaries have the first right to recover mortgage deductions from employment income.*

Under IFRS 9, loss allowances for loan receivables are measured under the general expected credit loss impairment model.

The carrying value of debt instruments which are designated as fair value through profit or loss, that would otherwise be measured at amortised cost, represents the maximum exposure to credit risk.

The changes in fair value is fully due to changes in market risk.

The risk of default occurring over the expected life of the financial instruments at amortised cost has not increased significantly during the year for the year ended 31 December 2024, any expected impairment losses would therefore be recognised under the 12 months expected credit loss. The mortgage loans are assessed to have a low exposure at default due to the security Liberty holds. The borrowers have a high probability of meeting cash flow obligations due to the loans being recovered directly from staff salaries. The expected credit impairment loss was immaterial as at 31 December 2024 and 31 December 2023.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

8 Financial instruments (continued)

8.2 Movement analysis of financial instruments measured at fair value through profit or loss and measured at amortised cost

	Group		
KShs m	Fair value through profit or loss	Financial assets measured at amortised cost	Total
2024			
Balance at the beginning of the year	**20 345**	**635**	**20 980**
Net additions or advances(disposals) or (repayments) of financial investments	**1 696**	**(156)**	**1 540**
Accrued interest on amortised cost instruments	**–**	**63**	**63**
Fair value adjustments	**5 736**	**–**	**5 736**
Foreign currency translation	**(14)**	**–**	**(14)**
Reclassified to assets held for sale (note 39)	**(162)**	**–**	**(162)**
Balance at the end of the year	**27 601**	**542**	**28 143**
2023			
Balance at the beginning of the year	23 096	742	23 838
Net additions or advances(disposals) or (repayments) of financial investments	(3 342)	(165)	(3 507)
Accrued interest on amortised cost instruments	–	58	58
Fair value adjustments	590	–	590
Foreign currency translation	1	–	1
Balance at the end of the year	20 345	635	20 980

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

9 Prepayments and other receivables

	Group		Company	
KShs m	**2024**	**2023**	**2024**	**2023**
Prepayments and other receivables at amortised cost[1]				
Intermediary debtors	**264**	253	**–**	–
General Insurance	**154**	168	**–**	–
Life insurance	**110**	85	**–**	–
Other debtors	**287**	336	**7**	22
Due from group companies[2]	**2**	3	**–**	–
Prepayments[2]	**357**	290	**–**	–
Reclassified to assets held for sale (note 39)	**(164)**	–	**–**	–
Total prepayments and other receivables	**746**	882	**7**	22

(1) The amount is net of estimated credit loss allowances.

(2) These balances are either not subject to expected credit losses or the expected credit loss was assessed and is immaterial.

All above balances are current i.e. inflows of economic benefits are expected to occur within one year.

9.1 Movement in impairment losses on intermediary debtors for general insurance

The group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables at amortised cost.

KShs m	2024	2023
Balance at the beginning of the year	**(43)**	(28)
Decrease in loss allowance recognised in profit or loss during the period	**43**	(31)
Bad debts written off	**-**	16
Closing expected credit loss allowance	**-**	(43)

Due to the amounts being relatively immaterial, the impairment loss adjustment has not been disclosed on the face of the statement of comprehensive income.

Aging of intermediary debtors for general insurance

KShs m	2024	2023
1 to 30 days	**64**	58
31 to 60 days past due	**52**	28
61 to 90 days past due	**12**	68
91 to 365 days past due	**26**	14
More than 365 days past due	**-**	43
Impairment allowance	**-**	(43)
	154	168

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

9 Prepayments and other receivables (continued)

9.2 Movement in impairment losses on intermediary debtors for life insurance

KShs m	2024	2023
Balance at the beginning of the year	(3)	(58)
Increase in loss allowance recognised in profit or loss during the period	(7)	55
Closing expected credit loss allowance	**(10)**	(3)

Due to the amounts being relatively immaterial, the impairment loss adjustment has not been disclosed on the face of the statement of comprehensive income.

Ageing of intermediary debtors for life insurance

Carrying amount KShs m	2024	2023
1 to 30 days past due	23	49
31 to 60 days past due	20	36
61 to 90 days past due	56	1
More than 90 days past due	21	2
Impairment allowance	(10)	(3)
	110	85

Write off policy for intermediary debtors

Balances due from intermediary debtors are written off when there is no reasonable expectation of recovery. Conditions for write-off are that:

1) a debt shall be considered to have become bad if it is proved to the satisfaction of the board to have become uncollectable after all reasonable steps have been taken to collect it; and

2) a debt shall only be considered uncollectable where the creditor loses the contractual right through a court order, no form of security or collateral is realisable whether partially or in full, the securities or collateral have been realised but the process fail to cover the entire debt, the debtor is adjudged insolvent or bankrupt by a court of law and the cost of recovering the debt exceeds the debt itself.

10 Cash and cash equivalents

	Group		Company	
KShs m	2024	2023	2024	2023
Cash and cash equivalents at amortised cost	10 638	12 857	3	19
Cash at bank and on hand	1 101	972	3	19
Short-term cash deposits	9 537	11 885	–	–
Reclassified to assets held for sale (note 39)	(1 529)	–	–	–
Total cash and cash equivalents	**9 109**	12 857	**3**	19

Impairments on cash and cash equivalents held at amortised cost are measured on a 12-month expected credit loss basis and reflect the short-term maturities of the exposures. The group and company consider that its cash and cash equivalents have a low probability of default, based on the external credit ratings of the counterparties. Impairment losses for cash and cash equivalents held at amortised cost were assessed and considered immaterial.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances

The following abbreviations are used with reference to IFRS 17 terminology.

GMM	General Measurement Model	LIC	Liability for Incurred Claims
VFA	Variable Fee Approach	ARC	Asset for remaining Coverage
PAA	Premium Allocation Approach	ARIC	Asset Recoverable on Incurred Claims
LRC	Liability for Remaining Coverage	CSM	Contractual Service Margin

11.1 Insurance contract balances summary

KShs m	2024	2023
Insurance contract assets	–	–
Insurance contract liabilities	**18 937**	23 863
Total	**18 937**	23 863
Current	**5 627**	12 141
Non-current	**13 310**	11 722

KShs m	Life insurance contracts measured under GMM (refer note 11.2)	Life insurance contracts measured under PAA (refer note 11.3)	Participating contracts (refer note 11.4)	Investment contracts with DPF (refer note 11.5)	General insurance non-medical measured under PAA (refer note 11.6)	General insurance medical measured under PAA (refer note 11.7)	Total
2024							
Insurance contract assets	–	–		–	–		–
Insurance contract liabilities	**1 645**	**1 210**	**10 097**	–	**4 932**	**1 053**	**18 937**
Net insurance contract (assets)/ liabilities	**1 645**	**1 210**	**10 097**	–	**4 932**	**1 053**	**18 937**
Liability for remaining coverage (LRC)	**1 644**	**614**	**9 605**	–	**1 444**	**652**	**13 959**
Liability for incurred claims (LIC)	**1**	**596**	**492**	–	**3 488**	**401**	**4 978**
2023 - restated(1)							
Insurance contract assets	–	–	–	–	–		–
Insurance contract liabilities	865	1 209	8 880	2 680	9 172	1 057	23 863
Net insurance contract (assets)/ liabilities	865	1 209	8 880	2 680	9 172	1 057	23 863
Liability for remaining coverage (LRC)	865	549	8 455	2 680	2 414	694	15 657
Liability for incurred claims (LIC)	–	660	425	–	6 758	363	8 206

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

11.1.1 Process used to decide on assumptions and changes in assumptions

The measurement of insurance contract balances includes the use of significant assumptions or estimates. The section below provides details on certain significant assumptions regarding for example future cash flows, discount rates, risk adjustment for non-financial risk and confidence level. Refer section on key judgements for information relating to judgments in applying the group's accounting policies on IFRS 17. Assumptions used to develop estimates about future cash flows are reassessed each reporting period and adjusted where necessary. The approach applied for the year ended 31 December 2024 is consistent to that applied in the prior year.

Future cash flows

The current estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of expenses that relate directly to the fulfillment of the contract. The estimates are based on a probability-weighted mean of derived expected future experience. The determination of the future experience estimates is based on the appropriate statistical techniques applied to historical experience. In addition, the relevancy of these estimate outcomes is assessed and in exceptional circumstances (where it is highly probable that future experience is likely to deviate from the historical experience) judgement is applied to adjust these cash flows.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.1 Insurance contract balances summary (continued)

11.1.1 Process used to decide on assumptions and changes in assumptions (continued)

Mortality and Morbidity

An appropriate base table of standard mortality or morbidity is chosen depending on the type of contract and class of business. Industry standard tables are used for smaller classes of business. Company specific tables, based on graduated industry standard tables modified to reflect the company specific experience, are used for larger classes. Investigations into mortality and morbidity experience are performed at least once a year for all classes of business. The period of investigation extends over at least the latest prior three full years. Assumptions are set as the best estimate taking into account all relevant information. The results of the investigation are an input used to set the valuation assumptions, which are applied as an adjustment to the respective base table. Regarding longevity, for contracts insuring survivorship, an allowance is made for future mortality improvements based on expected future trends. These future trends assume that Kenyan mortality converges to the mortality of developed economies over a specified period and is based on research into the link of mortality and the development of economies.

Refer to section 3.3.1 on insurance risk sensitivities within the risk management section, regarding a table that summarises which assumptions are relevant to which reportable groups.

Withdrawal

The withdrawal assumptions are based on the most recent withdrawal investigation analysis of past experience adjusted for expected future changes if anticipated. The withdrawal investigations are performed at least once a year for all classes of business. The period of investigation extends over at least the latest prior three full years. Assumptions are set as the best estimate taking into account all relevant information. The withdrawal rates are analysed by product type and policy duration as rates vary considerably by these two factors. The surrender values assumed are as per the terms and conditions of the contract and any other applicable regulatory restrictions in place at the financial position date.

Discount rates and expense inflation

Cash flows are discounted using discount curves that reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. Under IFRS 17, the discount rates used depends on the nature of the cash flows.

For all business valued, best estimate discount rates are set at risk free rates consistent with the duration and nature of the cash flows. This is based on the applicable sovereign Goverment bond yields as per regulatory guidance. The illiquidity premium was assesed to be immaterial and hence the same discount rates have been applied across the portfolios.

For contracts with cash flows which do not vary with the underlying items (e.g. guaranteed annuities, guaranteed investment plans, life risk under GMM), Liberty has elected to use the top-down approach in the standard where the discount rates are derived off the actual backing assets as the reference portfolio of assets. These backing assets currently reflect a mix of swap and bond-based assets and hence some tranches of contracts are valued off a bond curve and some off a swap curve. Under the top-down approach, a risk-free discount rate curve is derived by bootstrapping and extrapolating the applicable yield curve that reflects the expected return on the backing assets and making required adjustments, e.g. to remove credit risk. Given the illiquid nature of guaranteed annuities and guaranteed investment plans and corresponding reference portfolios which contain illiquid assets, the derived discount rates used in the measurement of these liabilities would include an illiquidity premium.

For contracts with cash flows that vary with the underlying items (e.g. unit-linked direct participating contracts) as well as for embedded derivatives, Liberty uses risk-neutral modelling, with the swap curve being used as the discount curve. These contracts are by nature typically highly liquid contracts from which policyholders can easily withdraw and hence no illiquidity premium is applicable when valuing them.

The table below shows the rate used to discount cash flows at various terms.

For Kenya:

	1 Year		5 Years		10 Years		20 Years	
%	2024	2023	2024	2023	2024	2023	2024	2023
Contracts with cash flows that do not vary with the underlying with a bond-based reference asset portfolio.	**11.41**	16.10	**14.05**	15.78	**13.51**	15.47	**20.26**	17.18

For Tanzania:

	1 Year		5 Years		10 Years		20 Years	
%	2024	2023	2024	2023	2024	2023	2024	2023
Contracts with cash flows that do not vary with the underlying with a bond-based reference asset portfolio.	**12.99**	11.03	**12.50**	11.30	**13.15**	11.93	**15.70**	13.50

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.1 Insurance contract balances summary (continued)

11.1.1 Process used to decide on assumptions and changes in assumptions (continued)

The table below shows the inflation rates used at various terms for the projection of inflation linked cash flows, i.e. the difference between the market related nominal rate and the market related real rate. The inflation curve is constructed using the same principles as described above, for the discount rates, noting that certain liability portfolios are referenced to the bond curve.

	1 Year		5 Years		10 Years		20 Years	
%	2024	2023	2024	2023	2024	2023	2024	2023
Inflation	8.4	4.38	11.05	5.38	10.51	6.87	17.26	8.82

These assumptions are used for the modelling of inflation linked cash flows, including expenses.

The expense inflation is determined by comparing the results of the internal bottom-up budgeting process to determine if any adjustment is needed to market implied inflation. Liberty is managing its budget in order that its costs per policy are increasing in line with the market inflation rate, therefore no adjustment to the above inflation rates is currently required.

The resultant inflation curve is then applied to the cost per policy assumptions to determine the expenses within the expected fulfilment cashflows.

Risk adjustment for non-financial risk and confidence level

The risk adjustment for non-financial risk is the compensation the group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks, such as lapse risk and expense risk. The risk adjustment and hence the confidence level to be used should be based on an insurer's internal view of risk.

In calculating the risk adjustment, the group mainly uses the Cost of Capital (CoC) approach. The CoC approach assesses the cost of holding capital that would be sufficient to cover all non-financial risks over the lifetime of the insurance contracts. It leverages off the risk margin approach in Solvency Assessment and Management (SAM). Given the CoC approach does not rely on a pre-specified confidence level for its calculation, the implied confidence level is derived pragmatically by fitting a normal distribution over a one-year period based off the SAM 99.5% stress impact and solving for the confidence level that corresponds to the quantum of the RA.

The risk adjustment confidence level for the Probability of Adverse Deviation for contracts measured under GMM and VFA, as well as some claims in-payment liabilities, has been derived at 90%.

For short contract boundary-type business measured under PAA e.g. lump sum life assurance contracts, a bootstrapping methodology is utilised which targets a confidence level of 75% given that the uncertainty around non-financial risks is less than what would exist for more complex, longer-dated contracts.

Expense modelling interpretation for fulfilment cash flows (FCF)

Fulfilment cash flows applicable to GMM and VFA measured contracts comprise estimates of future cash flows, an adjustment to reflect the time value of money and a risk adjustment for non-financial risk. Estimates of future cash flows includes identifying all sets of cash flows within the contract boundary that are directly related to the fulfilment of a group of contracts. With regards to expenses, the following types of cash flows are assessed with regards to directly attributable expenses (DAE): acquisition costs (for example, commissions paid to advisors or intermediaries on entering in new contracts), claims handling costs, policy administration and maintenance costs, fixed and variable overheads, costs that the company incurs in providing an investment return service to investment related services, and any other costs specifically chargeable under the insurance contract. The company applies judgement to determine which expenses meet the definition of DAE and which acquisition costs are considered incremental to each portfolio. Expenses that cannot be directly attributed to a portfolio of insurance contracts, such as some product development and training costs, sales branch infrastructure costs, general sales conferences and sales executive team remuneration, are all expensed to profit or loss as incurred.

The group has adopted internal guidelines that it consistently applies to associated costs related to applicable portfolios.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.1 Insurance contract balances summary (continued)

11.1.1 Process used to decide on assumptions and changes in assumptions (continued)

The group runs a detailed cost centre activity ledger that breaks up various activities of the company and applies the allocation model based on the nature of the activity between activities supporting acquisition and those supporting fulfilment and other activities. For modelling purposes, a cost per policy proxy approach is used where the expense base is converted to a per policy loading, based on an analysis of the contracts being assessed as either complex, simple or basic. The group has adopted an overhead loading factor as a rational and systematic method of allocating directly attributable overheads to groups of contracts. This approach calculates a loading factor based on the ratio of GMM and VFA fulfilment costs to the total fulfiment costs of all policyholder contracts (IFRS 9 and IFRS 17). This ratio is then applied to the total qualifying overhead and indirect support costs to determine the overhead loading factor.

In terms of indirect costs, the company has, for example, excluded any costs related to brand and media, corporate finance activities, generic product development and strategy related costs from DAE.

Levies

The group deems levies minus expense, as determined under Insurance Regulatory Authority guidelines, as specifically chargeable to the policyholder and therefore includes it in the measurement of FCF. Assumptions as to the amount and timing of future Policyholder Insurance Compensation Fund (PHICF) and premium levy payments are based upon the applicable rates effective as at the reporting date and as set out in the Insurance Regulatory Authority guidelines.

Correlations

The risk adjustment determined under the Value at Risk approach leverages off the capital risk margins and parameters. As part of this a gaussian approach is used which requires correlation assumptions to determine the liabilities at a 90% confidence interval.

Contribution increases

The take-up rate of voluntary premium increases is based on the most recent take-up investigations analysis of past experience adjusted for expected future changes if anticipated.

Changes in assumptions

KShs m	Life insurance contracts measured under GMM	Life participating contracts measured under VFA	Total
2024			
Changes in present value of future cash flows that adjust the CSM	**(11)**	**92**	**81**

KShs m	Life insurance contracts measured under GMM	Life participating contracts measured under VFA	Total
2023 - restated[(1)]			
Changes in present value of future cash flows that adjust the CSM	(27)	(23)	(50)

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

The primary changes in cash flow estimates arise from a net weakening of withdrawal assumptions, recognising an overall improvement in withdrawal and lapse experience, as well as improved mortality experience across all portfolios in both the Life assurance under GMM and Participating reportable groups.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.2 Life insurance contracts measured under GMM

11.2.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

	Liability for remaining coverage (LRC)				
KShs m	Excluding loss component	Loss component	Total LRC	LIC	Total life insurance contracts measured under GMM
2024					
Balance at the beginning of the year	118	747	865	–	865
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	118	747	865	–	865
Insurance revenue	(306)	–	(306)		(306)
Insurance service expense	179	133	312	198	510
Incurred claims	–	–	–	73	73
Directly attributable expenses	–	–	–	125	125
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	146	146	–	146
Changes to loss component on subsequent measurement	–	98	98	–	98
Amortisation of loss component	–	(111)	(111)	–	(111)
Amortisation of insurance acquisition cash flows	179	–	179	–	179
Insurance service result	(127)	133	6	198	204
Net finance (income)/expense from insurance contracts issued	312	32	344	–	344
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	185	165	350	198	548
Investment components	(18)	–	(18)	18	–
Cash flows	447	–	447	(215)	232
Premiums received	798	–	798	–	798
Claims paid	–	–	–	(90)	(90)
Directly attributable expenses paid	–	–	–	(125)	(125)
Insurance acquisition cash flows paid	(351)	–	(351)	–	(351)
Balance at the end of the year	732	912	1 644	1	1 645
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	732	912	1 644	1	1 645

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.2 Life insurance contracts measured under GMM (continued)

	Liability for remaining coverage (LRC)				
KShs m	Excluding loss component	Loss component	Total LRC	LIC	Total life insurance contracts measured under GMM
2023					
Balance at the beginning of the year	272	404	676	–	676
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	272	404	676	–	676
Insurance revenue	(487)	–	(487)	–	(487)
Insurance service expense	260	326	586	142	728
Incurred claims	–	–	–	47	47
Directly attributable expenses	–	–	–	95	95
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	214	214	–	214
Changes to loss component on subsequent measurement	–	160	160	–	160
Amortisation of loss component	–	(48)	(48)	–	(48)
Amortisation of insurance acquisition cash flows	260	–	260	–	260
Insurance service result	(227)	326	99	142	241
Net finance (income)/expense from insurance contracts issued	(147)	17	(130)	–	(130)
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(374)	343	(31)	142	111
Investment components	(12)	–	(12)	12	–
Cash flows	232	–	232	(154)	78
Premiums received[(1)]	580	–	580	–	580
Claims paid[(1)]	–	–	–	(59)	(59)
Directly attributable expenses paid	–	–	–	(95)	(95)
Insurance acquisition cash flows paid	(348)	–	(348)	–	(348)
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	118	747	865	–	865
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	118	747	865	–	865

(1) This has been restated to better reflect the nature of the cashflows

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.2 Life insurance contracts measured under GMM (continued)

11.2.2 Reconciliation of the measurement components of insurance contract balances

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total life insurance contracts measured under GMM
2024				
Balance at the beginning of the year	662	50	153	865
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	662	50	153	865
Changes that relate to current service	29	(17)	(52)	(40)
CSM recognised in profit or loss for services provided	–	–	(52)	(52)
Risk adjustment for risk expired (non-financial risk)	–	(17)	–	(17)
Experience adjustments	29	–	–	29
Changes that relate to future service	56	44	144	244
Changes in estimates that adjust the CSM	(11)	1	10	–
Changes to loss component on subsequent measurement	95	3	–	98
Contracts initially recognised in the period	(28)	40	134	146
Changes that relate to past service				
Adjustments to liability for incurred claims	–	–	–	–
Insurance service result	85	27	92	204
Net finance (income)/expense from insurance contracts issued	311	15	18	344
Total recognised in the statement of profit or loss and other comprehensive income	396	42	110	548
Cash flows	232	–	–	232
Premiums received	798	–	–	798
Claims paid	(90)	–	–	(90)
Directly attributable expenses paid	(125)	–	–	(125)
Insurance acquisition cash flows paid	(351)	–	–	(351)
Foreign currency translation	–	–	–	–
Balance at the end of the year	1 290	92	263	1 645
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	1 290	92	263	1 645

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.2 Life insurance contracts measured under GMM (continued)

11.2.2 Reconciliation of the measurement components of insurance contract balances (continued)

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total life insurance contracts measured under GMM
2023				–
Balance at the beginning of the year	527	53	96	676
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	527	53	96	676
Changes that relate to current service	(39)	(36)	(58)	(133)
CSM recognised in profit or loss for services provided	–	–	(58)	(58)
Risk adjustment for risk expired (non-financial risk)	–	(36)	–	(36)
Experience adjustments	(39)	–	–	(39)
Changes that relate to future service	244	26	104	374
Changes in estimates that adjust the CSM	(27)	5	22	–
Changes to loss component on subsequent measurement	128	–	31	159
Contracts initially recognised in the period	143	21	51	215
Insurance service result	205	(10)	46	241
Net finance (income)/expense from insurance contracts issued	(148)	7	11	(130)
Total recognised in the statement of profit or loss and other comprehensive income	57	(3)	57	111
Cash flows	78	–	–	78
Premiums received[(1)]	580	–	–	580
Claims paid [(1)]	(59)	–	–	(59)
Directly attributable expenses paid	(95)	–	–	(95)
Insurance acquisition cash flows paid	(348)	–	–	(348)
Balance at the end of the year	662	50	153	865
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	662	50	153	865

(1) *This has been restated to better reflect the nature of the cashflows*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.3 Life insurance contracts measured under PAA

11.3.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total life insurance contracts measured under PAA
2024							
Balance at the beginning of the year	545	4	549	622	38	660	1 209
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	545	4	549	622	38	660	1 209
Insurance revenue	(1 652)	–	(1 652)	–	–	–	(1 652)
Insurance service expense	621	1	622	503	(9)	494	1 116
Incurred claims	–	–	–	491	(9)	482	482
Directly attributable expenses[1]	314	–	314	15	–	15	329
Changes that relate to past service – adjustments to the LIC	–	–	–	(3)	–	(3)	(3)
Losses on onerous contracts at initial recognition	–	(2)	(2)	–	–	–	(2)
Changes to loss component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss component	–	3	3	–	–	–	3
Amortisation of insurance acquisition cash flows	307	–	307	–	–	–	307
			–			–	–
Insurance service result	(1 031)	1	(1 030)	503	(9)	494	(536)
Net finance (income)/expense from insurance contracts issued	28	–	28	–	–	–	28
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(1 003)	–	(1 002)	503	(9)	494	(508)
Investment components			–			–	–
Cash flows	1 381	–	1 381	(872)	–	(872)	509
Premiums received	1 694	–	1 694	–	–	–	1 694
Claims paid	–	–	–	(543)	–	(543)	(543)
Directly attributable expenses paid	–	–	–	(329)	–	(329)	(329)
Insurance acquisition cash flows paid	(313)	–	(313)	–	–	–	(313)
Foreign currency translation	–	–	–	–	–	–	–
Balance at the end of the year	923	5	928	253	29	282	1 210
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	923	5	928	253	29	282	1 210

(1) *Directly attributable expenses reported under the LRC represents the acquisition costs expensed for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.3 Life insurance contracts measured under PAA (continued)

11.3.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC) (continued)

	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total life insurance contracts measured under PAA
2023 - restated[(1)]			–			–	–
Balance at the beginning of the year	498	–	498	441	16	457	955
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	498	–	498	441	16	457	955
Insurance revenue	(1 727)	–	(1 727)	–	–	–	(1 727)
Insurance service expense	157	4	161	1 147	22	1 169	1 330
Incurred claims	–	–	–	703	–	703	703
Directly attributable expenses	–	–	–	282	–	282	282
Changes that relate to past service - adjustments to the LIC	–	–	–	162	22	184	184
Losses on onerous contracts at initial recognition	–	4	4	–	–	–	4
Changes to loss component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss component	–	–	–	–	–	–	–
Amortisation of insurance acquisition cash flows	157	–	157	–	–	–	157
			–			–	–
Insurance service result	(1 570)	4	(1 566)	1,147	22	1 169	(397)
Net finance (income)/expense from insurance contracts issued	7	–	7	–	–	–	7
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(1 563)	4	(1 559)	1,147	22	1 169	(390)
Investment components	–	–	–	–	–	–	–
Cash flows	1 610	–	1 610	(966)	–	(966)	644
Premiums received	1 776	–	1 776	–	–	–	1 776
Claims paid	–	–	–	(684)	–	(684)	(684)
Directly attributable expenses paid	–	–	–	(282)	–	(282)	(282)
Insurance acquisition cash flows paid	(166)	–	(166)	–	–	–	(166)
Foreign currency translation	–	–	–	–	–	–	–
Balance at the end of the year	545	4	549	622	38	660	1 209
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	545	4	549	622	38	660	1 209

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.4 Life participating contracts measured under VFA

11.4.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

	Liability for remaining coverage (LRC)				
KShs m	Excluding loss component	Loss component	Total LRC	LIC	Total life participating contracts measured under VFA
2024					
Balance at the beginning of the year	8 006	449	8 455	425	8 880
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	8 006	449	8 455	425	8 880
Insurance revenue	(799)	–	(799)	–	(799)
Insurance service expense	66	(17)	49	693	742
Incurred claims	–	–	–	455	455
Directly attributable expenses	–	–	–	238	238
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	6	6	–	6
Changes to loss component on subsequent measurement	–	35	35	–	35
Amortisation of loss component	–	(58)	(58)	–	(58)
Amortisation of insurance acquisition cash flows	66	–	66	–	66
Insurance service result	(733)	(17)	(750)	693	(57)
Net finance (income)/expense from insurance contracts issued	2 217	9	2 226	–	2 226
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	1 484	(8)	1 476	693	2 169
Investment components	(1 844)	–	(1 844)	1 844	–
Cash flows	1 518	–	1 518	(2 470)	(952)
Premiums received	1 628	–	1 628	–	1 628
Claims paid	–	–	–	(2 232)	(2 232)
Directly attributable expenses paid	–	–	–	(238)	(238)
Insurance acquisition cash flows paid	(110)	–	(110)	–	(110)
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	9 164	441	9 605	492	10 097
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	9 164	441	9 605	492	10 097

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.4 Life participating contracts measured under VFA (continued)

11.4.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC) (continued)

	Liability for remaining coverage (LRC)				
KShs m	Excluding loss component	Loss component	Total LRC	LIC	Total life participating contracts measured under VFA
2023 - restated[1]			–		–
Balance at the beginning of the year	8 703	496	9 199	180	9 379
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	8 703	496	9 199	180	9 379
Insurance revenue	(1 001)	–	(1 001)	–	(1 001)
Insurance service expense	64	(47)	17	801	818
Incurred claims	–	–	–	546	546
Directly attributable expenses	–	–	–	255	255
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	7	7	–	7
Changes to loss component on subsequent measurement	–	(22)	(22)	–	(22)
Amortisation of loss component	–	(32)	(32)	–	(32)
Amortisation of insurance acquisition cash flows	64	–	64	–	64
Insurance service result	(937)	(47)	(984)	801	(183)
Net finance (income)/expense from insurance contracts issued	347	–	347	–	347
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(590)	(47)	(637)	801	164
Investment components	(2 039)	–	(2 039)	2 039	–
Cash flows	1 932	–	1 932	(2 595)	(663)
Premiums received	2 050	–	2 050	–	2 050
Claims paid	–	–	–	(2 340)	(2 340)
Directly attributable expenses paid	–	–	–	(255)	(255)
Insurance acquisition cash flows paid	(118)	–	(118)	–	(118)
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	8 006	449	8 455	425	8 880
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	8 006	449	8 455	425	8 880

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.4 Life participating contracts measured under VFA (continued)

11.4.2 Reconciliation of the measurement components of insurance contract balances

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total life participating contracts measured under VFA
2024				
Balance at the beginning of the year	8 217	74	589	8 880
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	8 217	74	589	8 880
Changes that relate to current service	27	(9)	(117)	(99)
CSM recognised in profit or loss for services provided	–	–	(117)	(117)
Risk adjustment for risk expired (non-financial risk)	–	(9)	–	(9)
Experience adjustments	27	–	–	27
Changes that relate to future service	116	6	(80)	42
Changes in estimates that adjust the CSM	92	4	(96)	–
Changes to loss component on subsequent measurement	50	–	(14)	36
Contracts initially recognised in the period	(26)	2	30	6
Changes that relate to past service	–	–	–	–
Adjustments to liability for incurred claims	–	–	–	–
Insurance service result	143	(3)	(197)	(57)
Net finance (income)/expense from insurance contracts issued	2 126	10	90	2 226
Foreign exchange gains or losses	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	2 269	7	(107)	2 169
Cash flows	(952)	–	–	(952)
Premiums received	1 628	–	–	1 628
Claims paid	(2 232)	–	–	(2 232)
Directly attributable expenses paid	(238)	–	–	(238)
Insurance acquisition cash flows paid	(110)	–	–	(110)
Foreign currency translation	–	–	–	–
Balance at the end of the year	9 534	81	482	10 097
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	9 534	81	482	10 097

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.4 Life participating contracts measured under VFA (continued)

11.4.2 Reconciliation of the measurement components of insurance contract balances (continued)

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total life participating contracts measured under VFA
2023 - restated[(1)]				–
Balance at the beginning of the year	8 678	110	591	9 379
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	8 678	110	591	9 379
Changes that relate to current service	164	(20)	(313)	(169)
CSM recognised in profit or loss for services provided	–	–	(313)	(313)
Risk adjustment for risk expired (non-financial risk)	–	(20)	–	(20)
Experience adjustments	164	–	–	164
Changes that relate to future service	(238)	(22)	245	(15)
Changes in estimates that adjust the CSM	(23)	(2)	25	–
Changes to loss component on subsequent measurement	(149)	(22)	149	(22)
Contracts initially recognised in the period	(66)	2	71	7
Changes that relate to past service	–	–	–	–
Adjustments to liability for incurred claims	–	–	–	–
Insurance service result	(74)	(42)	(68)	(184)
Net finance (income)/expense from insurance contracts issued	276	6	66	348
Foreign exchange gains or losses	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	202	(36)	(2)	164
Cash flows	(663)	–	–	(663)
Premiums received	2 050	–	–	2 050
Claims paid	(2 340)	–	–	(2 340)
Directly attributable expenses paid	(255)	–	–	(255)
Insurance acquisition cash flows paid	(118)	–	–	(118)
Foreign currency translation	–	–	–	–
Balance at the end of the year	8 217	74	589	8 880
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	8 217	74	589	8 880

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.4 Life participating contracts measured under VFA (continued)

11.4.3 Composition of underlying items (at fair value) that reference to life participating contracts measured under VFA

Policyholder contracts that have been recognised as participating contracts (measured under the variable fee approach) and that are designated as one reportable group, have a significant investment component. This investment component is recorded as a "unit value", being the contractual share of the fair value of referenced asset portfolios in the contract's terms at the date of reporting.

These asset "reference portfolios" are representative of the obligation under the policy but do not necessarily represent the physical asset held by Liberty. As described in the market risk section of this report an asset liability matching capability undertakes activities to determine the optimal physical asset holdings, with consideration of contractual obligations, liquidity and market risks as well as required regulatory capital. The reference portfolios are made up of:

- listed equities (with quoted prices),
- cash and debt instruments that can be reliably measured at fair value,
- properties that are fair valued regularly,

The reference portfolios are updated daily to calculate the fair value of each asset portfolio and are the basis of determining any investment transaction value under the policy. The table below reflects the "look through" approach to the aggregated unit fair values of the participating contracts reportable group at the respective reporting dates. In other words, they reflect the characteristic of the underlying investments that is determining the investment return to the policyholders.

KShs m	2024	2023 - restated[(1)]
Equity	**1 250**	1 018
Debt	**5 816**	4 374
Cash	**976**	1 167
Owner occupied properties	**644**	897
Total underlying items that make up the non-distinct investment component	**8 686**	7 456
Total present value of future cash flows	**9 534**	8 217
Adjusted for future cash flows that are not included in the non-distinct investment component	**(848)**	(761)

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.5 Investment contracts with DPF

11.5.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

KShs m	Liability for remaining coverage (LRC) Excluding loss component	Loss component	Total LRC	LIC	Total investment contracts with DPF
2024					
Balance at the beginning of the year	2 680	–	2 680	–	2 680
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	2 680	–	2 680	–	2 680
Insurance revenue	–	–	–	–	–
Insurance service expense	–	–	–	–	–
Incurred claims	–	–	–	–	–
Directly attributable expenses	–	–	–	–	–
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–
Changes to loss component on subsequent measurement	–	–	–	–	–
Contracts initially recognised in the period	–	–	–	–	–
Amortisation of loss component	–	–	–	–	–
Amortisation of insurance acquisition cash flows	–	–	–	–	–
Insurance service result	–	–	–	–	–
Net finance (income)/expense from insurance contracts issued	–	–	–	–	–
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	–	–	–	–	–
Investment components	(2680)	–	(2680)	2680	–
Cash flows	–	–	–	–	–
Premiums received	–	–	–	–	–
Claims paid	–	–	–	(2680)	(2680)
Directly attributable expenses paid	–	–	–	–	–
Insurance acquisition cash flows paid	–	–	–	–	–
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	–	–	–	–	–
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	–	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.5 Investment contracts with DPF (continued)

11.5.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC) (continued)

	Liability for remaining coverage (LRC)				
KShs m	Excluding loss component	Loss component	Total LRC	LIC	Total investment contracts with DPF
2023					
Balance at the beginning of the year	2 969	–	2 969	–	2 969
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	2 969	–	2 969	–	2 969
Insurance revenue	(143)	–	(143)	–	(143)
Insurance service expense	–	–	–	133	133
Incurred claims	–	–	–	–	–
Directly attributable expenses	–	–	–	133	133
Changes that relate to past service - Cost of Guarantee	–	–	–	–	–
Changes to loss component on subsequent measurement	–	–	–	–	–
Contracts initially recognised in the period	–	–	–	–	–
Amortisation of loss component	–	–	–	–	–
Amortisation of insurance acquisition cash flows	–	–	–	–	–
Insurance service result	(143)	–	(143)	133	(10)
Net finance (income)/expense from insurance contracts issued	157	–	157	–	157
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	14	–	14	133	147
Investment components	(478)	–	(478)	478	–
Cash flows	175	–	175	(611)	(436)
Premiums received	177	–	177	–	177
Claims paid	–	–	–	(478)	(478)
Directly attributable expenses paid	–	–	–	(133)	(133)
Insurance acquisition cash flows paid	(2)	–	(2)	–	(2)
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	2 680	–	2 680	–	2 680
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	2 680	–	2 680	–	2 680

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.5 Investment contracts with DPF (continued)

11.5.2 Reconciliation of the measurement components of insurance contract balances

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total investment contracts with DPF
2024				
Balance at the beginning of the year	2 680	–	–	2 680
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	2 680	–	–	2 680
Changes that relate to current service	–	–	–	–
CSM recognised in profit or loss for services provided	–	–	–	–
Risk adjustment for risk expired (non-financial risk)	–	–	–	–
Experience adjustments	–	–	–	–
Changes that relate to future service	–	–	–	–
Changes in estimates that adjust the CSM	–	–	–	–
Changes to loss component on subsequent measurement	–	–	–	–
Contracts initially recognised in the period	–	–	–	–
Changes in estimates that result in reversal of onerous contract losses	–	–	–	–
Contracts initially recognised in the period	–	–	–	–
Changes that relate to past service	–	–	–	–
Adjustments to liability for incurred claims	–	–	–	–
Insurance service result	–	–	–	–
Net finance (income)/expense from insurance contracts issued	–	–	–	–
Foreign exchange gains or losses	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	–	–	–	–
Cash flows	–	–	–	–
Premiums received	–	–	–	–
Claims paid	(2680)	–	–	(2680)
Directly attributable expenses paid	–	–	–	–
Insurance acquisition cash flows paid	–	–	–	–
Foreign currency translation	–	–	–	–
Balance at the end of the year	–	–	–	–
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.5 Investment contracts with DPF (continued)

11.5.2 Reconciliation of the measurement components of insurance contract balances (continued)

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total investment contracts with DPF
2023				
Balance at the beginning of the year	2 969	–	–	2 969
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	2 969	–	–	2 969
Changes that relate to current service	(10)	–	–	(10)
CSM recognised in profit or loss for services provided	–	–	–	–
Risk adjustment for risk expired (non-financial risk)	–	–	–	–
Experience adjustments	(10)	–	–	(10)
Changes that relate to future service	–	–	–	–
Changes in estimates that adjust the CSM	–	–	–	–
Changes to loss component on subsequent measurement	–	–	–	–
Contracts initially recognised in the period	–	–	–	–
Changes in estimates that result in reversal of onerous contract losses	–	–	–	–
Contracts initially recognised in the period	–	–	–	–
Changes that relate to past service	–	–	–	–
Adjustments to liability for incurred claims	–	–	–	–
Insurance service result	(10)	–	–	(10)
Net finance (income)/expense from insurance contracts issued	157	–	–	157
Foreign exchange gains or losses	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	147	–	–	147
Cash flows	(436)	–	–	(436)
Premiums received	177	–	–	177
Claims paid	(478)	–	–	(478)
Directly attributable expenses paid	(133)	–	–	(133)
Insurance acquisition cash flows paid	(2)	–	–	(2)
Foreign currency translation	–	–	–	–
Balance at the end of the year	2 680	–	–	2 680
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	2 680	–	–	2 680

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.5 Investment contracts with DPF (continued)

11.5.3 Composition of underlying items (at fair value) that reference to investment contracts with DPF

Policyholder contracts that have been recognised as investment contracts with discretionary particiapting features (measured under the variable fee approach) and that are designated as one reportable group, have a significant investment component. This investment component is recorded as a "unit value", being the contractual share of the fair value of referenced asset portfolios in the contract's terms at the date of reporting.

These asset "reference portfolios" are representative of the obligation under the policy but do not necessarily represent the physical asset held by Liberty. As described in the market risk section of this report an asset liability matching capability undertakes activities to determine the optimal physical asset holdings, with consideration of contractual obligations, liquidity and market risks as well as required regulatory capital. The reference portfolios are made up of:

- listed equities (with quoted prices),
- cash and debt instruments that can be reliably measured at fair value,

The reference portfolios are updated daily to calculate the fair value of each asset portfolio and are the basis of determining any investment transaction value under the policy. The table below reflects the "look through" approach to the aggregated unit fair values of the participating contracts reportable group at the respective reporting dates. In other words, they reflect the characteristic of the underlying investments that is determining the investment return to the policyholders.

KShs m	2024	2023
Equity	–	308
Debt	–	1 737
Cash	–	635
Total underlying items that make up the non-distinct investment component	–	2 680
Total present value of future cash flows	–	2 680
Adjusted for future cash flows that are not included in the non-distinct investment component	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.6 General insurance non-medical measured under PAA

11.6.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

	Liability for remaining coverage (LRC)						
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total General insurance non-medical measured under PAA
2024							
Balance at the beginning of the year	2 332	82	2 414	6 561	197	6 758	9 172
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	2 332	82	2 414	6 561	197	6 758	9 172
Insurance revenue	(4 932)	–	(4 932)	–	–	–	(4 932)
Insurance service expense	1 128	(29)	1 099	2 329	6	2 335	3 434
Incurred claims	–	–	–	2 098	6	2 104	2 104
Directly attributable expenses[1]	478	–	478	585	–	585	1 063
Changes that relate to past service – adjustments to the LIC	–	–	–	(354)	–	(354)	(354)
Losses on onerous contracts at initial recognition	–	17	17	–	–	–	17
Contracts initially recognised in the period	–	–	–	–	–	–	–
Amortisation of loss component	–	(46)	(46)	–	–	–	(46)
Amortisation of insurance acquisition cash flows	450	–	450	–	–	–	650
Insurance service result	(3 804)	(29)	(3 833)	2 329	6	2 335	(1 498)
Net finance (income)/expense from insurance contracts issued	2	–	2	201	–	201	203
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(3 802)	(29)	(3 831)	2 530	6	2 536	(1 295)
Recognised in the statement of profit or loss attributable to discontinued operations	(2 208)	12	(2 196)	701	(17)	684	(1 512)
Cash flows	5 817	–	5 817	(2 690)	–	(2 690)	3 127
Premiums received	7 168	–	7 168	–	–	–	7 168
Claims paid	–	–	–	(2 105)	–	(2 105)	(2 105)
Directly attributable expenses paid	(478)	–	(478)	(585)	–	(585)	(1 063)
Insurance acquisition cash flows paid	(873)	–	(873)	–	–	–	(873)
Foreign currency translation	(119)	–	(119)	(394)	(17)	(411)	(530)
Reclassified to liabilities in relation to assets held for sale	(595)	(46)	(641)	(3 283)	(106)	(3 389)	(4 030)
Balance at the end of the year	1 425	19	1 444	3 425	63	3 488	4 932
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	1 425	19	1 444	3 425	63	3 488	4 932

(1) *Directly attributable expenses reported under the LRC represents the acquisition costs expensed for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.6 General insurance non-medical measured under PAA (continued)

11.6.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC) (continued)

	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total General insurance non-medical measured under PAA
2023 - restated[1]							
Balance at the beginning of the year	2 225	65	2 290	4 289	144	4 433	6 723
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	2 225	65	2 290	4 289	144	4 433	6 723
Insurance revenue	(4 753)	–	(4 753)	–	–	–	(4 753)
Insurance service expense	1 179	9	1 188	2 068	8	2 076	3 264
Incurred claims	–	–	–	1 455	8	1 463	1 463
Directly attributable expenses[2]	520	–	520	525	–	525	1 045
Changes that relate to past service – adjustments to the LIC	–	–	–	88	–	88	88
Losses on onerous contracts at initial recognition	–	112	112	–	–	–	112
Contracts initially recognised in the period	–	–	–	–	–	–	–
Amortisation of loss component	–	(103)	(103)	–	–	–	(103)
Amortisation of insurance acquisition cash flows	659	–	659	–	–	–	659
Insurance service result	(3 574)	9	(3 565)	2 068	8	2 076	(1 489)
Net finance (income)/expense from insurance contracts issued	1	–	1	41	–	41	42
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(3 573)	9	(3 564)	2 109	8	2 117	(1 447)
Recognised in the statement of profit or loss attributable to discontinued operations	(2 348)	7	(2 341)	2 987	43	3 030	689
Cash flows	6 229	–	6 229	(3 106)	–	(3 106)	3 123
Premiums received	7 951	–	7 951	–	–	–	7 951
Claims paid	–	–	–	(2 449)	–	(2 449)	(2 449)
Directly attributable expenses paid	(1 365)	–	(1 365)	(657)	–	(657)	(2 022)
Insurance acquisition cash flows paid	(357)	–	(357)	–	–	–	(357)
Foreign currency translation	13	–	13	68	2	70	83
Balance at the end of the year	2 332	82	2 414	6 561	197	6 758	9 172
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	2 332	82	2 414	6 561	197	6 758	9 172

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

(2) *Directly attributable expenses reported under the LRC represents the acquisition costs expensed for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.7 General insurance medical measured under PAA

11.7.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC)

	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total General insurance medical measured under PAA
2024							
Balance at the beginning of the year	694	–	694	353	10	363	1 057
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	694	–	694	353	10	363	1 057
Insurance revenue	(3 261)	–	(3 261)	–	–	–	(3 261)
Insurance service expense	416	–	416	2 305	4	2 309	2 725
Incurred claims	–	–	–	2 113	4	2 117	2 117
Directly attributable expenses[1]	156	–	156	192	–	192	348
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	–	–	–	–	–	–
Changes to loss component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss component	–	–	–	–	–	–	–
Amortisation of insurance acquisition cash flows	260	–	260	–	–	–	260
Insurance service result	(2 845)	–	(2 845)	2 305	4	2 309	(536)
Net finance (income)/expense from insurance contracts issued	–	–	–	5	–	5	5
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(2 845)	–	(2 845)	2 310	4	2 314	(531)
Investment components	–	–	–	–	–	–	–
Cash flows	2 829	–	2 829	(2 270)	–	(2 270)	559
Premiums received	3 253	–	3 253	–	–	–	3 253
Claims paid	–	–	–	(2 078)	–	(2 078)	(2 078)
Directly attributable expenses paid	(156)	–	(156)	(192)	–	(192)	(348)
Insurance acquisition cash flows paid	(268)	–	(268)	–	–	–	(268)
Foreign currency translation	–	–	–	–	–	–	–
Reclassified to liabilities in relation to assets held for sale	(26)	–	(26)	(6)	–	(6)	(32)
Balance at the end of the year	652	–	652	387	14	401	1 053
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	652	–	652	387	14	401	1 053

(1) *Directly attributable expenses reported under the LRC represents the acquisition costs expensed for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.7 General insurance medical measured under PAA (continued)

11.7.1 Reconciliation of the Liability for remaining coverage (LRC) and the Liability for incurred claims (LIC) (continued)

	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
KShs m	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	Total General insurance medical measured under PAA
2023 - restated[(1)]							
Balance at the beginning of the year	758	2	760	180	10	190	950
Opening insurance contract assets	–	–	–	–	–	–	–
Opening insurance contract liabilities	758	2	760	180	10	190	950
Insurance revenue	(2 717)	–	(2 717)	–	–	–	(2 717)
Insurance service expense	396	–	396	1 954	–	1 954	2 350
Incurred claims	–	–	–	1 783	–	1 783	1 783
Directly attributable expenses[(2)]	181	–	181	172	–	172	353
Changes that relate to past service – adjustments to the LIC	–	–	–	–	–	–	–
Losses on onerous contracts at initial recognition	–	(1)	(1)	–	–	–	(1)
Changes to loss component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss component	–	–	–	–	–	–	–
Amortisation of insurance acquisition cash flows	214	–	214	–	–	–	214
Insurance service result	(2 321)	–	(2 321)	1 954	–	1 954	(367)
Net finance (income)/expense from insurance contracts issued	–	–	–	4	–	4	4
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(2 321)	–	(2 321)	1 958	–	1 958	(363)
Recognised in the statement of profit or loss attributable to discontinued operations	(81)	(2)	(83)	84	–	84	1
Cash flows	2 339	–	2 339	(1 870)	–	(1 870)	469
Premiums received	2 729	–	2 729	–	–	–	2 729
Claims paid	–	–	–	(1 698)	–	(1 698)	(1 698)
Directly attributable expenses paid	(181)	–	(181)	(172)	–	(172)	(353)
Insurance acquisition cash flows paid	(209)	–	(209)	–	–	–	(209)
Foreign currency translation	–	–	–	–	–	–	–
Balance at the end of the year	694	–	694	353	10	363	1 057
Closing insurance contract assets	–	–	–	–	–	–	–
Closing insurance contract liabilities	694	–	694	353	10	363	1 057

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

(2) *Directly attributable expenses reported under the LRC represents the acquisition costs expensed for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.8 Expected recognition of the contractual service margin (CSM) excluding contracts that are measured under PAA

The contractual service margin expected future recognition in profit or loss includes the interest accreted on the carrying amount of the contractual service over time and the amount recognised as insurance revenue linked to the modelled transfer of services (based on the referenced coverage units) in the respective periods.

KShs m	Life insurance contracts measured under GMM	Life participating contracts measured under VFA	Total
2024			
Within 1 year	**41**	**241**	**282**
1 - 2 years	**87**	**61**	**148**
2 - 3 years	**60**	**51**	**111**
3 - 4 years	**95**	**43**	**138**
4 - 5 years	**29**	**31**	**60**
5 - 10 years	**52**	**38**	**90**
Effect of interest accreted on the CSM for 0 to 10 years	**(173)**	**-**	**(173)**
CSM recognised in profit and loss within 10 years	**191**	**465**	**656**
Combined CSM and interest accreted on CSM beyond 10 years	**72**	**17**	**89**
Total	**263**	**482**	**745**
2023 restated[(1)]			
Within 1 year	24	170	194
1 - 2 years	49	195	244
2 - 3 years	36	100	136
3 - 4 years	28	51	79
4 - 5 years	23	26	49
5 - 10 years	95	18	113
Effect of interest accreted on the CSM for 0 to 10 years	(190)	-	(190)
CSM recognised in profit and loss within 10 years	65	560	625
Combined CSM and interest accreted on CSM beyond 10 years	88	29	117
Total	153	589	742

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.9 Impact of contracts recognised during the year

The following table summarises the effect on the measurement components of insurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

	Life insurance contracts measured under GMM			Life participating contracts measured under VFA			Total		
KShs m	Profitable contracts originated	Onerous contracts originated	Total life insurance contracts measured under GMM	Profitable contracts originated	Onerous contracts originated	Total life participating contracts measured under VFA	Profitable contracts originated	Onerous contracts originated	Total
2024									
Estimates of the present value of future cash outflows	419	411	830	102	104	206	521	515	1 036
Insurance acquisition cash flows	183	280	463	16	35	51	199	315	514
Claims and directly attributable expenses	236	131	367	86	69	155	322	200	522
Estimates of the present value of future cash inflows	(569)	(289)	(858)	(134)	(98)	(232)	(703)	(387)	(1 090)
Risk adjustments for non-financial risk	16	24	40	2	–	2	18	24	42
CSM	134	–	134	30	–	30	164	–	164
Losses recognised on initial recognition	–	146	146	–	6	6	–	152	152
2023 - restated[(1)]									
Estimates of the present value of future cash outflows	418	748	1 166	8	33	41	426	781	1 207
Insurance acquisition cash flows	102	270	372	11	8	19	113	278	391
Claims and directly attributable expenses	316	478	794	(3)	25	22	313	503	816
Estimates of the present value of future cash inflows	(487)	(536)	(1 023)	(81)	(26)	(107)	(568)	(562)	(1 130)
Risk adjustments for non-financial risk	18	3	21	2	–	2	20	3	23
CSM	51	–	51	71	–	71	122	–	122
Losses recognised on initial recognition	–	215	215	–	7	7	–	222	222

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.10 Insurance revenue and CSM by transition method excluding contracts that are measured under PAA

	Life insurance contracts measured under GMM		
2024 **KShs m**	**Contracts measured under Full retrospective at transition and subsequent measurement**	**Contracts measured under the fair value approach**	**Total life insurance contracts measured under GMM**
Insurance revenue	(225)	(81)	(306)
Balance at the beginning of the year	76	77	153
Changes that relate to current service			
CSM recognised in profit or loss for services provided	(38)	(14)	(52)
Changes that relate to future service	130	14	144
Changes in estimates that adjust the CSM	(4)	14	10
Changes to loss component on subsequent measurement	-	-	-
Contracts initially recognised in the period	134	-	134
Finance costs from insurance contracts issued	8	10	18
Foreign currency translation			
CSM balance at the end of the year	176	87	263

2023 - restated[(1)] **KShs m**			
Insurance revenue	(443)	(76)	(519)
Balance at the beginning of the year	27	69	96
Changes that relate to current service			
CSM recognised in profit or loss for services provided	(47)	(11)	(58)
Changes that relate to future service	90	14	104
Changes in estimates that adjust the CSM	8	14	22
Changes to loss component on subsequent measurement	31	-	31
Contracts initially recognised in the period	51	-	51
Finance costs from insurance contracts issued	6	5	11
Foreign currency translation			
CSM balance at the end of the year	76	77	153

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

Life participating contracts measured under VFA			Investment contracts with DPF			Total		
Contracts measured under Full retrospective at transition and subsequent measurement	Contracts measured under the fair value approach	Total participating contracts	Contracts measured under Full retrospective at transition and subsequent measurement	Contracts measured under the fair value approach	Total insurance contracts with DPF	Contracts measured under Full retrospective at transition and subsequent measurement	Contracts measured under the fair value approach	Total insurance contract balances
(434)	(365)	(799)	-	-	-	(659)	(446)	(1 105)
485	104	589	-	-	-	461	181	742
						-	-	-
(63)	(54)	(117)	-	-	-	(101)	(68)	(169)
13	(93)	(80)	-	-	-	143	(79)	64
(3)	(93)	(96)	-	-	-	(7)	(79)	(86)
(14)	-	(14)	-	-	-	(14)	-	(14)
30	-	30	-	-	-	164	-	164
60	30	90	-	-	-	68	40	108
						-	-	-
495	(13)	482	-	-	-	671	74	745

(250)	(751)	(1 001)	(143)		(143)	(836)	(827)	(1 663)
						-	-	-
322	269	591	-	-	-	349	338	687
						-	-	-
(94)	(219)	(313)	-	-	-	(141)	(230)	(371)
212	33	245	-	-	–	302	47	349
(8)	33	25				-	47	47
149	-	149	-	-	-	180	-	180
71	-	71	-	-	-	122	-	122
45	21	66	-	-	-	51	26	77
						-	-	-
485	104	589	-	-	-	561	181	742

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

11 Insurance contract balances (continued)

11.11 Heritage (Kenya) claims development table

The latest valuation of the IBNR reserves was carried out by statutory actuary as at 31 December 2024.

The following table illustrates claims development against settlements for the respective years.

Incident year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Gross of reinsurance	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**
Estimate of ultimate claims cost	1 745	1 793	1 827	2 279	2 215	2 649	12 508
at end of incident year	22	(237)	(184)	(298)	(355)	–	(1 090)
one year later	(18)	12	(33)	(36)	–	–	(57)
two years later	(38)	(27)	(17)	–	–	–	(82)
three years later	(38)	(17)	–	–	–	–	(55)
four years later	(25)	–	–	–	–	–	(25)
five years later	–	–	–	–	–	–	–
Current estimate of cumulative claims	1 648	1 524	1 593	1 945	1 860	2 649	11 219
less cumulative payments to date	(1 541)	(1 397)	(1 348)	(1 481)	(1 234)	(786)	(7 787)
Gross cumulative liabilities	107	127	245	464	626	1 863	3 432
Gross cumulative liabilities - prior years	–	–	–	–	–	–	632
Effect of discounting	–	–	–	–	–	–	(327)
Risk margin	–	–	–	–	–	–	153
Gross LIC	107	127	245	464	626	1 863	3 890

Incident year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Net of reinsurance	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**	**KShs m**
Estimate of ultimate claims cost	1 451	1 471	1 612	1 771	1 906	1 690	9 901
at end of incident year	(278)	(275)	(228)	(214)	(374)	–	(1 369)
one year later	(38)	(4)	(38)	4	–	–	(76)
two years later	(34)	(47)	(2)	–	–	–	(83)
three years later	(36)	(7)	–	–	–	–	(43)
four years later	(16)	–	–	–	–	–	(16)
five years later	–	–	–	–	–	–	–
Current estimate of cumulative claims	1 049	1 138	1 344	1 561	1 532	1 690	8 314
less cumulative payments to date	(964)	(1 022)	(1 125)	(1 168)	(1 044)	(733)	(6 056)
Net cumulative liabilities	85	116	219	393	488	957	2 258
Net cumulative liabilities - prior years	–	–	–	–	–	–	478
Effect of discounting	–	–	–	–	–	–	(264)
Risk margin	–	–	–	–	–	–	140
Net LIC	85	116	219	393	488	957	2 612

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances

12.1 Reinsurance contract balances summary

KShs m	2024	2023 restated[(1)]
Reinsurance contract assets	1 884	5 737
Reinsurance contract liabilities	–	–
Current	1 812	5 594
Non-current	72	143

2024 KShs m	Reinsurance life contracts measured under GMM	Reinsurance life contracts measured under PAA	Reinsurance general non-medical measured under PAA	Reinsurance general medical measured under PAA	Total
Reinsurance contract assets	48	197	1 218	421	1 884
Reinsurance contract liabilities	–	–	–	–	–
Net reinsurance contract assets	48	197	1 218	421	1 884
Assets for Remaining Coverage (ARC)	48	59	136	224	467
Assets Recoverable on Incurred Claims (ARIC)	–	138	1 082	197	1 417
2023 restated[(1)] KShs m					
Reinsurance contract assets	17	366	4 917	437	5 737
Reinsurance contract liabilities	–	–	–	–	–
Net reinsurance contract assets	17	366	4 917	437	5 737
Assets for Remaining Coverage (ARC)	17	53	772	250	1 353
Assets Recoverable on Incurred Claims (ARIC)	–	313	4 145	187	4 384

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.2 Reinsurance life measured under GMM

12.2.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC)

	ARC				
KShs m	Excluding loss component	Loss component	Total ARC	ARIC	Total reinsurance life risk measured under GMM
2024					
Opening balance	6	11	17	–	17
Opening reinsurance contract assets	6	11	17	–	17
Opening reinsurance contract liabilities	–	–	–	–	–
Reinsurance expenses	(3)	–	(3)	–	(3)
Incurred directly attributable expenses	–	–	–	–	–
Claims recovered	–	–	–	–	–
Changes that relate to past service – adjustments to ARIC	–	–	–	–	–
Income on initial recognition of onerous underlying contracts	–	6	6	–	6
Changes to loss recovery component on subsequent measurement	–	(1)	(1)	–	(1)
Amortisation of loss recovery component	–	(3)	(3)	–	(3)
Changes in the future cash flows of reinsurance contracts held from onerous contracts	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(3)	2	(1)	–	(1)
Finance income (expense) from reinsurance contracts held	10	1	11	–	11
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	7	3	10	–	10
Investment components	–	–	–	–	–
Cash flows	21	–	21	–	21
Premiums paid net of ceding commissions	21	–	21	–	21
Recoveries from reinsurance	–	–	–	–	–
Directly attributable expenses paid	–	–	–	–	–
Ceding commissions	–	–	–	–	–
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	34	14	48	–	48
Closing reinsurance contract assets	34	14	48	–	48
Closing reinsurance contract liabilities	–	–	–	–	–

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.2 Reinsurance life risk measured under GMM (continued)

12.2.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC				
KShs m	Excluding loss component	Loss component	Total ARC	ARIC	Total reinsurance life risk measured under GMM
2023					
Opening balance	6	9	15	–	15
Opening reinsurance contract assets	6	9	15	–	15
Opening reinsurance contract liabilities	–	–	–	–	–
Reinsurance expenses	(10)	–	(10)	–	(10)
Other incurred directly attributable expenses	–	–	–	–	–
Claims recovered	–	–	–	–	–
Changes that relate to past service – adjustments to ARIC	–	–	–	–	–
Income on initial recognition of onerous underlying contracts	–	7	7	–	7
Changes to loss recovery component on subsequent measurement	–	(1)	(1)	–	(1)
Amortisation of loss recovery component	–	(4)	(4)	–	(4)
Changes in the future cash flows of reinsurance contracts held from onerous contracts	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(10)	2	(8)	–	(8)
Finance income (expense) from reinsurance contracts held	(5)	–	(5)	–	(5)
Foreign exchange gains or losses	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(15)	2	(13)	–	(13)
Investment components	–	–	–	–	–
Cash flows	15	–	15	–	15
Premiums paid net of ceding commissions	15	–	15	–	15
Recoveries from reinsurance	–	–	–	–	–
Directly attributable expenses paid	–	–	–	–	–
	–	–	–	–	–
Foreign currency translation	–	–	–	–	–
Balance at the end of the year	6	11	17	–	17
Closing reinsurance contract assets	6	11	17	–	17
Closing reinsurance contract liabilities	–	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.2 Reinsurance life measured under GMM (continued)

12.2.2 Reconciliation of the measurement components of reinsurance contract balances: Life risk under GMM

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total reinsurance life risk measured under GMM
2024				
Opening balance	13	1	3	17
Opening reinsurance contract assets	13	1	3	17
Opening reinsurance contract liabilities	–	–	–	–
Changes that relate to current service	(8)	–	2	(6)
CSM recognised in profit or loss for services received	–	–	2	2
Risk adjustment for risk expired (non-financial risk)	–	–	–	–
Experience adjustments	(8)	–	–	(8)
Changes that relate to future service	2	1	2	5
Changes in estimates that adjust the CSM	–	–	–	–
Contracts initially recognised in the period	(1)	1	6	6
Changes in the cash flows of reinsurance contracts held from onerous underlying contracts	–	–	–	–
Changes to loss recovery component on subsequent measurement of onerous underlying contracts	3	–	(4)	(1)
Experience adjustments on ceded premiums in the period that relate to future service	–	–	–	–
Changes that relate to past service	–	–	–	–
Adjustments to assets for incurred claims	–	–	–	–
Experience adjustments arising from ceded premiums the period that relate to past service	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(6)	1	4	(1)
Finance income/(expenses) from reinsurance contracts issued	10	1	–	11
Total recognised in the statement of profit or loss and other comprehensive income	4	2	4	10
Cash flows	21	–	–	21
Premiums paid net of ceding commission	21	–	–	21
Directly attributable expenses paid	–	–	–	–
Claim recoveries from reinsurance	–	–	–	–
Foreign currency translation	–	–	–	–
Balance at the end of the year	38	3	7	48
Closing reinsurance contract assets	38	3	7	48
Closing reinsurance contract liabilities	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.2 Reinsurance life measured under GMM (continued)

12.2.2 Reconciliation of the measurement components of reinsurance contract balances: Life risk under GMM (continued)

KShs m	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total reinsurance life measured under GMM
2023				
Opening balance	11	2	2	15
Opening reinsurance contract assets	11	2	2	15
Opening reinsurance contract liabilities	–	–	–	–
Changes that relate to current service	(10)	(1)	(3)	(14)
CSM recognised in profit or loss for services received	–	–	(3)	(3)
Risk adjustment for risk expired (non-financial risk)	–	(1)	–	(1)
Experience adjustments	(10)	–	–	(10)
Changes that relate to future service	2	–	4	6
Changes in estimates that adjust the CSM	(1)	–	1	–
Contracts initially recognised in the period	5	–	2	7
Changes to loss recovery component on subsequent measurement of onerous underlying contracts	(2)	–	1	(1)
Experience adjustments on ceded premiums in the period that relate to future service	–	–	–	–
Changes that relate to past service	–	–	–	–
Adjustments to assets for incurred claims	–	–	–	–
Experience adjustments arising from ceded premiums the period that relate to past service	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(8)	(1)	1	(8)
Finance income/(expenses) from reinsurance contracts issued	(5)	–	–	(5)
Total recognised in the statement of profit or loss and other comprehensive income	(13)	(1)	1	(13)
Cash flows	15	–	–	15
Premiums paid net of commissions	15	–	–	15
Directly attributable expenses paid	–	–	–	–
Claim recoveries from reinsurance	–	–	–	–
Foreign currency translation				–
Balance at the end of the year	13	1	3	17
Closing reinsurance contract assets	13	1	3	17
Closing reinsurance contract liabilities	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.3 Reinsurance life measured under PAA

12.3.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total reinsurance life measured under PAA
2024							
Balance at the beginning of the year	53	–	53	305	8	313	366
Opening reinsurance contract assets	53	–	53	305	8	313	366
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Reinsurance expenses	(215)	–	(215)	–	–	–	(215)
Other incurred directly attributable expenses	–	–	–	–	–	–	–
Claims recovered	–	–	–	90	–	90	90
Changes that relate to past service – adjustments to ARIC	–	–	–	(4)	(1)	(5)	(5)
Income on initial recognition of onerous underlying contracts	–	–	–	–	–	–	–
Changes of loss recovery component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss recovery component	–	–	–	–	–	–	–
Changes in the future cash flows of reinsurance contracts held from onerous contracts	–	–	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(215)	–	(215)	86	(1)	85	(130)
Finance income from reinsurance contracts held	–	–	–	–	–	–	–
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(215)	–	(215)	86	(1)	85	(130)

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.3 Reinsurance life measured under PAA (continued)

12.3.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total reinsurance life measured under PAA
Cash flows	**221**	**–**	**221**	**(260)**	**–**	**(260)**	**(39)**
Premiums paid net of ceding commissions	221	–	221	–	–	–	221
Claims recovered	–	–	–	(260)	–	(260)	(260)
Directly attributable expenses paid	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Reclassified to assets held for sale	–	–	–	–	–	–	–
Balance at the end of the year	**59**	**–**	**59**	**131**	**7**	**138**	**197**
Closing reinsurance contract assets	59	–	59	131	7	138	197
Closing reinsurance contract liabilities	–	–	–	–	–	–	–
2023							
Balance at the beginning of the year	69	–	69	361	4	365	434
Opening reinsurance contract assets	69	–	69	361	4	365	434
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Reinsurance expenses	(185)	–	(185)	–	–	–	(185)
Other incurred directly attributable expenses	–	–	–	–	–	–	–
Claims recovered	–	–	–	93	–	93	93
Changes that relate to past service – adjustments to ARIC	–	–	–	32	4	36	36
Income on initial recognition of onerous underlying contracts	–	–	–	–	–	–	–
Changes of loss recovery component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss recovery component	–	–	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(185)	–	(185)	125	4	129	(56)
Finance income (expenses) from reinsurance contracts held	–	–	–	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.3 Reinsurance life measured under PAA (continued)

12.3.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total reinsurance life measured under PAA
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(185)	–	(185)	125	4	129	(56)
Cash flows	169	–	169	(181)	–	(181)	(12)
Premiums paid net of ceding commissions	169	–	169	–	–	–	169
Claims recovered	–	–	–	(181)	–	(181)	(181)
Directly attributable expenses paid	–	–	–	–	–	–	–
Ceding commissions	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	–	–
Balance at the end of the year	53	–	53	305	8	313	366
Closing reinsurance contract assets	53	–	53	305	8	313	366
Closing reinsurance contract liabilities	–	–	–	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.4 Reinsurance general non-medical measured under PAA

12.4.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance general non-medical measured under PAA
2024							
Opening balance	749	23	772	4 016	129	4 145	4 917
Opening reinsurance contract assets	749	23	772	4 016	129	4 145	4 917
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Reinsurance expenses	(1 409)	–	(1 409)	–	–	–	(1 409)
Other incurred directly attributable expenses			–			–	–
Claims recovered	–	–	–	459	(5)	454	454
Changes that relate to past service – adjustments to ARIC	–	–	–	(59)	–	(59)	(59)
Income on initial recognition of onerous underlying contracts	–	9	9	–	–	–	9
Changes to loss recovery component on subsequent measurement			–			–	–
Amortisation of loss recovery component	–	(12)	(12)	–	–	–	(12)
Changes in the future cash flows of reinsurance contracts held from onerous contracts	–	–	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(1 409)	(3)	(1 412)	400	(5)	395	(1 017)
Finance income (expense) from reinsurance contracts held	1	–	1	40	–	40	41
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(1 408)	(3)	(1 411)	440	(5)	435	(976)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.4 Reinsurance general non-medical measured under PAA (continued)

12.4.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance general non-medical measured under PAA
Recognised in the statement of profit or loss attributable to discontinued opertations	(1 685)	4	(1 681)	292	–	292	(1 389)
Cash flows	3 102	–	3 102	(453)	–	(453)	2 649
Premiums paid net of ceding commissions	3 102	–	3 102	–	–	–	3 102
Claims recovered	–	–	–	(453)	–	(453)	(453)
Directly attributable expenses paid	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Foreign currency translation	(76)	–	(76)	(404)	(22)	(426)	(502)
Reclassified to assets held for sale	(553)	(17)	(570)	(2 704)	(93)	(2 797)	(3 367)
Balance at the end of the year	129	8	137	1 074	8	1 082	1 219
Closing reinsurance contract assets	129	8	137	1 074	8	1 082	1 219
Closing reinsurance contract liabilities	–	–	–	–	–	–	–
2023 restated[1]							
Opening balance	564	25	589	2 007	90	2 097	2 686
Opening reinsurance contract assets	820	30	850	1 747	90	1 837	2 687
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Net cost or gain from reinsurance							
Reinsurance expenses	(1 180)	–	(1 180)	–	–	–	(1 180)
Other incurred directly attributable expenses	–	–	–	–	–	–	–
Claims recovered	–	–	–	91	2	93	93
Changes that relate to past service – adjustments to ARIC	–	–	–	61	–	61	61
Income on initial recognition of onerous underlying contracts	–	(34)	(34)	–	–	–	(34)
Changes to loss recovery component on subsequent measurement	–	–	–		–	–	–
Amortisation of loss recovery component	–	31	31	–	–	–	31
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income from reinsurance contracts held	(1 180)	(3)	(1 183)	152	2	154	(1 029)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.4 Reinsurance general non-medical measured under PAA (continued)

12.4.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance general non-medical measured under PAA
Finance income (expense) from reinsurance contracts held	–	–	–	1	–	1	1
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(1 180)	(3)	(1 183)	153	2	155	(1 028)
Recognised in the statement of profit or loss attributable to discontinued operations	(1 866)	1	(1 865)	2 493	35	2 528	663
Cash flows	3 222	–	3 222	(701)	–	(701)	2 521
Premiums paid net of ceding commissions	3 222	–	3 222	–	–	–	3 222
Claims recovered	–	–	–	(701)	–	(701)	(701)
Other movements	–	–	–	–	–	–	–
Foreign currency translation	9	–	9	63	2	65	74
Balance at the end of the year	749	23	772	4 016	129	4 145	4 917
Closing reinsurance contract assets	749	23	772	4 016	129	4 145	4 917
Closing reinsurance contract liabilities	–	–	–	–	–	–	–

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 ReInsurance contract balances (continued)

12.5 Reinsurance General medical measured under PAA

12.5.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance General medical measured under PAA
2024							
Balance at the beginning of the year	250	–	250	183	4	187	437
Opening reinsurance contract assets	250	–	250	183	4	187	437
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Reinsurance expenses	(1 255)	–	(1 255)	–	–	–	(1 255)
Other incurred directly attributable expenses	–	–	–	–	–	–	–
Claims recovered	–	–	–	985	–	985	985
Changes that relate to past service – adjustments to ARIC	–	–	–	–	–	–	–
Income on initial recognition of onerous underlying contracts	–	–	–	–	–	–	–
Changes to loss recovery component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss recovery component	–	–	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income from reinsurance contracts held	(1 255)	–	(1 255)	985	–	985	(270)
Net finance income from reinsurance contracts held	–	–	–	3	–	3	3
Foreign exchange gains or losses	–	–	–	–	–	–	–
Total recognised in the statement of profit or loss and other comprehensive income	(1 255)	–	(1 255)	988	–	988	(267)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.5 Reinsurance General medical measured under PAA (continued)

12.5.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance General medical measured under PAA
Cash flows	**1 229**	**–**	**1 229**	**(979)**	**–**	**(979)**	**137**
Premiums paid net of ceding commissions	1 229	–	1 229	–	–	–	1 229
Claims recovered	–	–	–	(979)	–	(979)	(979)
Directly attributable expenses paid	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	–	–
Reclassified to assets held for sale	–	–	–	–	–	–	–
Balance at the end of the year	**224**	**–**	**224**	**192**	**5**	**197**	**421**
Closing reinsurance contract assets	224	–	224	192	5	197	421
Closing reinsurance contract liabilities	–	–	–	–	–	–	–
2023 restated[1]							
Balance at the beginning of the year	315	–	315	93	5	98	413
Opening reinsurance contract assets	315	–	315	93	5	98	413
Opening reinsurance contract liabilities	–	–	–	–	–	–	–
Reinsurance expenses	(1 046)	–	(1 046)	–	–	–	(1 046)
Other incurred directly attributable expenses	–	–	–	–	–	–	–
Claims recovered	–	–	–	884	(1)	883	883
Changes that relate to past service – adjustments to ARIC	–	–	–	–	–	–	–
Income on initial recognition of onerous underlying contracts	–	–	–	–	–	–	–
Changes to loss recovery component on subsequent measurement	–	–	–	–	–	–	–
Amortisation of loss recovery component	–	–	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	(1 046)	–	(1 046)	884	(1)	883	(163)
Net finance income from reinsurance contracts held	–	–	–	2	–	2	3
Foreign exchange gains or losses	–	–	–	–	–	–	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 ReInsurance contract balances (continued)

12.5 Reinsurance General medical measured under PAA (continued)

12.5.1 Reconciliation of the Asset for remaining coverage (ARC) and the Asset recoverable on incurred claims (ARIC) (continued)

	ARC			ARIC			
KShs m	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total ARIC	Total Reinsurance General medical measured under PAA
Total recognised in the statement of profit or loss and other comprehensive income	(1 046)	–	(1 046)	886	(1)	885	(161)
Cash flows	981	–	981	(796)	–	(796)	185
Premiums paid net of ceding commissions	981	–	981	–	–	–	981
Claims recovered	–	–	–	(796)	–	(796)	(796)
Directly attributable expenses paid	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	–	–
Reclassified to assets held for sale	–	–	–	–	–	–	–
Balance at the end of the year	250	–	250	183	4	187	437
Closing reinsurance contract assets	250	–	250	183	4	187	437
Closing reinsurance contract liabilities	–	–	–	–	–	–	–

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

12.6 Expected recognition of the contractual service margin (CSM) excluding contracts that are measured under PAA

The CSM expected future recognition in profit or loss includes the interest accreted on the carrying amount of the contractual service over time and the amount recognised as reinsurance recoveries linked to the modelled transfer of services (based on the referenced coverage units) in the respective periods..

Reinsurance life insurance contracts measured under GMM

KShs m	2024	2023 restated(1)
Within 1 year	**4**	2
1 - 2 years	**13**	2
2 - 3 years	**2**	–
3 - 4 years	**–**	–
4 - 5 years	**–**	–
6 - 10 years	**–**	–
Effect of interest accreted on the CSM for 0 to 10 years	**(7)**	(1)
CSM recognised in profit and loss within 10 years	**12**	3
Combined CSM and interest accreted on CSM beyond 10 years	**(5)**	–
Total	**7**	3

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.7 CSM by transition method excluding contracts that are measured under PAA

	Reinsurance life risk measured under GMM			
KShs m	Full retrospective at transition and subsequent measurement	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Total
2024				
Balance at the beginning of the year	3	–	–	3
CSM recognised in profit or loss for services provided	2	–	–	2
Changes that relate to future service	2	–	–	2
Changes in estimates that adjust the CSM	–	–	–	–
Changes to loss component on subsequent measurement	(4)	–	–	(4)
Contracts initially recognised in the period	6	–	–	6
CSM balance at the end of the year	7	–	–	7
2023				
KShs m				
Balance at the beginning of the year	2	–	–	2
CSM recognised in profit or loss for services provided	(3)	–	–	(3)
Changes that relate to future service	4	–	–	4
Changes in estimates that adjust the CSM	1	–	–	1
Changes to loss recovery component on subsequent measurement	1	–	–	1
Contracts initially recognised in the period	2	–	–	2
CSM balance at the end of the year	3	–	–	3

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

12 Reinsurance contract balances (continued)

12.8 Impact of contracts recognised during the year

The following table summarises the effect on the measurement components of reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

	2024			2023		
	Reinsurance life measured under GMM					
KShs m	Contracts originated in a net loss	Contracts originated in a net gain	Total	Contracts originated in a net loss	Contracts originated in a net gain	Total
Estimates of the present value of future cash inflows	**17**	**17**	**34**	24	14	38
Estimates of the present value of future cash outflows	**(12)**	**(23)**	**(35)**	(17)	(16)	(33)
Risk adjustments for non-financial risk	**1**	**–**	**1**	–	–	–
CSM	**–**	**6**	**6**	–	2	2
Total	**6**	**–**	**6**	7	–	7

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

13 Financial liabilities under investment contracts

KShs m	2024	2023
Balance at the beginning of the year	**7 088**	6 598
Fund inflows from investment contracts	**4 264**	1 153
Net fair value adjustment	**2 154**	412
Fund outflows from investment contracts	**(2 029)**	(926)
Service fee income	**(456)**	(149)
Balance at the end of the year	**11 021**	7 088

The timing of settlement of these liabilities depends on policyholder behaviour. Contractually policyholders may disinvest on demand.

Net profit(loss) from investment contracts before taxation	**70**	(135)
Fee income	**456**	149
Operating expenses and acquisition costs	**(386)**	(284)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

14 Deferred taxation

KShs m	2024	2023
Deferred tax assets		
Non-current	**6**	196
Deferred tax liabilities		
Non-current	**(1 007)**	(927)
Total deferred taxation	**(1 001)**	(731)

14.1 Deferred tax movement analysis

KShs m	Asset/ (liability) at the beginning of the year	Foreign currency translation	Changes through statement of comprehensive income – continuing operations	Changes through statement of comprehensive income - discontinued operations	Reclassified to liabilities in relation to assets held (note 39)	Asset/ (liability) at the end of the year
2024						
Normal taxation	**(731)**	**(6)**	**(221)**	**15**	**(58)**	**(1 001)**
Policyholder liabilities difference between tax and accounting basis	**(927)**	**–**	**(82)**	**–**	**–**	**(1 009)**
Equipment	**7**	**–**	**(7)**	**–**	**(3)**	**(3)**
Fair value changes	**(238)**	**–**	**472**	**–**	**(66)**	**168**
Prepayments, provisions and other temporary differences	**427**	**(6)**	**(604)**	**15**	**11**	**(157)**
Total	**(731)**	**(6)**	**(221)**	**15**	**(58)**	**(1 001)**
2023 restated(1)						
Normal taxation	(739)	1	44	(37)	–	(731)
Policyholder liabilities difference between tax and accounting basis	(913)	–	(14)	–	–	(927)
Equipment	12	–	(5)	–	–	7
Fair value changes	(12)	–	(224)	(2)	–	(238)
Prepayments, provisions and other temporary differences	174	1	287	(35)	–	427
Total	(739)	1	44	(37)	–	(731)

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

15 Financial liabilities

KShs m	2024	2023
Executionary bancassurance profit share		
Opening balance	**180**	163
Fair value adjustment	**212**	146
Repayments	**(167)**	(129)
Total financial liabilities	**225**	180

15.1 Financial liabilities movement analysis

Reconciliation of movement in financing activities disclosed in the statement of cash flows

	Designated at FVPL	
KShs m	**2024**	**2023**
Executionary bancassurance profit share or direct payments		
Balance at the beginning of the year	**180**	163
Profit or loss fair value adjustment to financial liabilities[(1)]	**212**	145
Repayments of financial liabilities	**(167)**	(129)
Balance at the end of the year	**225**	180

(1) Included in fair value adjustment is KShs nil million (2023: KShs nil million) finance cost.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

16 Lease liabilities

16.1 Lease liabilities movement analysis

Reconciliation of movement in financing activities disclosed in the statement of cash flows

	Group	
KShs m	2024	2023 Restated[2]
Balance at beginning of the year	**100**	112
Finance costs – continuing operations	**7**	2
Finance costs – discontinued operations	**1**	3
Additions	**59**	23
Repayments[1]	**(89)**	(41)
Foreign currency translation	**(10)**	1
Reclassified to liabilities in relation to assets held for sale (note 39)	**(7)**	-
Balance at the end of the year	**61**	100
Current	**35**	37
Non-current	**26**	63

(1) Repayment of lease liabilities

(2) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

16.2 Maturity analysis – contractual undiscounted cash flows

As lessee

	Group	
KShs m	2024	2023
Up to 1 year	**37**	37
Between 1 and 5 years	**30**	97
Over 5 years	**–**	–
Total undiscounted lease liabilities at the end of the year	**67**	134

The group leases properties which are typically used as branch offices for the sales force or as administration offices. The leases of office space typically runs for a period of one to ten years. Some leases include an option to renew the lease for an additional period after the end of the initial contract term. If it is reasonably certain that the lessee will renew, this is included in the lease liability on day one.

Some leases provide for additional rent payments that are based on changes in local price indices.

Liberty does not have any leases which have not yet commenced to which it has committed.

The borrowing rate applied to lease liabilities was 14% (2023: 14%). The rate was determined at initial adoption in 2019 based on the Central Bank of Kenya borrowing rate which was 9% with a risk margin of 5%.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

17 Employee benefits

17.1 Short-term employee benefits

Group	Leave pay		Short-term incentive schemes		Total	
KShs m	2024	2023	2024	2023	2024	2023
Balance at the beginning of the year	46	52	149	123	195	175
Additional provision raised	40	37	164	149	204	186
Utilised during the year	(43)	(43)	(149)	(123)	(192)	(166)
Balance at the end of the year	43	46	164	149	207	195
Company						
Balance at the beginning of the year	-	-	-	-	-	-
Additional provision raised	-	-	25	-	25	-
Balance at the end of the year	-	-	25	-	25	-

All outflows of economic benefits in respect of the short-term employee benefits are expected to occur within one year.

Leave pay

In terms of the group and company policy, employees are entitled to accumulate a maximum of 25 days compulsory leave. Compulsory leave has to be taken within 18 months of earning it, failing which it is forfeited.

Short-term incentive schemes (cash-settled)

In terms of the group remuneration policy, all permanent employees are eligible to receive a short-term incentive bonus in terms of the various board approved short-term incentive schemes. These schemes recognise both individual and financial performance.

17.2 Details of funds

The group operates the following retirement schemes for the benefit of its employees.

Defined contribution schemes:

Heritage AII Insurance Kenya Staff Retirement Benefits Scheme and the CFC Life Assurance Staff Pension Scheme

Liberty Kenya Holdings Plc and its subsidiaries operate a funded defined contribution pension scheme in terms of section 1 of the Income Tax Act, 1962. The Liberty Defined Contribution Pension Fund offers a benefit to Liberty employees based on the accumulated contributions and investment returns at retirement.

17.3 Transactions between group companies and the funds

17.3.1 The contributions which the group companies have made on behalf of the employees during the year are as follows:

KShs m	2024	2023
Retirement		
Defined contribution funds	111	105

17.3.2 The following retirement benefit funds have insurance policies with Liberty Kenya Holdings Plc and its subsidiaries, held as investment policies in the funds. A summary of the transactions follows:

	Fund value	
KShs m	2024	2023
Heritage AII Insurance Kenya Staff Retirement Benefits Scheme and the CFC Life Assurance Staff Pension Scheme – Policies with Liberty life Kenya		
Balance at the beginning of the year	1 539	1 505
Premiums	222	211
Fair value adjustments	281	36
Taxation	(41)	(5)
Withdrawals	(235)	(208)
Balance at the end of the year	1 766	1 539

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

18 Other payables

KShs m	Group 2024	Group 2023	Company 2024	Company 2023
Other payables at amortised cost				
Accrued expenses	**1 065**	1 007	**–**	–
Sundry payables	**192**	303	**19**	24
Advance premium receipts	**647**	449	**–**	–
Due to group companies	**75**	72	**–**	–
Reclassified to liabilities in relation to assets held for sale (note 39)	**(411)**	-	**–**	-
Total other payables	**1 566**	1 831	**19**	24
Current	**1 566**	1 831	**19**	24
Non-current	**–**	–	**–**	–

19 Summary of the group's financial instruments and property assets per class

19.1 Assets

	Group					
	Kenya Shilling denominated		Foreign currency denominated		Total	
KShs m	2024	2023	2024	2023	2024	2023
Equity instruments	**2 498**	1 642	**–**	71	**2 498**	1 713
Listed equities on the NSE	**2 168**	1 642	**–**	–	**2 168**	1 642
Unlisted equities	**330**	–	**–**	71	**330**	71
Debt instruments	**25 103**	18 632	**–**	–	**25 103**	18 632
Listed government bonds	**25 103**	18 632	**–**	–	**25 103**	18 632
Financial instruments at amortised cost	**542**	635	**–**	–	**542**	635
Prepayments and other receivables	**746**	557	**–**	327	**746**	882
Assets held for sale (note 39)	**–**	–	**5 334**	–	**5 334**	–
Cash and cash equivalents	**9 109**	11 294	**–**	1 563	**9 109**	12 857
Properties	**1 216**	1 216	**–**	–	**1 216**	1 216
Total financial and property assets	**39 214**	34 976	**5 334**	1 961	**44 548**	35 935
Other assets not measured at fair value on a recurring basis						
Intangible assets	**1 447**	1 473	**–**	8	**1 447**	1 481
Equipment	**146**	180	**–**	20	**146**	200
Right-of-use assets	**52**	60	**–**	27	**52**	87
Deferred taxation	**6**	147	**–**	49	**6**	196
Reinsurance contract assets	**1 884**	1 872	**–**	3 865	**1 884**	5 737
Current taxation	**66**	6	–	119	**66**	125
Total assets as per statement of financial position	**42 815**	37 714	**5 334**	6 049	**48 149**	43 761

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

19 Summary of the group's financial instruments and property assets per class (continued)

19.1 Assets (continued)

	Company					
	Kenya Shilling denominated		Foreign currency denominated		Total	
KShs m	2024	2023	2024	2023	2024	2023
Interest in subsidiaries	**2 702**	2 702	**–**	–	**2 702**	2 702
Intergroup balances with subsidiaries	**11**	28	**–**	–	**11**	28
Prepayments and other receivables	**7**	22	**–**	–	**7**	22
Cash and cash equivalents	**3**	19	**–**	–	**3**	19
Total assets as per statement of financial position	**2 723**	2 771	**–**	–	**2 723**	2 771

20 Fair value hierarchy

20.1 Introduction

The fair value of other receivables, cash and cash equivalents and other payables, that under the IFRS 9 business model approach are held at amortised cost are not included in the hierarchy table as their settlement terms are short-term. These financial instruments are not subject to material market sensitivities.

20.2 Asset hierarchy

The table below analyses the fair value measurement of applicable assets by level.

2024 KShs m	Level 1	Level 2	Level 3	Total
Equity instruments	**2 168**	**–**	**–**	**2 498**
Listed equities on the NSE	**2 168**	**–**	**–**	**2 168**
Unlisted equities	**–**	**–**	**330**	**330**
Debt instruments	**–**	**–**	**–**	**25 103**
Listed government debt	**–**	**25 103**	**–**	**25 103**
Owner-occupied property	**–**	**–**	**1 216**	**1 216**
Total assets subject to fair value hierarchy analysis	**2 168**	**25 103**	**1 546**	**28 817**
Other assets not measured at fair value on a recurring basis				
Intangible assets	**–**	**–**	**–**	**1 447**
Equipment	**–**	**–**	**–**	**146**
Right-of-use-assets	**–**	**–**	**–**	**52**
Deferred taxation	**–**	**–**	**–**	**6**
Reinsurance contract assets	**–**	**–**	**–**	**1 884**
Staff loans receivable	**–**	**–**	**–**	**542**
Prepayments and other receivables held at amortised cost	**–**	**–**	**–**	**746**
Assets classified as held for sale (note 39)	**–**	**–**	**–**	**5 334**
Cash and cash equivalents held at amortised cost	**–**	**–**	**–**	**9 109**
Current taxation	**–**	**–**	**–**	**66**
Total assets as per statement of financial position	**2 168**	**25 103**	**1 546**	**48 149**

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.2 Asset hierarchy (continued)

The table below analyses the fair value measurement of applicable assets by level.

2023 KShs m	Level 1	Level 2	Level 3	Total
Equity instruments	1 642	–	71	1 713
Listed equities on the NSE	1 642	–	–	1 642
Unlisted equities	–	–	71	71
Debt instruments	–	18 632	–	18 632
Listed government debt	–	18 632	–	18 632
Owner-occupied property	–	–	1 216	1 216
Total assets subject to fair value hierarchy analysis	1 642	18 632	1 287	21 561
Other assets not measured at fair value on a recurring basis				
Intangible assets	–	–	–	1 481
Equipment	–	–	–	200
Right-of-use-assets	–	–	–	87
Deferred taxation	–	–	–	196
Reinsurance contract assets	–	–	–	5 737
Staff loans receivable	–	–	–	635
Prepayments and other receivables held at amortised cost	–	–	–	882
Cash and cash equivalents held at amortised cost	–	–	–	12 857
Current taxation	–	–	–	125
Total assets as per statement of financial position	1 642	18 632	1 287	43 761

20.3 Liability hierarchy

The table below analyses the fair value measurements of financial instrument liabilities by level.

KShs m	Level 1	Level 2	Level 3	Total
2024				
Financial liabilities under investment contracts	**–**	**11 021**	**–**	**11 021**
Financial liabilities designated at fair value through profit and loss	**–**	**225**	**–**	**225**
Liabilities subject to fair value hierarchy analysis	**–**	**11 246**	**–**	**11 246**
Other liabilities not subject to fair value hierarchy analysis:				
Lease liabilities	**–**	**–**	**–**	**61**
Insurance contract liabilities	**–**	**–**	**–**	**18 937**
Deferred taxation liability	**–**	**–**	**–**	**1 007**
Liabilities in relation to assets held for sale (note 39)	**–**	**–**	**–**	**4 480**
Other payables	**–**	**–**	**–**	**1 566**
Employee benefits	**–**	**–**	**–**	**207**
Total liabilities as per statement of financial position	**–**	**11 246**	**–**	**37 504**

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.3 Liability hierarchy (continued)

KShs m	Level 1	Level 2	Level 3	Total
2023				
Financial liabilities under investment contracts	–	7 088	–	7 088
Financial liabilities designated at fair value through profit and loss	–	180	–	180
Liabilities subject to fair value hierarchy analysis	–	7 268	–	7 268
Other liabilities not subject to fair value hierarchy analysis:				
Lease liabilities	–	–	–	100
Insurance contract liabilities	–	–	–	23 863
Deferred taxation liability	–	–	–	927
Other payables	–	–	–	1 831
Employee benefits	–	–	–	195
Total liabilities as per statement of financial position	–	7 268	–	34 184

20.4 Fair value disclosure of financial assets and liabilities that are measured at amortised cost

The fair value of financial assets and liabilities which are measured at amortised cost is categorised into the following fair value hierarchies.

KShs m	Amortised cost	Fair value	Level 1	Level 2	Level 3
2024					
Financial assets measured at amortised cost					
Staff loans receivable – net carrying value	**542**	**442**	**–**	**–**	**442**
Cash and cash equivalents – net carrying value	**9 109**	**9 109**	**–**	**9 109**	**–**
2023					
Financial assets measured at amortised cost					
Staff loans receivable – net carrying value	635	481	–	–	481
Cash and cash equivalents – net carrying value	12 857	12 857	–	12 857	–

The fair value of prepayments and other receivables, and other payables that are all held at amortised cost approximate their carrying value and are not included in the above hierarchy table as their settlement terms are short-term and therefore from a materiality perspective fair values are not required to be modelled.

20.5 Reconciliation of level 3 assets and liabilities

The table below analyses the movement of level 3 assets for the year.

KShs m	2024	2023
Balance at the beginning of the year, excluding prepayments and other receivables	**1 287**	1 394
Fair value adjustment recognised in profit or loss as part of investment gains[(1)]	**–**	7
Foreign currency translation	**18**	12
Additions	330	–
Disposals	–	(126)
Reclassified to assets held for sale (note 39)	**(89)**	–
Balance at the end of the year, excluding prepayments and other receivables	**1 546**	1 287
Properties	**1 216**	1 216
Financial instruments – equity	**330**	71

(1) Included in the fair value adjustments is nil unrealised loss (2023: nil).

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.5 Reconciliation of level 3 assets and liabilities (continued)

No movement analysis is provided for other payables that are included as level 3 liabilities in the fair value hierarchy. These amounts are typically short-term trade creditors and arise in the ordinary course of business. It is impracticable to separate additions and disposals. There are no long-term level 3 designated liabilities.

20.6 Sensitivity analysis of level 3 assets

20.6.1 Owner-occupied property

Owner-occupied properties fair values were obtained from independent valuators who derived the market values by a triangulation of three methods i.e. Market Approach, Income Approach and Cost Approach.

The exit capitalisation rate applied at 31 December 2024 was 6.5% (2023: 8,0%). This compares to the ten-year government yield of 12.5% (2023: 19.4%). The non-observable adjustments included in the valuation can therefore be referenced to the variance to the ten-year government rate.

		Change in exit capitalisation rate	
KShs m	Total	1% increase	1% decrease
2024			
Properties with 6.5% capitalisation rate	**1 216**	**1 115**	**1 433**
2023			
Properties with 8.0% capitalisation rate	1 216	1 134	1 457

The table below indicates the sensitivity of the aggregate market values for a 1% change in the discount rate.

		Change in discount rate	
KShs m	Total	1% increase	1% decrease
2024			
Total properties	**1 216**	**1 081**	**1 390**
2023			
Total properties	1 216	1 102	1 408

20.6.2 Financial instrument assets

	2024 KShs m	2023 KShs m
Equities		
Unlisted equities	**330**	71
Debt		
Staff loans receivables	**442**	481

A 1% change in discount rate applied to fair value on staff loan receivables results in a fair value adjustments of KShs 28 million (2023: KShs 13.1 million).

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.7 Accounting classifications of financial instruments under IFRS 9 including other measurement basis

The table below reflects the classification of the group's financial assets and financial liabilities split into the IFRS 9 measurement categories. The financial assets categories have been determined based on the contractual cash flow characteristics and business model of the entity. Other measurement basis refers to equity accounting under IAS 28.

KShs m	Fair value through profit or loss		Fair value through OCI	Total fair value	Amortised cost	Other measurement basis	Total per statement of financial position
	Designated	Default					
2024							
Financial assets							
Financial investments	**25 103**	**2 498**	**–**	**27 601**	**–**	**–**	**27 601**
Staff loans receivables	**–**	**–**	**–**	**–**	**542**	**–**	**542**
Other receivables	**–**	**–**	**–**	**–**	**504**	**252**	**756**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**9 109**	**–**	**9 109**
Total financial assets	**25 103**	**2 498**	**–**	**27 601**	**10 155**	**252**	**38 008**
Financial liabilities							
Financial liabilities under investment contracts	**11 021**	**–**	**–**	**11 021**	**–**	**–**	**11 021**
Financial liabilities designated at fair value through profit and loss	**225**	**–**	**–**	**225**	**–**	**–**	**225**
Other payables	**–**	**–**	**–**	**–**	**105**	**1 496**	**1 601**
Total financial liabilities	**11 246**	**–**	**–**	**11 246**	**105**	**1 496**	**12 847**

KShs m	Fair value through profit or loss		Fair value through OCI	Total fair value	Amortised cost	Other measurement basis	Total per statement of financial position
	Designated	Default					
2023							
Financial assets							
Financial investments	18 632	1 713	–	20 345	–	–	20 345
Staff loans receivables	–	–	–	–	635	–	635
Other receivables	–	–	–	–	592	290	882
Cash and cash equivalents	–	–	–	–	12 857	–	12 857
Total financial assets	18 632	1 713	–	20 345	14 084	290	34 719
Financial liabilities							
Financial liabilities under investment contracts	7 088	–	–	7 088	–	–	7 088
Financial liabilities designated at fair value through profit and loss	180	–	–	180	–	–	180
Other payables	–	–	–	–	71	1 760	1 831
Total financial liabilities	7 268	–	–	7 268	71	1 760	9 099

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.8 Group's valuation process

The group's appointed asset managers have qualified valuators that perform the valuations of financial assets and appointed independent valuators to determine fair values of properties required for financial reporting purposes, including level 3 fair values. These valuations are reviewed and approved every reporting period by the investment committees of the respective subsidiaries.

The fair values of level 3 instruments are determined using valuation techniques that incorporate certain assumptions that are not supported by prices from observable current market transactions in the same instruments and are not based on available observable market data. Such assumptions include the assumed risk adjusted discount rate applied to estimate future cash flows and the liquidity and credit spreads applied to debt instruments. Changes in these assumptions could affect the reported fair value of the financial instruments.

20.9 Valuation techniques used in determining the fair value of assets and liabilities classified within level 2

INSTRUMENT	VALUATION BASIS/TECHNIQUES	MAIN ASSUMPTIONS
Unlisted term deposits, illiquid listed term deposits and senior secured term facility	DCF	Bond and interbank swap interest rate curves Issuer credit ratings Liquidity spreads
Investment policies	Quoted put/surrender price provided by the issuer, adjusting for any applicable notice periods (DCF)	Price – not applicable Bond interest rate curves
Financial liabilities under investment contracts – unit-linked policies	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
– fixed term annuities	DCF	Bond and interbank swap interest rate curves Own credit/liquidity
Commercial paper	DCF	Discount curve Credit spread
Cash equivalents – short term deposits	Market to market Yield curves	Bonds and interbank swap interest curve
Cash on hand	Face value	Not applicable

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

20 Fair value hierarchy (continued)

20.10 Valuation techniques used in determining the fair value of assets and liabilities classified within level 3

INSTRUMENT	VALUATION BASIS/ TECHNIQUES	MAIN ASSUMPTIONS
Investment and owner-occupied properties	Income approach.	Exit capitalisation and discount rates Price per square metre Long-term net operating income margin Vacancies Market rental trends (Market rental growth ranges: 4.0% to 5.5%) Economic outlook Location
	Sale price (if held for sale)	Not applicable
Unlisted equities and debt, including associates and joint ventures – measured at fair value	DCF/earnings multiple	Cost of capital Bond and interbank swap interest rate curves Consumer price index Gross domestic product If a property investment entity, then assumptions applied are as above under investment and owner- occupied property
	Net asset value	Not applicable
	Recent arm's length transactions	Not applicable
Unlisted term deposits and illiquid listed term deposits	DCF	Bond and interbank swap interest rate curves Issuer credit ratings Liquidity spreads
Investment policies	Probabilistic valuation methodology DCF	Face value Premium burden Life expectancy Bond and interbank swap interest rate curves
Staff loans receivable	DCF	Prime interest rate Term
Prepayments and other receivables	DCF Age Analysis	Applicable risk-free rate Applicable credit margin Expected cash flows
Other payables	DCF Age Analysis	Applicable credit margin including Liberty's own credit risk

The significant unobservable inputs used in the fair value measurement of the entity's securities are prepayment rates, probability of default and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

There were no transfers between fair value hierarchy levels in the period.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

21 Share capital and share premium

Authorised share capital

535 707 499 ordinary shares with a par value of KShs 1 per share

	Group		Company	
KShs m	**2024**	**2023**	**2024**	**2023**
Issued share capital				
535 707 499 ordinary shares with a par value of KShs 1 per share	**536**	536	**536**	536
Share premium	**1 490**	1 490	**1 490**	1 490
Total issued share capital and share premium	**2 026**	2 026	**2 026**	2 026

The closing price for a Liberty Kenya Holdings Plc ordinary share on 31 December 2024: KShs 6.68 (2023: KShs 3.69).

22 Insurance revenue

KShs m	Life insurance contracts measured under GMM	Life insurance contracts measured under PAA	Life participating contracts measured under VFA	Investment contracts with DPF	General insurance non-medical measured under PAA	General insurance medical measured under PAA	Total
2024							
Contracts not measured under the PAA	306	–	799	–	–	–	1 105
Amounts relating to changes in liabilities for remaining coverage	127	–	733	–	–	–	860
Expected incurred claims	126	–	492	–	–	–	618
Expected directly attributable expenses	121	–	253	–	–	–	374
Other amounts, including experience adjustments for premium receipts	(78)	–	(80)	–	–	–	(158)
Allocation to loss component	(111)	–	(58)	–	–	–	(169)
Change in risk adjustment for non-financial risk for risk expired	17	–	9	–	–	–	26
CSM recognised in profit or loss for services provided	52	–	117	–	–	–	169
Recovery of insurance acquisition cash flows	179	–	66	–	–	–	245
Contracts measured under the PAA	–	1 652	–	–	4 932	3 261	9 845
Total insurance revenue	306	1 652	799	–	4 932	3 261	10 950

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

22 Insurance revenue (continued)

KShs m	Life insurance contracts measured under GMM	Life insurance contracts measured under PAA	Life participating contracts measured under VFA	Investment contracts with DPF	General insurance non-medical measured under PAA	General insurance medical measured under PAA	Total
2023 - restated[(1)]							
Contracts not measured under the PAA	486	–	1 002	143	–	–	1 631
Amounts relating to changes in liabilities for remaining coverage	226	–	938	143	–	–	1 307
Expected incurred claims	145	–	721	–	–	–	866
Expected directly attributable expenses	81	–	271	143	–	–	495
Other amounts, including experience adjustments for premium receipts	(46)	–	(355)	–	–	–	(401)
Allocation to loss component	(48)	–	(32)	–	–	–	(80)
Change in risk adjustment for non-financial risk for risk expired	36	–	20	–	–	–	56
CSM recognised in profit or loss for services provided	58	–	313	–	–	–	371
Recovery of insurance acquisition cash flows	260	–	64	–	–	–	324
Contracts measured under the PAA	–	1 727	–	–	4 753	2 717	9 197
Total insurance revenue	486	1 727	1 002	143	4 753	2 717	10 828

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

23 Insurance service expenses

KShs m	Life insurance contracts measured under GMM	Life insurance contracts measured under PAA	Life participating contracts measured under VFA	Investment contracts with DPF	General insurance non-medical measured under PAA	General insurance medical measured under PAA	Total
2024							
Incurred claims	**73**	**482**	**456**	**–**	**1 932**	**2 117**	**5 060**
Directly attributable expenses	**125**	**329**	**238**	**–**	**1 063**	**348**	**2 103**
Changes that relate to past service – adjustments to the liability for incurred claims	**–**	**(3)**	**–**	**–**	**(354)**	**–**	**(357)**
Changes to loss component on subsequent measurement	**98**	**–**	**35**	**–**	**–**	**–**	**133**
Losses on onerous contracts at initial recognition	**146**	**3**	**6**	**–**	**17**	**–**	**172**
Amortisation of loss component	**(111)**	**(2)**	**(58)**	**–**	**(46)**	**–**	**(217)**
Amortisation of insurance acquisition cash flows	**179**	**307**	**66**	**–**	**650**	**260**	**1 462**
Total insurance service expenses	**510**	**1 116**	**743**	**–**	**3 434**	**2 725**	**8 528**
2023 - restated[(1)]							
KShs m							
Incurred claims	47	703	546	–	1 463	1 783	4 542
Directly attributable expenses	95	282	255	133	1 045	353	2 163
Changes that relate to past service – adjustments to the liability for incurred claims	–	184	–	–	(246)	–	(62)
Changes to loss component on subsequent measurement	160	–	(22)	–	–	–	138
Losses on onerous contracts at initial recognition	214	4	7	–	112	1	338
Amortisation of loss component	(48)	–	(32)	–	(102)	–	(182)
Amortisation of insurance acquisition cash flows	260	157	64	–	659	214	1 354
Total insurance service expenses	728	1 330	818	133	3 265	2 350	8 624

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

24 Net expense from reinsurance contracts held

KShs m	Reinsurance life risk measured under GMM	Reinsurance life measured under PAA	Reinsurance general non-medical measured under PAA	Reinsurance general medical measured under PAA	Total
2024					
Contracts not measured under the PAA					
Amounts relating to changes in the remaining coverage	3	–	–	–	3
Expected recovery for insurance service expenses incurred in the period	4	–	–	–	4
Reinsurance premium variance net of ceding commissions	4	–	–	–	4
Change in risk adjustment for non-financial risk for risk expired	–	–	–	–	–
CSM recognised in profit or loss for services provided	(2)	–	–	–	(2)
Allocation to loss recovery component	(3)	–	–	–	(3)
Contracts measured under the PAA	–	215	1 409	1 255	2 879
Reinsurance expense before recoveries	3	215	1 409	1 255	2 882
Other incurred directly attributable expenses	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–
Claims recovered	–	(90)	(454)	(985)	(1 529)
Income on initial recognition of onerous underlying contract	(6)	–	(9)	–	(15)
Changes to loss recovery on subsequent measurement of underlying onerous contracts	1	–	1	–	1
Amortisation of loss recovery component	3	–	12	–	15
Changes that relate to past service – adjustments to incurred claims	–	5	59	–	64
Net income/(expense) from reinsurance contracts held	1	130	1 018	270	1 418

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

24 Net expense from reinsurance contracts held (continued)

KShs m	Reinsurance life risk measured under GMM	Reinsurance life measured under PAA	Reinsurance general non-medical measured under PAA	Reinsurance general medical measured under PAA	Total
2023 - restated[(1)]					
Contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage	10	–	–	–	10
Expected recovery for insurance service expenses incurred in the period	3	–	–	–	3
Reinsurance premium variance	7	–	–	–	7
Change in risk adjustment for non-financial risk for risk expired	1	–	–	–	1
CSM recognised in profit or loss for services provided	3	–	–	–	3
Allocation to loss recovery component	(4)	–	–	–	(4)
Contracts measured under the PAA	–	185	1 180	1 046	2 411
Reinsurance expense before recoveries	10	185	1 180	1 046	2 421
Other incurred directly attributable expenses	–	–	–	–	–
Effect of changes in the risk of reinsurers non-performance	–	–	–	–	–
Claims recovered	–	(93)	(93)	(886)	(1 072)
Income on initial recognition of onerous underlying contract	(7)	–	34	–	(27)
Changes to loss recovery on subsequent measurement of underlying onerous contracts	1	–	1	–	1
Amortisation of loss recovery component	4	–	(31)	–	(27)
Reversals of a loss recovery component	–	–	–	–	–
Changes in the future cash flows of reinsurance contracts held from onerous contracts	–	–	–	–	–
Changes that relate to past service – adjustments to incurred claims	–	(36)	(61)	–	(97)
Net (income) expense from reinsurance contracts held	8	56	1 029	160	1 253

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

25 Investment income

	Group	
KShs m	**2024**	**2023 - restated[(1)]**
Properties – rental income	**7**	12
Foreign exchange (loss)/ gain	**(95)**	49
Profit commission on reinsured business	**64**	88
Total investment income	**(24)**	149

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

25 Investment income (continued)

	Company	
KShs m	2024	2023
Dividends from subsidiaries	**315**	140
The Heritage Insurance Company Kenya Limited	**315**	140

26 Interest on financial assets using the effective interest method

	Group		Company	
KShs m	2024	2023 restated[1]	2024	2023
At amortised cost				
Staff loans receivable – interest income	**63**	58	**–**	–
Interest income on cash and cash equivalents	**1 332**	1 185	**–**	–
Total interest income on financial assets using the effective interest method (note 40.2)	**1 395**	1 243	**–**	–

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

27 Fair value adjustments to assets held at fair value through profit or loss

KShs m	2024	2023 restated[2]	2024	2023
Investment properties	**–**	7	**–**	–
Held-for-sale	**–**	7	**–**	–
Financial assets at fair value through profit or loss	**5 736**	583	**–**	–
Financial instruments at fair value through profit or loss	**5 736**	583	**–**	–
Total fair value adjustments to assets held at fair value through profit or loss[1]	**5 736**	590	**–**	–

(1) *Included in the fair value adjustments for 2024 was KShs 136 million (2023: KShs 153 million) related to dividends received, and KShs 2 516 million (2023: KShs 1 719 million) related to interest income.*

(2) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

28 Fair value adjustment to financial liabilities

KShs m	2024	2023
Fair value adjustment:		
– on financial liabilities	**(212)**	(146)
Total fair value adjustment to financial liabilities	**(212)**	(146)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

29 Net finance expense from insurance contracts issued

KShs m	Life insurance contracts measured under GMM	Life insurance contracts measured under PAA	Life participating contracts measured under VFA	Investment contracts with DPF	General insurance non-medical measured under PAA	General insurance medical measured under PAA	Total
2024							
Changes in fair value of the referenced underlying assets on participating contracts	**–**	**–**	**(1 886)**	**–**	**–**	**–**	**(1 886)**
Interest accreted on fulfillment cash flows and impact of changes in financial assumptions	**(326)**	**(28)**	**(250)**	**–**	**(203)**	**(5)**	**(812)**
Interest accreted on the CSM and impact of changes in financial assumptions	**(18)**	**–**	**(90)**	**–**	**–**	**–**	**(108)**
Net finance expense (income) from insurance contracts issued	**(344)**	**(28)**	**(2 226)**	**–**	**(203)**	**(5)**	**(2 806)**
2023 - restated[(1)] **KShs m**							
Changes in fair value of the referenced underlying assets on participating contracts	–	–	(364)	(157)	–	–	(521)
Interest accreted using current financial assumptions	141	(7)	(49)	–	(42)	(4)	39
Interest accreted on the CSM and impact of changes in financial assumptions	(11)	–	66	–	–	–	55
Net finance expense (income) from insurance contracts issued	130	(7)	(347)	(157)	(42)	(4)	(427)

(1) The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

30 Net finance income from reinsurance contracts held

KShs m	Life measured under GMM	Life measured under PAA	General non-medical measured under PAA	General medical measured under PAA	Total
2024					
Interest accreted using current financial assumptions	**1**	**–**	**–**	**–**	**1**
Effect of changes in interest rates and other financial assumptions	**10**	**–**	**41**	**3**	**54**
Net finance income/(expenses) from reinsurance contracts held	**11**	**–**	**41**	**3**	**55**
2023 - restated[1] **KShs m**					
Interest accreted using current financial assumptions	1	–	–	1	2
Effect of changes in interest rates and other financial assumptions	(6)	–	1	2	(3)
Net finance income/(expenses) from reinsurance contracts held	(5)	–	1	3	(1)

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

31 Revenue from contracts with customers

	Group	
KShs m	**2024**	**2023**
Fee income		
Service fee income from financial liabilites under investment contracts	**456**	149

IFRS 15 requires disclosure of information relating to timing of revenue recognsied from contracts with customers. All of the group's revenue is recognised over time.

Service fee income from liabilities under investment contracts comprises of both administration and asset management services and is recognised over time as services are rendered, with reference to the contract terms (agreed fee and service). These fees are generally recognised on a daily basis as these services are rendered consistently over the contract period and include utilisation of skilled professionals' time and applicable support services, including IT systems.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

32 Operating expenses

	Group		Company	
KShs m	2024	2023 - restated[1]	2024	2023 - restated[1]
Employee costs	**1 788**	1 590	**80**	53
Office costs	**1 668**	1 490	**90**	42
Training and development costs	**66**	71	**–**	–
Commissions and other acquisition costs	**235**	154	**–**	–
Other	**191**	214	**20**	19
Total operating expenses (excluding those from discontinued operations)	**3 948**	3 519	**190**	114
Comprising:				
Insurance service expense	**(2 103)**	(2 163)		
Finance costs	**(8)**	(2)		
Attributable to investment services	**(486)**	(280)		
Operating expenses	**(1 351)**	(1 074)	**(190)**	(114)
Total operating expenses, before the allocation of directly attributable expenses, include the following:				
Amortisation of intangible assets (refer note 3)	**86**	56	**–**	–
Asset management fees	**50**	48	**–**	–
Audit fees – current year	**34**	39	**5**	4
Consulting fees and outsource arrangements	**492**	527	**–**	–
Depreciation of equipment (refer note 5)	**64**	62	**–**	–
Depreciation of right-of-use assets (refer note 6)	**18**	21	**–**	–
Directors' fees	**37**	54	**20**	19
Other property charges	**28**	26	**–**	–
Regulatory levies	**82**	72	**–**	–
Employee costs	**1 788**	1 590	**80**	53
Salaries and wages	**1 243**	1 109	**25**	10
Medical aid contributions	**121**	119	**–**	–
Staff and management incentive schemes/ leave pay	**208**	190	**25**	20
Other retirement contributions	**111**	105	**–**	–
Other	**105**	67	**30**	23

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

33 Finance costs

	Group	
KShs m	2024	2023 Restated[1]
Interest expense:		
– Interest on lease liabilities at amortised cost	**(8)**	(2)
Total finance costs	**(8)**	(2)

(1) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

34 Taxation

34.1 Sources of taxation

KShs m	2024	2023 Restated[(2)]
Kenyan normal taxation	**(721)**	(389)
Current year taxation	**(504)**	(428)
Current year deferred taxation	**(217)**	39
Total taxation	**(721)**	(389)
Charged through profit or loss	**(721)**	(389)
Charged through other comprehensive income	**–**	–

34.2 Taxation rate reconciliation

	Group		Company	
KShs m	2024	2023 Restated[(2)]	2024	2023
Profit before taxation per statement of comprehensive income	**2 091**	1 020	**125**	26
Taxation per statement of comprehensive income from continuing operations	**721**	389	**–**	–
%				
Effective rate of taxation	**34.5**	39.6	**–**	–
Adjustments due to:				
Income exempt from normal taxation[(1)]	**4.5**	4.2	**75.6**	161.5
Provisions and non deductible expenses	**(9.1)**	(14.9)	**(45.6)**	(131.5)
(Under)/ over provision of taxes in respect of prior years	**0.1**	1.1	**–**	–
Combined rate of Kenya/Tanzanian taxation	**30.0**	30.0	**30.0**	30.0

(1) *Relates mainly to dividends received.*

(2) *The 2023 comparatives presented in the table above have been restated. Refer to note 40 for further details.*

The only item that is accounted for in other comprehensive income (OCI) for both 2024 and 2023 is the foreign currency translation reserve which does not attract taxation as it emerges on consolidation of foreign subsidiaries.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

35 Details of non-wholly-owned subsidiaries that have significant non-controlling interests

35.1 Non-controlling interests in subsidiaries

		Percentage of ownership interest held by non-controlling interest %		Profit/(loss) allocated to non-controlling interest KShs m		Accumulated non-controlling interests KShs m	
Name of subsidiary	Principal place of business	2024	2023	2024	2023	2024	2023
Heritage Insurance Company Tanzania Limited	Tanzania	**40**	40	**13**	16	**341**	388

The entity has a 31 December year-end

35.2 Summarised financial information – non-controlling interests' share

	Heritage Insurance Company Tanzania Limited	
KShs m	2024	2023
Statement of financial position		
Non-current assets	**34**	55
Current assets	**5 300**	6 075
Current liabilities	**(4 480)**	(5 168)
Comprehensive income		
Total insurance revenue	**2 884**	2 972
Total comprehensive income attributable to non-controlling interest	**(37)**	22

35.3 Significant restrictions

Heritage Insurance Company Tanzania Limited is a short-term insurance licensed entity that is regulated by the Tanzanian Insurance Regulatory Authority and therefore subject to statutory capital requirements set by the regulator. These require that the entity holds a prescribed minimum capital and dividend distributions are only available from excess net assets over the required minimum capital.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

36 Cash (utilised in)/generated from operations

Reconciliation of total earnings to cash utilised by operations		Group		Company	
KShs m	Notes	2024	2023	2024	2023
Total earnings		**1 402**	672	**125**	26
Adjustments for:				**–**	
Interest income on financial assets using the effective interest rate method	26	**(1 395)**	(1 366)	**–**	–
Finance costs	33	**8**	5	**–**	–
Taxation	34	**721**	427	**–**	–
Net fund inflows after service fees	13, 12.5.	**(901)**	78	**–**	–
		(165)	(184)	**125**	26
Adjustments for non-cash items:					
Fair value adjustment on investment contracts	13	**2 154**	412	**–**	–
Movement on insurance contracts	11	**1 816**	2 209	**–**	–
Movement on reinsurance contracts	12	**486**	(2 189)	**–**	–
Amortisation of intangible assets	3	**89**	62	**–**	–
Depreciation of equipment	5	**71**	69	**–**	–
Depreciation of right-of-use assets	6	**36**	38	**–**	–
Accrued interest on amortised cost instruments	26	**–**	(58)	**–**	–
Loss on termination/cancellation of right-of-use assets	6	**5**	(3)	**–**	–
Provision for termination/restoration costs on leased assets		**40**	(2)	**–**	–
Fair value adjustments on financial liabilities	28	**212**	146	**–**	–
Fair value adjustments to assets held at fair value through profit and loss	4.3, 8	**(5 736)**	(598)	**–**	–
		(1 055)	(96)	**125**	26
Working capital changes:		**47**	73	**59**	(38)
Prepayments, other receivables and subsidiary loans	9	**(38)**	(207)	**32**	(40)
Other payables, employee benefits and subsidiary loans	18	**85**	280	**27**	2
Cash (utilised in)/generated from operations		**(1 008)**	(24)	**184**	(12)

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

37 Taxation paid

	Group		Company	
KShs m	2024	2023	2024	2023
Taxation receivable at the beginning of the year	**125**	208	**–**	–
Taxation attributable to continuing operations	**(499)**	(430)	**–**	–
Net tax movement attributable to discontinued operations	**(17)**	1		
Classified to liabilities relating to assets held for sale	**(19)**	–	–	–
Taxation receivable at the end of the year	**(66)**	(125)	**–**	–
Taxation paid	**(475)**	(346)	**–**	–

38 Related party disclosures

The group is controlled by Liberty Holdings Limited incorporated in South Africa. The ultimate parent of Liberty Holdings Limited is Standard Bank Group Limited, which is also incorporated in South Africa. There are other companies which are related to Liberty Kenya Holdings Plc through common shareholdings or common directorships.

Liberty Kenya Holdings Plc and its subsidiaries is referred to as 'Liberty' or the 'group'; Liberty Kenya Holdings Plc is referred to as the 'company'; Stanbic Bank Kenya Limited is referred to as 'Stanbic'.

Key management personnel

Key management personnel have been defined as follows:

- Liberty Kenya Holdings Plc directors and directors of subsidiary companies, excluding Heritage Tanzania.

It is not considered necessary to disclose details of key management family members and their influenced or controlled separate entities. To the extent that specific transactions have occurred between the group and these related parties (as defined in IAS 24) the details are included in the aggregate disclosure contained below under key management and where significant full details of all relationships and terms of the transaction are provided.

Post-employment benefit plans

Refer to note 17.

A Stanbic Bank Kenya Limited

A.1 Financial instrument investments

	Group		Company	
Stanbic term deposits	Fair value		Fair value	
KShs m	2024	2023	2024	2023
Summary of holdings and movements				
Holdings at the beginning of the year	**1 414**	686	**–**	–
Purchases	**15 557**	13 318	**–**	–
Sales	**(15 647)**	(12 590)	**–**	–
Holdings at the end of the year	**1 324**	1 414	**–**	–

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

38 Related party disclosures (continued)

A Stanbic Bank Kenya Limited (continued)

A.2 Financial instrument investments

Stanbic equity investments	Group		Company	
	Fair value		Fair value	
KShs m	2024	2023	2024	2023
Summary of term deposits holdings and movements				
Holdings at the beginning of the year	55	55	–	–
Purchases	5	1	–	–
Sales	(11)	(5)	–	–
Fair value adjustment	(10)	4	–	–
Holdings at the end of the year	39	55	–	–

A.3 Banking arrangements

Liberty Kenya Holdings Plc makes use of banking facilities provided by Stanbic Bank.

Summary of cash balances, interest earned and bank charges

	Group					
	Cash balances		Interest earned		Bank charges	
KShs m	2024	2023	2024	2023	2024	2023
Holdings at the beginning of the year	860	410	–	–	–	–
Liberty Kenya Holdings Plc	19	30	–	–	–	–
Liberty Kenya Holdings subsidiaries	841	380	–	–	–	–
Net movements during the year	74	450	118	42	3	7
Liberty Kenya Holdings Plc	(16)	(11)	–	–	–	–
Liberty Kenya Holdings subsidiaries	90	461	118	42	3	7
Holdings at the end of the year	934	860	–	–	–	–
Liberty Kenya Holdings Plc	3	19	–	–	–	–
Liberty Kenya Holdings subsidiaries	931	841	–	–	–	–
Total	934	860	118	42	3	7

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

38 Related party disclosures (continued)

A Stanbic Bank Kenya Limited (continued)

A.4 Bancassurance

Liberty has bancassurance business agreements with Stanbic Bank for the manufacture, sale and promotion of insurance, investment and health products through the Stanbic Bank's Kenya distribution capability. New business premium income in respect of this business in 2024 amounted to KShs 1 797 million (2023: KShs 1 217 million). In terms of the agreements, Liberty's group subsidiaries pay profit shares to various Stanbic operations. The amounts to be paid are in most cases dependent on source and type of business and are paid along geographical lines. The total combined net profit share amounts accrued as payable to Stanbic Bank Kenya for the year to 31 December 2024 is KShs 255 million (2023: KShs 180 million).

The bancassurance business agreements are evergreen agreements with a 24-month notice period for termination – as at the date of the approval of these financial statements, neither party had given notice.

A.5 Health risk product

The Heritage Insurance Company Kenya Limited runs a health risk product aimed at employer groups within Kenya. During the year, Stanbic Bank Kenya Limited contracted to use this product as a benefit for their employees. 2024 premium income was KShs 605 million (2023: KShs 281 million). There was a realignment on the cover date resulting in partial renewal in the previous year.

A.6 General short term insurance

Stanbic Bank Kenya Limited contracted to insure with Liberty various short term insurance risks. 2024 premium income was KShs 201 million (2023: KShs 179 million).

A.7 Commission paid to Stanbic

Liberty pays commission to Stanbic Insurance Agency Limited for insurance policies sold through the bank's distribution channels. The commission paid for the year to 31 December 2024 is KShs 222 million (2023: KShs 155 million).

A.8 Operating lease income

Stanbic Bank Kenya Limited leases a portion of a property from Liberty in Nairobi, total lease receipts for 2024 KShs 0,28 million (2023: KShs 0,6 million).

A.9 Group Life and disability

LKH insures various employee risks of Stanbic Bank Kenya. Premiums received and claims paid are KShs 72 million (2023: KShs 50 million) and KShs 15 million (2023: KShs 19 million) respectively, for the year ended 31 December 2024.

A.10 Custodial services

Custodial fees of KShs 42 million (2023: KShs 40 million) were paid to Stanbic Bank Kenya Limited for services rendered.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

38 Related party disclosures (continued)

B Liberty Holdings Limited and group subsidiaries

B.1 Management services – Liberty Holdings Limited

Liberty contracts certain management and administration services from Liberty Holdings Limited. Fees paid for these services were KShs 175 million (2023: KShs 150 million).

B.2 Outstanding balances with related parties

	Group		Company	
KShs m	2024	2023	2024	2023
Receivable from:				
Liberty Life Assurance Kenya Ltd	–	–	–	3
Heritage Insurance Kenya Limited	–	–	11	25
Liberty General Insurance Uganda Limited	1	2	–	–
Liberty Life Assurance Uganda Limited	1	1	–	–
	2	3	11	28
Payable to:				
Liberty Holdings Limited (South Africa)	(74)	(71)	–	(15)
Liberty Life Assurance Kenya Ltd	–	–	(7)	–
Stanbic Bank Kenya Limited	(1)	(1)	–	–
CFC Investment Limited	–	–	(4)	(4)
	(75)	(72)	(11)	(19)

There were no provisions carried with respect to balances from related parties and no loss allowance was recognised in expense in 2024 (2023: nil).

Outstanding balances are unsecured and are repayable in cash.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

38 Related party disclosures (continued)

C Key management personnel of Liberty, families of key management (as defined in IAS 24) and entities significantly influenced or controlled by key management

C.1 Liberty and subsidiary directors' aggregate compensation paid by the group or on behalf of the group for services rendered to Liberty and its subsidiaries:

	Group		Company	
KShs m	2024	2023	2024	2023
Fixed remuneration	136	99	52	31
Cash portion of package	96	66	25	10
Other benefits	33	27	27	21
Retirement contributions	7	6	–	–
Variable remuneration awards[1]	41	38	25	20
Non-executive directors' fees	49	53	20	19
Total	226	190	97	70

(1) *In order to align incentive payments with the performance period to which they relate, the above variable remuneration relates to the year under review irrespective of when payment is made.*

C.2 Entities significantly influenced or controlled by key management

Aggregate details of insurance, annuity and investment transactions between Liberty and any subsidiary with key management personnel, their families (as defined per IAS 24) and entities significantly influenced or controlled by key management:

Although premiums as such are not referenced in the statement of comprehensive income under IFRS 17, the cash flows are regarded as a related party transaction and included as such in the tables below

Insurance products	Aggregate insured cover		Premiums received	
KShs m	2024	2023	2024	2023
Life	21	3 637	2	11
Morbidity	–	–	–	–

Investment products	Fund value	
KShs m	2024	2023
Balance at the beginning of the year	106	234
Premiums received	12	13
Investment return credited net of charges	14	36
Commission and other transaction fees	(4)	(3)
Claims and withdrawals	(80)	(174)
Balance at the end of the year	48	106

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

39 Disposal groups

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use, a sale is considered highly probable and it is available for sale in its present condition. These assets are measured at the lower of carrying value and their fair value less costs to sell, unless they are specifically excluded from the measurement provisions of IFRS 5: Non-current Assets Held For Sale and Discontinued Operations, in which case measured at the lower of their carrying value in accordance with the applicable IFRS. Immediately before initial classification as held for sale, the assets to be reclassified are measured in accordance with applicable IFRS.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the group statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the group statement of financial position.

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the group statement of comprehensive income.

39.1 Heritage Insurance Company Tanzania

A sale purchase agreement relating to disposal of the holding shares in Heritage Insurance Company Tanzania has already been executed awaiting regulatory approvals. The completion of the sale is considered highly probable within the next 12 months. The following assets and liabilities were reclassified as held for sale as at 31 December 2024.

KShs m	2024
Assets of disposal group classified as held for sale:	
Intangible assets (Note 3)	6
Equipment (Note 5)	18
Right-of-use assets (Note 6)	11
Deferred taxation (Note 14)	58
Financial investments (Note 8.2)	162
Reinsurance contract assets (Note 12)	3 367
Current taxation (note 37)	19
Prepayments and other receivables (Note 9)	164
Cash and cash equivalents (Note 10)	1 529
Assets of disposal group held for sale	**5 334**
Liabilities of disposal group classified as held for sale:	
Lease liabilities (Note 16)	7
Insurance contract liabilities (Note 11)	4 062
Other payables (Note 18)	411
Liabilities of disposal group held for sale	**4 480**

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

39 Disposal groups (continued)

39.1 Heritage Insurance Company Tanzania (continued)

Heritage Insurance Company Tanzania Limited has been reclassified as a discontinued operation held for sale from 31 December 2024 following entering into a definitive agreement in respect of disposal of the controlling interest in the subsidiary which is now pending regulatory approvals. Heritage Insurance Company Tanzania Limited is considered to be a separate major geographical area of operations based on its contribution to Heritage Insurance Company Kenya Limited. The subsidiary and cash flows can be clearly distinguished operationally and for financial reporting purposes, from the rest of the group. The classification as a discontinued operation is considered to be met. An impairment test was conducted prior to the reclassification as a disposal group. The expected proceeds are in line with the fair value less costs to sell. Fair value less cost to sell was higher than the carrying value and thus no impairment was recognised. Financial performance relating to the discontinued operations for the year is set out below:

KShs m	2024	2023
Insurance revenue	**2 884**	2 972
Insurance service expense	**(1 283)**	(3 743)
Net insurance service result before reinsurance contracts held	**1 601**	(771)
Net expense from reinsurance contracts held	**(1 472)**	(776)
Insurance service result	**129**	6
Other investment (loss)/ income	**(22)**	89
Interest income on financial assets using the effective interest rate method	**115**	123
Fair value adjustment to assets held at fair value through profit and loss	**20**	7
Net investment income	**113**	219
Finance income/ expenses from insurance contracts issued, including foreign exchange gain or loss	**(89)**	80
Finance income/ expenses from reinsurance contracts held, including foreign exchange gain or loss	**82**	(114)
Net insurance finance expenses	**(7)**	(34)
Net insurance and investment result	**236**	191
Other operating expenses	**(153)**	(109)
Other finance costs	**(4)**	(3)
Profit before taxation	**79**	79
Tax expense	**(47)**	(38)
Profit for the year after tax	**32**	41
Attributable to owners of the company	19	25
Cash flow from operating activities	66	36
Cash flow from investing activities	(5)	(6)
Cash flow from financing activities	(7)	(8)
Net increase in cash and cash equivalents	54	22

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements

40.1 Restatement of IFRS 17 reportable groups

During 2024 a comprehensive review of the group's IFRS 17 disclosures as presented in the annual financial statements for the year ending 31 December 2023, which was the first year of adoption of IFRS 17, was undertaken with reference to other insurers reporting that has subsequently emerged. Various notes to the primary financial statements are disaggregated into what the group has termed as its 'reportable groups'.

The review has supported a change to the group's key judgement relating to the level of disaggregation (reportable groups) of IFRS 17 disclosures. This change is a voluntary change in presentation and has been implemented to align the group's reporting to what has subsequently emerged as industry practice. By changing the reportable groups, the group is improving the relevance of its financial information around its insurance business. This is achieved by significantly improving the ability of stakeholders to compare the level of disaggregation in the supporting notes to the primary financial statements to other industry participants.

The group has now adopted a first level of disaggregation which is to separate contracts issued by regulatory enacted licence types, namely Long-term (or Life) licences and Short-term (or General) licences. This first level of disaggregation is supported by a generally consistent application of the regulatory environment in the territories that the group operates in that insurance business in each jurisdiction is formally separated between two separate license types, namely short-term and long-term. The rules and regulations of conducting insurance business, capital requirements and allowable products are provided separately to each licence type. Therefore, the governance, capital management and issued products are managed separately in accordance with the applicable regulation attached to the licence obtained. Regulatory reporting is required by licence type. By design, the regulations are in many cases different between the licence types, reflecting the different nature of risks associated with the type of insurance business allowed to be written on the specific licence type.

The second level of disaggregation the group has adopted is disaggregation by measurement approach, namely GMM, VFA and PAA.

General Insurance is disaggregated further into medical and non-medical groups.

In accordance with IAS 1 Presentation of Financial Statements para 41, comparative information has been restated.

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

This restatement has no impact on previously reported profit or on any lines presented on the face of the statement of financial position or statement of comprehensive income for the year ended 31 December 2023.

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

Summary of the restatements are disclosed below. The restatements includes the reclassification of Heritage Insurance Tanzania to discontinued operations and treatment of other income items to align with IFRS17 requirements.

40.1.1 Restatement of insurance contract balances

	Group (Restated)						
2023 KShs m	Life insurance contracts measured under GMM (refer note 11.2)	Life insurance contracts measured under PAA (refer note 11.3)	Participating contracts (refer note 11.4)	Investment contracts with DPF (refer note 11.5)	General insurance non-medical measured under PAA (refer note 11.6)	General insurance medical measured under PAA (refer note 11.7)	Total
Insurance contract assets	–	–		–	–		–
Insurance contract liabilities	865	1 209	8 880	2 680	9 171	1 057	23 863
Net insurance contract (assets)/liabilities	865	1 209	8 880	2 680	9 171	1 057	23 863
Liability for remaining coverage (LRC)	865	549	8 455	2 680	2 414	694	15 657
Liability for incurred claims (LIC)	–	660	425	–	6 757	364	8 206

	Group (As previously reported)						
2023 KShs m	Life risk measured under GMM	Life risk measured under PAA	Annuities	Participating contracts	Investment contracts with DPF	Non-life measured under PAA	Total
Insurance contract assets	–	–	–	–	–	–	–
Insurance contract liabilities	865	2 260	928	7 952	2 680	9 178	23 863
Net insurance contract (assets)/liabilities	865	2 260	928	7 952	2 680	9 178	23 863
Liability for remaining coverage (LRC)	865	1 242	928	7 527	2 680	2 608	15 850
Liability for incurred claims (LIC)	–	1 018	–	425	–	6 570	8 013

40.1.2 Restatement of insurance contract income statement items

	Group (Restated)						
2023 KShs m	Life insurance contracts measured under GMM	Life insurance contracts measured under PAA	Participating contracts	Investment contracts with DPF	General insurance non-medical measured under PAA	General insurance medical measured under PAA	Total
Insurance revenue (refer note 22)	486	1 727	1 002	143	4 753	2 717	10 828
Insurance service expenses (refer note 23)	729	1 330	818	133	3 264	2 350	8 624
Net finance expenses from insurance contracts held (refer note 29)	130	(7)	(347)	(157)	(42)	(4)	(427)

Notes to the group and company annual financial statements (continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

40.1.2 Restatement of insurance contract income statement items (continued)

	Group (As previously reported)						
KShs m	Life risk measured under GMM	Life risk measured under PAA	Annuities	Participating contracts	Investment contracts with DPF	Non-life measured under PAA	Total
2023							
Insurance revenue (refer note 22)	519	4 529	5	997	143	7 640	13 833
Insurance service expenses (refer note 23)	729	3 769	3	815	132	7 088	12 536
Net finance expenses from insurance contracts held (refer note 29)	98	(2)	(42)	(305)	(157)	217	(191)

40.1.3 Restatement of expected recognition of the CSM excluding contracts that are measured under PAA (note 11.8)

The 2023 comparatives in the table presented have been updated with the change in reportable group. In addition, the previously reported amounts disclosed 1 - 5 years as an aggregate total, have now been disaggregated into annual time bands.

	Group (Restated)		
2023	Life risk measured under GMM	Life participating contracts measured under VFA	Total
Within 1 year	24	170	194
Within 2 years	49	347	396
Within 3 years	36	177	213
Within 4 years	28	91	119
Within 5 years	23	47	70
Within 6 to 10 years	95	32	127
Effect of interest accreted on the CSM for 0 to 10 years	(190)	(304)	(494)
CSM recognised in profit and loss within 10 years	65	560	625
Combined CSM and interest accreted on CSM beyond 10 years	88	29	117
Total	153	589	742

	Group (As previously reported)			
KShs m	Life risk measured under GMM	Annuities	Participating contracts	Total
2023				
Within 1 year	24	6	164	194
Within 2 to 5 years	136	46	616	798
Within 6 to 10 years	95	8	24	127
Effect of interest accreted on the CSM for 0 to 10 years	(190)	(26)	(278)	(494)
CSM recognised in profit and loss within 10 years	65	34	526	625
Combined CSM and interest accreted on CSM beyond 10 years	88	3	26	117
Total	153	37	552	742

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

40.1.4 Restatement of insurance exposure by IFRS 17 reportable group (refer to note 3.3.2)

The 2023 comparatives in the table presented have been updated with the change in reportable group as well as the presentation of Heritage Tanzania results under discontinued operations.

	Group (Restated)			
KShs m	Insurance revenue	Net of reinsurance insurance revenue	Claims ratio net of reinsurance	Combined ratio net of reinsurance
2023				
Life risk measured under GMM	486	477	78%	152%
Life risk measured under PAA	1 727	1 542	49%	78%
General insurance non-medical measured under PAA	4 753	3 573	44%	87%
General insurance medical measured under PAA	2 717	1 670	54%	87%
Contracts with material insurance underwriting risk	9 683	7 262	50%	90%
Participating contracts	1 145	1 145		
Total insurance contracts	10 828	8 407		

	Group (As previously reported)			
KShs m	Insurance revenue	Net of reinsurance insurance revenue	Claims ratio net of reinsurance	Combined ratio net of reinsurance
2023				
Life risk measured under GMM	519	498	72%	144%
Life risk measured under PAA	1,727	1,542	49%	78%
Life annuities	5	5	–	–
Non-life risk measured under PAA	10,442	6,348	45%	89%
Contracts with material insurance underwriting risk	12,693	8,393	46%	91%
Participating contracts	997	997		
Investment contracts with DPF	143	143		
Other insurance contracts	1,140	1,140		
Total insurance contracts	13,833	9,533		

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

40.1.5 Restatement of reinsurance contract balances

	Group (Restated)				
2023 KShs m	Reinsurance Life measured under GMM (refer note 12.1)	Reinsurance Life measured under PAA (refer note 12.1)	Reinsurance General non-medical measured under PAA (refer note 12.1)	Reinsurance General medical measured under PAA (refer note 12.1)	Total
Reinsurance contract assets	17	366	4916	438	5737
Reinsurance contract liabilities	–	–	–	–	–
Net reinsurance contract assets	17	366	4916	438	5737
Assets for Remaining Coverage (ARC)	17	53	1032	250	1352
Assets Recoverable on Incurred Claims (ARIC)	–	313	3884	188	4385

	Group (As previously reported)			
2023 KShs m	Reinsurance Life measured under GMM	Reinsurance Life measured under PAA	Reinsurance Non-life measured under PAA	Total
Reinsurance contract assets	17	803	4917	5737
Reinsurance contract liabilities	–	–	–	–
Net reinsurance contract assets	17	803	4917	5737
Assets for Remaining Coverage (ARC)	17	305	1030	1352
Assets Recoverable on Incurred Claims (ARIC)	–	498	3887	4385

40.1.6 Restatement of reinsurance contract income statements items

	Group (Restated)				
2023 KShs m	Reinsurance Life measured under GMM	Reinsurance Life measured under PAA	Reinsurance General non-medical measured under PAA	Reinsurance General medical measured under PAA	Total
Net expense from reinsurance contracts held (refer to note 24)	7	56	1029	161	1253
Finance expenses from reinsurance contracts held (refer to note 30)	5	–	(1)	(2)	(2)

	Group (As previously reported)			
2023 KShs m	Reinsurance Life risk measured under GMM	Reinsurance Life risk measured under PAA	Reinsurance Non-life measured under PAA	Total
Net expense from reinsurance contracts held (refer to note 24)	7	222	152	381
Finance expenses from reinsurance contracts held	5	1	136	142

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.1 Restatement of IFRS 17 reportable groups (continued)

40.1.7 Restatement of expected cashflows from insurance business (refer to note 6.7.2)

	Group (Restated)					
Expected cash flows (KShs m)	Life risk measured under GMM	Life risk measured under PAA	Participating	Investment contracts with DPF	Reinsurance contracts held	Total
2023						
Within 1 year	(280)	1 000	(292)	2 679	(383)	2 724
1 – 2 years	(196)	3	315	–	–	122
2 – 3 years	(112)	3	806	–	–	697
3 – 4 years	(41)	4	936	–	–	899
4 – 5 years	15	11	1 382	–	–	1 408
Over 5 years	7 831	158	8 284	–	–	16 273
Effect of discounting cash flows	(6 555)	(7)	(3 465)	–	–	(10 027)
Net policyholder best estimate liabilities/ (assets) and LIC	662	1 172	7 966	2 679	(383)	12 096
Amount payable on immediate demand	891	–	3 231	–	–	4 122

	Group (As previously reported)							
Expected cash flows (KShs m)	Life risk measured under GMM	Life risk measured under PAA	Annuities	Participating	Investment contracts with DPF	Reinsurance contracts held	Investment contracts	Total
2023								
Within 1 year	(280)	1 000	(10)	(282)	2 679	(383)	7 088	9 812
1 – 2 years	(196)	3	(8)	323	–	–	–	122
2 – 3 years	(112)	3	(9)	815	–	–	–	697
3 – 4 years	(41)	4	(9)	944	–	–	–	898
4 – 5 years	15	11	3	1 379	–	–	–	1 408
Over 5 years	7 831	158	1 289	6 995	–	–	–	16 273
Effect of discounting cash flows	(6 555)	(7)	(369)	(3 096)	–	–	–	(10 027)
Net policyholder best estimate liabilities/(assets) and LIC	662	1 172	888	7 078	2 679	(383)	7 088	19 184
Amount payable on immediate surrender	891	–	–	3 231	–	–	–	4 122

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

40 Restatements (continued)

40.2 Restatement of statement of comprehensive income

The group and company reclassified certain items in the income statement retrospectively and classified Heritage Tanzania as held for sale and its results presented under discontinued operations. In addition, there was a change on treatment of discounting between insurance service result and IFIE.

The effect of these reclassifications on the group earnings was nil.

KShs m	As previously reported at 31 December 2023	Restatement[1]	Heritage Tanzania Reclassi- fication [2]	Restated December 2023
Revenue				
Insurance revenue	**13 832**	(32)	(2 972)	**10 828**
Insurance service expense	**(12 536)**	170	3 742	**(8 624)**
Net insurance service result before reinsurance contracts held	**1 296**	138	770	**2 204**
Net expense from reinsurance contracts held	**(381)**	(96)	(776)	**(1 253)**
Insurance service result	**915**	42	(6)	**951**
Investment income	**151**	87	(89)	**149**
Interest income on financial assets using the effective interest method	**1 366**	–	(123)	**1 243**
Fair value adjustments to assets held at fair value through profit or loss	**597**	–	(7)	**590**
Fair value adjustment to financial liabilities under investment contracts	**(412)**	–	–	**(412)**
Fair value adjustment to financial liabilities	**(146)**	–	–	**(146)**
Net Investment income	**1 556**	87	(219)	**1 424**
Finance expenses from insurance contracts issued	**(191)**	(156)	(80)	**(427)**
Finance expenses from reinsurance contracts held	**(142)**	27	114	**(1)**
Net insurance finance expenses	**(333)**	(129)	34	**(428)**
Net insurance and investment result	**2 138**	–	(191)	**1 947**
Revenue from contracts with customers	**149**	–	–	**149**
Other operating expenses	**(1 183)**	–	109	**(1 074)**
Finance costs	**(5)**	–	3	**(2)**
Profit before taxation from continuing operations	**1 099**	–	(79)	**1 020**
Taxation	**(427)**	–	38	**(389)**
Total earnings from continuing operations	**672**	–	(41)	**631**
Total earnings from discontinued operations	**-**	–	41	**41**
Total earnings	**672**	–	–	**672**
Other comprehensive income	**13**	–	–	**13**
Items that may be reclassified subsequently to profit or loss	**13**	–	–	**13**
Foreign currency translation	**13**	–	–	**13**
Total comprehensive income	**685**	–	–	**685**

(1) The restatement relates to the following items:

a. Reclassification of discount unwinding on LIC (KShs 170 million) from insurance service expenses to insurance finance expenses and on AIC (KShs 26 million) from net expense from reinsurance contracts held to reinsurance finance income.

b. Reclassification of reinsurance profit commission of KShs 70 million from net expenses from reinsurance contracts held to other income

c. Reclassification of forex gains of KShs 18 million on a dollar denominated fixed deposit from insurance finance costs to other income.

d. Reclassification of premium variance of KShs 32 million from insurance finance expense to revenue.

(2) The group reclassfied Heritage Tanzania as held for sale and its results presented under discontinued operations. Prior year results for the group were restated to show impact of the discontued operations separately according to IFRS 5 par. 34

Notes to the group and company annual financial statements
(continued)

for the year ended 31 December 2024

41 Commitments

41.1 Capital commitments

KShs m	2024	2023
Equipment and internally generated computer software	**197**	195
Under contracts	**-**	-
Authorised by the directors but not contracted	**197**	195

The above 2024 capital commitments will be financed by available bank facilities, existing cash resources and internally generated funds.

Throughout the group there are various low value item leases for computer equipment. The obligations outstanding at 31 December are not material.

42 Contingent liabilities

As a diverse financial services group operating in ever changing and highly regulated environments, the group has identified certain possible obligations attributable primarily to potential liabilities arising from matters relating to litigation, potential litigation and proceedings relating to customers' claims. The Directors are of the opinion that such litigation will not have a material effect on the financial position or profits of the group and company.

The Group has a claim by AIG (Kenya) Insurance Company vs CFC Holdings Limited and ALICO (both entities are predecessor shareholders in the Liberty Kenya Group) for an overpayment of instalment tax made prior to sale of the General business to AIG. The matter is under arbitration.

Liberty Life Assurance Kenya Limited has outstanding matters with Kenya Revenue Authority (KRA) as a result of an assessment carried out in 2022. The Company raised objections to the assessment at Tax Appeal Tribunal (TAT), the matter was heard by the TAT and in its ruling dated 23 February 2024, the TAT found in favour of LLK on all the matters under consideration.

Liberty Life Assurance Kenya Limited has an outstanding matter with the Unclaimed Financial Assets Authority (UFAA) following an audit carried out in 2019.The company challenged the audit findings in the same year and the matter has remained unsettled since then.

In the opinion of the Directors, no material liability is expected to arise from the disputed above items.

Risk management

for the year ended 31 December 2024

Contents		Page

Risk management

for the year ended 31 December 2024

Enterprise risk management (ERM) at a glance

Liberty Kenya Holdings Plc (the 'group' or 'Liberty') offers a comprehensive range of financial products and services to the retail and corporate markets, distributing tailored risk, insurance, investment, retirement, and health products through its network. The group is committed to increasing shareholder value through the prudent management of risks inherent in the production, distribution and maintenance of these products and services. The group is mindful of achieving this objective in the interests of all stakeholders. The group continues to explore opportunities to develop and grow its business organically, with strategic plans being subject to careful consideration of the trade-off between risk and reward, considering the risk appetite limits approved by the board. The board oversees all risk activities and has ultimate responsibility.

Risk categories

- **Strategic and business** Section 2
- **Insurance** Section 3
- **Market** Section 4
- **Credit** Section 5
- **Liquidity** Section 6
- **Operational** Section 7
- **Business conduct** Section 8
- **Compliance and Legal** Section 9

Risk governance

First line of defence **Business areas**	• Manage day-to-day risk origination and management in accordance with risk policy and strategy • Identify and assess risks and implement management's response • Report and escalate material risks and issues to governance bodies • Track operational losses and implement remedial actions
Second line of defence **Heads of compliance, risk and actuarial functions and statutory actuaries**	• Provide oversight of and challenge to the first line of defence • Propose and champion implementation of risk policy and strategy
Third line of defence **Independent assurance providers – internal and external audit and other independent service providers**	• Provide assurance to board and regulators • Provide assurance over effective functioning of the first and second lines of defence functions including independent assessment of the adequacy and effectiveness of the risk management framework

1 Enterprise risk management

1.1 Overview

Liberty has adopted an Enterprise Risk Management (ERM) approach which enables the group to consider the potential impact of risks on stakeholders. Liberty's risk management framework is substantially based on the ERM principles embodied in the Insurance Regulatory Authority and Solvency II frameworks.

Liberty's risk processes consider both internal and external environments, and their impact on customers, shareholders and other stakeholders.

Liberty's significant risk categories are strategic and business, insurance, market, credit, liquidity, operational, business conduct and compliance and legal risk. Risks are controlled at the level of individual exposures and at portfolio level.

The group's strategic plans are subject to consideration of the trade-off between risk and reward, taking into account the risk appetite and risk target statements approved by the board.

Systems to quantify insurance, market, credit and liquidity risk are in place. Operational, business conduct and compliance and legal risks are addressed through qualitative assessment and analysis of exposures, incidents and effectiveness of mitigating controls. Information in respect of the management of each of these risk categories follows in sections 2 to 9.

The management of concentration risk is critical across many of the significant risk categories. Information on the key concentration risks follows in section 10.

Section 1.7 (Capital Management) indicates the group's ability to cover its regulatory capital requirements.

Liberty's capital requirements, as measured internally and in terms of regulatory requirements, are well covered.

The board ensures that all business unit executives are responsible and are held accountable for risk management within all operations. Liberty's risk management system is functioning effectively and the group continues to be managed within risk appetite.

1 Enterprise risk management (continued)

1.2 Risk strategy

Liberty's approach to risk management places consideration of risk as a focal point in business activities. It enables the business to make informed risk- based decisions and manage expected returns by selecting the risks it is willing to assume. Liberty's risk strategy is integrally linked with the business strategy, with risk mitigating actions designed to improve the prospects of achieving the business goals.

Risk strategy	Business strategy link
Liberty's risk philosophy is to ensure the sustainable growth of its business, by encouraging profitable risk-taking and ensuring that it operates within risk appetite. Liberty's risk preferences are classified according to: • risks that the group actively seeks as a result of being in the business of underwriting and managing risks (i.e. insurance, market, credit and liquidity risks), all of which are viewed as value-enhancing; and • risks that are not actively sought but arise as a consequence of being in business and will be managed to an acceptable level to protect value (i.e. operational, strategic and business, business conduct and compliance and legal risks). All other risks are avoided as far as possible.	Liberty's strategy plan is based on strategic objectives and concentrates on the growth of the core business. The strategic objectives provide clear direction for management, with detailed strategies being constructed around each. Risk preferences are considered in the formulation of these detailed strategies, and in any supporting operational capabilities that are built. Impacts of decisions taken during the formulation and execution of these detailed strategies are considered against the planned risk profile, and form part of the broader feedback loop of business decision-making (with particular attention paid to the extent that a decision may push the group outside risk appetite).

1.3 Risk appetite and risk target

Definition

Risk appetite is defined as the maximum amount of risk that the group is prepared to accept in pursuit of its business objectives. As such, risk appetite defines the group's willingness and capacity to accept high or low levels of exposure to specific risks or groups of risks.

Liberty's risk management system includes the setting of a risk target range, defined as the amount of risk the group aims to take within which to optimise returns. The risk target range is set at a level within the group risk appetite that allows for the achievement of long-term targeted returns and targeted enterprise value while keeping the possibility of risk appetite breaches at acceptable levels.

Determining risk appetite

The setting of the level of risk appetite is based on stakeholder input and fundamentally driven by the requirement to deliver very high levels of financial security for customers through appropriate maintenance of the group's ongoing solvency. The dual and at times conflicting objectives of creating shareholders' equity and minimising risks are controlled through these limits.

Consideration is also given to the strategic, working capital and regulatory capital requirements of the group.

Management is tasked with conducting Liberty's business at the targeted risk levels to ensure that the planned optimisation of returns is achieved. Insufficient risk taking, where value enhancing opportunities exist, is also considered to be undesirable.

Risk dimensions and measurement

The group's risk appetite statement is regularly reviewed to ensure its appropriateness to business objectives. Risk appetite is measured across the following risk dimensions:

- IFRS Accounting Standards operational earnings at risk: This is a measure of the fall in IFRS Accounting Standards operational earnings over the next year expected in a moderate stress event (i.e. '1 in 10' year event) relative to forecast IFRS Accounting Standards operational earnings over the next year.
- Regulatory capital coverage: This is a measure of the ratio of the available regulatory capital of the group to the sum of the regulatory capital requirements across all entities within the group. This minimum multiple is determined using a risk- based approach and is reviewed for its continued appropriateness annually.
- Economic value at risk: This is an internal risk measure assessing the loss in the economic value of in-force business at a point in time as a result of an extreme stress event (i.e. '1 in 200' year event) expressed as a proportion of the current economic value of the group. On the economic basis, assets and liabilities are measured as the amounts for which they can be exchanged, transferred or settled between knowledgeable willing parties in an arm's length transaction.

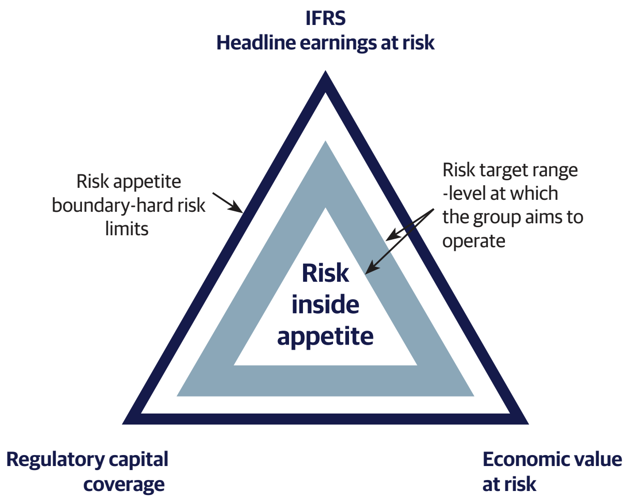
Liberty's risk profile is monitored continuously with full bottom up assessments being performed quarterly and reported to management, the board and to the subsidiary boards. Consideration is given to the risk profile relative to risk limits in determining whether specific management actions are required.

Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.3 Risk appetite and risk target (continued)



1.4 Risk management framework

Effective application of the ERM framework is achieved through processes and operational requirements which have been translated into a comprehensive series of risk management policies, procedures, and guidelines. These reflect the overall commitment to risk management, stipulating the required direction and the parties responsible for implementation. Policies with regulatory requirements for board approval, policies for each of the main risk categories as well as the overarching risk management framework are all approved by the board or one of its sub-committees. Other policies, procedures and guidelines are approved by the appropriate management structure.

1.5 Governance of the risk management system

The board is ultimately accountable for the effective governance of risk management. It is the responsibility of the board to ensure that clearly defined risk management roles and responsibilities are in place at the subsidiary company's operational committees. The board delegates its oversight and management responsibilities in terms of the three lines of defence governance model. This requires operating management (first line) to operate with risk in mind, with risk professionals overseeing all risk types and providing input from the corporate centre (second line) and the third line providing assurance on the adequacy and effectiveness of the ERM framework.

This model is illustrated in the table preceding section 1. It essentially gives three independent views of risk and its implementation, ensures that risk management is embedded in the culture of Liberty and provides assurance to the board and senior management that risk management is effective.

Risk management (continued)

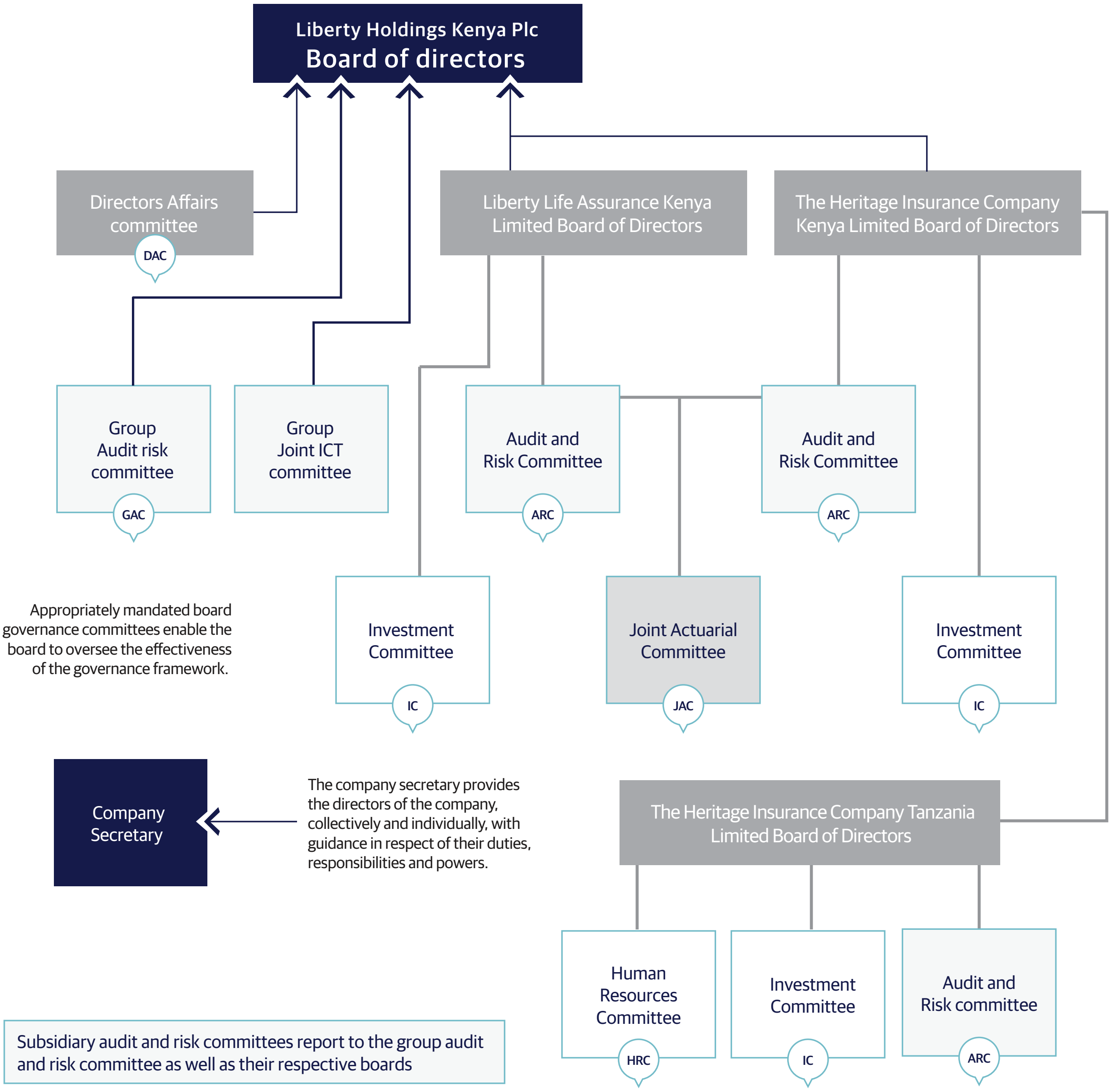
for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.5 Governance of the risk management system (continued)

Governance structures at Liberty

The board is ultimately accountable for effective governance within Liberty. Furthermore, the board is responsible for establishing clearly defined roles and responsibilities, thereby ensuring that its responsibilities are delegated to the appropriate individuals, functions or committees.



Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.5 Governance of the risk management system (continued)

The following governance committees are involved in the control of the risk management system:

- The respective boards monitor and provide oversight on "people" risks (such as those that arise from major business-wide change), customer fairness related risks, technology and information assets and processes, including: infrastructure, applications, information security (including cyber security), disaster recovery, IT investments and IT projects.
- The audit and risk committees (ARC) are responsible for providing the respective boards with oversight relating to risk and control matters, and review Liberty's risk and control philosophy, strategy, frameworks, policies and processes and effectiveness of the risk management system. The ARCs are also responsible for reviewing compliance with risk policies, and for the overall risk profile of Liberty. The committees also have primary responsibility for risks relating to the production of financial statements and for compliance and legal risks.
- The board through the Group Information and Technology Committee (GITC) ensures the integration of technology and information risks into the group's risk management system. The executive committees are responsible for ensuring appropriate IT process governance and ensuring prioritisation of project delivery.
- The investment committees are delegated authority by the relevant boards to review and approve or make recommendations to the Board on the investment management of the company and policyholder assets and managing investment risk such as market risk, credit risk, asset-liability matching risk and oversighting that management adhere to the approved investment policies and mandates. These committees and the GITC are also responsible for providing recommendations to the ARC regarding all risk and control related issues that require escalation to the board.
- The joint actuarial committee (JAC) is responsible for overseeing actuarial practices and ensures compliance with the relevant actuarial guidelines. The committee considers the methodologies, data and underlying models used, as well as the assumptions made, in the calculation of policyholder liabilities, risk appetite, required capital, risk metrics, and stress testing. It reviews the results of these calculations and makes recommendations to the boards for approval. The committee is also responsible for providing recommendations to the ARCs regarding all insurance risk and control related issues that require escalation to the board.

1.6 Understanding Liberty's risks

1.6.1 Risk identification and assessment process

Liberty has a clearly defined business strategy, making it possible to identify events that would hinder the business from achieving its objectives as well as identifying opportunities that might assist the business in advancing towards or achieving its objectives.

Current and emerging risks that could threaten the business model, strategy and sustainability are identified and assessed through a top-down risk identification and assessment process. In addition, risks identified through the operating subsidiaries strategic planning processes provide a bottom-up view.

Other regular risk identification exercises are conducted at an initiative/project, process, or product level. These may be based on the operating subsidiaries approved strategic objectives or on critical processes identified by the group.

Risks identified and assessed within the operating subsidiaries are aggregated at group level to ensure that the group understands where operating subsidiaries are focusing their time and attention. The risk function monitors the risk identification and assessment process and reports on risk status and management's response each quarter to the ARC.

1.6.2 Stress testing

In support of risk identification, assessment and measurement, comprehensive scenario analysis is undertaken to identify severe but plausible scenarios. Stress testing then assesses the group's sensitivity to these scenarios which:

- alerts management of potential adverse unexpected outcomes related to a variety of risks;
- assesses the group's ability to maintain minimum specified levels of capital based on the board approved risk appetite;
- assesses the group's resilience to adverse events by identifying areas of potential vulnerability e.g. business continuity in the event of a severe pandemic;
- increases understanding of the group's risk profile through a forward-looking assessment of the group's risk exposure under stressed conditions;
- validates assumptions in respect of the group's risk appetite; and
- ensures adequate focus on the management actions that are appropriate to avoid undue risk, and to enable faster reaction to a change in circumstances.

A range of scenarios, covering different levels of severity and plausibility, are considered as part of the stress testing system. Scenarios are forward-looking over the same period as the business planning horizon and focus on both macro-economic and insurance-driven events.

1.6.3 Risk mitigation

Where Liberty accepts a risk within its strategy, it may still want to limit its exposure to an acceptable level via various mitigants such as underwriting, financial controls, and asset allocations.

Once the level of risk Liberty is willing to take has been set by the boards and the risks have been assessed, management is better able to determine the mitigation strategy deemed to be the most effective. The risk function considers risks both gross and net of risk mitigation in the oversight of the risk management system.

Mitigants used depend on the risk type. The mitigants are subject to oversight by the second line of defence, and controls are audited by the third line. Risk specific mitigation methods for specific risks are covered in later sections.

Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.5 Governance of the risk management system (continued)

1.6.4 Risk response, monitoring and reporting

The monitoring of risk exposures and key controls is inherently part of the ERM process, as is the reporting of emerging and significant risks for each operating subsidiary and the group as a whole. Where significant breaches are reported, progress made against action plans is monitored.

Risk information is reported quarterly to the ARC to ensure that decision making is based on an understanding of the potential impact on risk. The group's risk exposure relative to risk appetite and risk target on each risk measure is reported to the ARC.

If the group is operating outside the risk target range, appropriate actions to return to within the range are considered. If the group is outside of risk appetite, immediate corrective action is taken. Risk response decisions are developed as part of the ERM process and formal accountability is assigned to provide a greater level of assurance to the board.

1.6.5 Liberty's top risks

The top risks process is a top-down risk identification and assessment process, which provides the business with another lens with which to identify the risks that could prevent the organisation from achieving its business objectives. Top risks are defined as elevated, material risks potentially materialising within a relatively short time frame and are currently on the minds of the board of directors and executives. This spans all risks faced across the business and may include strategic as well as operational risks.

The top risks listed below and their related mitigation actions are overseen by the board and the ARC.

<table>
<tr><th>Specific risks</th><th>Management actions</th></tr>
<tr><td>Non-compelling customer and adviser value proposition
Classification:
• Strategic and business risk
• Insurance risk</td><td rowspan="3">Management is focusing on:
• enhancing the customer and adviser experience at points of delivery;
• enhancing intermediary experience through servicing and tools; and
• building loyalty and increasing customer confidence in our brand.
• introducing new solutions and enhancing existing solutions to constantly meet the need of chosen market segments.</td></tr>
<tr><td>Erosion of the Liberty brand
Classification:
• Strategic and business risk</td></tr>
<tr><td>Not identifying the right opportunities and executing on building operations of value for Liberty's chosen markets
Classification:
• Strategic and business risk</td></tr>
<tr><td>Poor investment performance relative to customer expectations
Classification:
• Strategic and business risk
• Business conduct risk</td><td>• Liberty continues to enhance investment capabilities.
• Investment propositions offered are being reviewed and simplified.
• There is increased focus on having access to top investment professionals, ensuring that the right mandates are in place and in monitoring performance.</td></tr>
<tr><td>Substantial complexity due to inadequate legacy management and an inadequate control environment for new initiatives
Classification:
• Strategic and business risk
• Operational risk</td><td>Complexity reduction is included as a key consideration for all initiatives from a strategic perspective. Management has rationalised several products and systems in recent years reducing the associated operational complexity and risk.</td></tr>
<tr><td>Disruption to the insurance business model and inability to adapt in an agile manner
Classification:
• Strategic and business risk
• Operational risk</td><td>Liberty continues to drive initiatives that will ensure it remains future fit and operates effectively in the evolving external operating environment.</td></tr>
</table>

Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.6 Understanding Liberty's risks (continued)

1.6.5 Liberty's top risks (continued)

Specific risks	Management actions
Instability in the Kenya socio-political & economic environment by aggravated global uncertainties. Classification: • Insurance risk • Market risk • Credit risk • Operational risk • Strategic and business risk	Liberty is managing its exposure to long-term Government debt and reviewed key investment products providing guarantees. Liberty maintains a strong capital position and manages its asset/liability matching position within risk limits. In addition, Liberty performed stress tests during the course of 2024 which included, upper end mortality outcomes, scenarios of negative economic impact in Kenya and distressed financial markets to ensure capital and business sustainability for the potential impacts on thebusiness. A focus on advancing liquidity management has been introduced.
Changes in the operating environment as a result of the changing regulatory landscape. Non-compliance of regulation by competitors, resulting in unfair competition. Classification: • Strategic and business risk • Compliance and legal risk	Liberty continues to develop strategic responses to new and emerging regulation. Liberty has adopted a full compliance policy and encourages regulation in a fair and consistent manner.
Data risk Classification: • Operational risk • Compliance and legal risk	Liberty has established a robust data and information management capability and continues to enhance governance in this regard.
Inadequate cyber security and resilience Classification: • Operational risk • Compliance and legal risk	Investment continued to enhance Liberty's cyber security and update plans based on changes to the threat landscape and technology enhancements.
Weaknesses in operational, IT, financial and accounting processes may lead to incorrect decision making and/or reporting Classification: • Operational risk	Simplification and automation initiatives as well as enhancements which increased the granularity of financial controls have contributed to mitigating this risk. Management has driven a number of initiatives in 2024 to enhance risk practices and risk culture by embedding risk management in business processes. Ongoing alignment to the broader Liberty Group IT architecture is underway.

Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.6 Understanding Liberty's risks (continued)

1.6.5 Liberty's top risks (continued)

Emerging risks

The following emerging risks have been identified as relevant to Liberty's business and pose both risks and present opportunities:

- Climate change: The direct physical impact of climate change as well as the second order impact of transitioning to a low carbon economy presents risks and opportunities to Liberty. Changing stakeholder demands, including ESG-related issues, are considered as part of a group-wide approach to managing climate change risk;
- De-globalisation: Geopolitical regional and local significant shifts and the ongoing conflicts may result in a shift from globalisation to nationalism and protectionism.
- Artificial Intelligence (AI): Increased use of AI outside of mainstream purposes in robotics and autonomous functionality to cognitive and generative capabilities continue to result in potentially disruptive technologies that could be beneficial for society but also far-reaching implications if not closely controlled.

Emerging risks involve a high degree of uncertainty (i.e. timeframe and severity). Liberty is in the process of investigating the potential risks and opportunities associated with these issues to inform the appropriate actions.

1.7 Capital management

1.7.1 Capital management strategy

The capital management strategy seeks to ensure that the group is adequately capitalised to support the risks assumed by the group in accordance with the group's risk appetite. It further seeks to fund working capital and strategic requirements, thereby protecting policyholder and customer interests while optimising shareholder risk adjusted returns and delivering in accordance with the group's dividend policy.

Due to varying requirements of different stakeholders, the group reports and manages capital on several different bases. The capital management process ensures that the group's available capital exceeds the capital required both currently and going forward and to ensure that the group always has unfettered access to its capital to meet its requirements.

Company

The company's objective in capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may limit the amount of dividends paid to shareholders, issue new shares, raise loan funding or sell assets to reduce debt.

Liberty Kenya Holdings company activities are restricted to shareholder transactions and oversight of the operating subsidiaries. There is no regulatory required capital as such, but funding and liquidity requirements are managed through access to dividend flows in respect of excess capital generated through the operating subsidiaries as well as access to borrowing options under the directors' authority as required.

Group

The subsidiaries are regulated by the Kenyan Insurance Act, 1987, the Tanzanian Insurance Act, 2009, Companies Act, 2015, as well as regulations issued by the Kenya Retirement Benefit Authority and Insurance Regulatory Authority.

The objectives when managing capital are to:

- comply with the capital and solvency requirements as set out in the Kenyan Insurance Act, 1987 and Tanzania Insurance Act, 2009;
- safeguard the companies' ability to continue as going concerns, so that they can meet policyholder commitments 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 Kenyan Insurance Act, 1987 requires general insurance companies to hold a minimum level of paid up capital of KShs 600 million from 30 June 2020 and maintain a minimum required solvency ratio of 200% from 31 December 2020.

Long-term insurance businesses in Kenya are required to hold minimum paid up capital of KShs 400 million from 30 June 2020 and to maintain a solvency ratio of 200% from 31 December 2020. These requirements have been met by Liberty Life Assurance Kenya Limited and Heritage Insurance Kenya Limited.

Kenya's sovereign risk has increased over the past two years. Sovereign developments and default risk are being monitored by the Board and Investment Committees.

Available capital is the amount by which the value of the assets exceeds the value of liabilities, both measured on a prescribed basis. The group ensures that available capital is of suitable quality and is accessible when required.

The capital buffer is the amount by which available capital exceeds the solvency capital requirement of the group. The capital buffer is managed to support risk target levels, strategic initiative requirements and the dividend policy of the group. The group's dividend policy takes cognisance of capital requirements at a group level. Similarly, all dividends sourced from regulated entities are only approved where they do not compromise capital adequacy at each legal entity level.

The group's capital position is reported quarterly to the board. The board considers reports from the head of the actuarial function and appointed statutory actuary before dividends are declared by Liberty Kenya Holdings Plc subsidiaries.

In 2024, both Kenyan subsidiary insurance companies received the highest possible credit rating of AA. This further reinforces the sound capital and liquidity management of the companies.

Risk management (continued)

for the year ended 31 December 2024

1 Enterprise risk management (continued)

1.7 Capital management (continued)

1.7.1 Liberty's top risks (continued)

1.7.2 Available capital

The group is largely funded through ordinary share equity which is the highest quality of capital available to protect policyholders.

Available capital and solvency capital requirements

The following tables summarise the available capital (or "own funds") and the solvency capital requirements ("SCR") for the group's insurance licensed subsidiaries.

	Long-term business	
Liberty Life Assurance Kenya Limited	**2024**	**2023**
Available capital (or "own funds") (KShs m)	**2 557**	2 180
Risk-based capital requirement (KShs m)	**1 294**	1 213
Solvency ratio (times)	**1.98**	1.80
Target SCR coverage ratio (times)(1)	**2.0 - 3.0**	2.0 – 3.0

(1) The target solvency range is set at a level, which once attained, the company will consider paying dividends.

	Short-term business	
Heritage Insurance Company Kenya Limited	**2024**	**2023**
Available capital (or "own funds") (KShs m)	**5 539**	4 374
Risk-based capital requirement (KShs m)	**1 229**	970
Solvency ratio (times)	**4.51**	4.51
Target SCR coverage ratio (times)	**2.5 - 3.5**	2.5 – 3.5

2 Strategic and business risk

Strategic risk is the possibility of adverse outcomes, including reputational damage, resulting from adopting a particular strategy and/or having a weak competitive position. This may arise from errors in business structures, capital allocation, government action and misunderstandings of economic growth and inflation.

Business risk is the risk that future experience will differ from expectations due to unanticipated concentrations of risk or new business levels being different from expected (as measured by volume or mix).

Management regularly monitors strategic and business risks and seeks to respond appropriately and manage them against Liberty's appetite for risk.

Liberty has a clearly defined business strategy, making it possible to identify events that would hinder the business from achieving its objectives as well as opportunities that might assist the business in advancing towards or achieving its objectives.

Risks that impact the ability of the business to meet commercial goals are identified through analysis of the external and internal environment.

Current and emerging risks that could threaten the business model, strategy and sustainability are identified and assessed through a top-down risk identification and assessment process. In addition, risks identified through the business units' strategic planning processes provide a bottom-up view.

Risks identified and assessed within the operating subsidiaries are aggregated and ranked at group level to ensure that the group understands where operating subsidiaries are focusing their time and attention.

The aggregated risk profile, which considers both risks identified via the top-down and bottom-up processes, is monitored and reviewed by the operating company boards with actions driven by management structures.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk

3.1 Definition

Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behavior or expense experience in the case of life products, and claims incidence, claim frequency and severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the group's earnings and capital if different from those assumed.

The insurance risks with the greatest impact on the financial position and comprehensive income are covered in more detail in sections 3.5 to 3.7.

3.2 Ownership and accountability

The management and staff in all the group companies accepting insurance risk are responsible for the day-to-day identification, analysis, pricing, monitoring and management of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through pre-defined escalation procedures.

The statutory and appointed actuaries, where applicable, and the heads of risk in the subsidiaries provide independent oversight of compliance with the group's risk management policies and procedures and the effectiveness of the group's insurance risk management processes.

There are committees in place responsible for managing all aspects of insurance risk. These committees are:

- Group audit and risk committees;
- Subsidiary audit and risk committee;
- Joint actuarial committee supporting the subsidiary audit and risk committees.

The functions of the various committees responsible for managing insurance risk include:

- recommending insurance risk related policies for approval and ensuring compliance therewith;
- ensuring that insurance risk is appropriately controlled by monitoring insurance risk triggers against agreed limits and/or procedures;
- gaining assurance that material insurance risks are being monitored and that the level of risk taken is always in line with the risk appetite statement;
- considering any new insurance risks introduced through new product development or strategic development and how these risks should be managed;
- monitoring, ratifying and/or escalating to the respective company boards all material insurance risk-related breaches/ excesses, highlighting the corrective action undertaken to resolve the issue;
- monitoring insurance risk capital requirements as they apply to the management of the group and its subsidiaries' balance sheets; and
- approving the reinsurance, underwriting and claims management strategies and overseeing the implementation of those strategies.

The statutory and appointed actuaries, provide oversight of the insurance risks undertaken by the insurance entities within the Group in Kenya by:

- providing an opinion at least annually on the financial soundness for each entity;
- overseeing for each entity the setting of assumptions used to provide best estimate liabilities plus applicable margins (as described in the accounting policies) in accordance with the assumption setting and reserving policies;
- providing for each entity an opinion on the actuarial soundness of premium rates in use for new business, and on the profitability of the business, taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risks;
- provide for each entity a financial condition report which is a regulatory report where they provide their opinion and recommendations on all aspects of risk and risk management in the entity; and
- reviewing for each entity the appropriateness of risk mitigation measures in place and proposed such as in the reinsurance arrangements, the investment strategy and in new products or product enhancements.

3.3 Risk identification, assessment, measurement and management

Risk management takes place prior to the acceptance of risks through the product development and pricing processes and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

Within insurance product pricing and in the measurement of insurance and reinsurance contract liabilities, assumptions are made on underwriting, policyholder behaviour and expenses in determining best-estimate cash flow. Risk adjustments are added to the best estimate liabilities to reflect the level of expected uncertainty in the best estimate assumptions and the required risk adjustment.

For pricing purposes, such risk adjustments are also added to the best estimate liabilities so that the new business value appropriately reflect the expected value to be generated after allowing for an appropriate level of compensation for the risks that are being borne.

The uncertainty in the insurance assumptions is also reflected in the regulatory capital requirements of the insurance entities.

3.3.1 Insurance risk sensitivities for long contract boundary insurance business

Liberty's earnings and available capital are exposed to insurance risks through its various insurance operations. Assumptions are made in respect of the insurance risks in the measurement of insurance contract liabilities.

Sensitivities indicating the impact of changes in key assumptions related to life insurance risks have been prepared by applying stresses at the financial position date.

The sensitivities chosen have been calibrated to moderately severe (1-in-10 year) stresses regularly used in the group's earnings-at-risk risk appetite metric. The 1-in-10-year stresses replace the sensitivities reported in previous years, which were based on management's judgement of reasonably likely annual possible changes in respective variables on a through the economic cycle basis. Sensitivities to non-life insurance risks have not been shown as the impact of 1-in-10 year non-life stresses on Liberty's overall performance is immaterial.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.3 Risk identification, assessment, measurement and management (continued)

3.3.1 Insurance risk sensitivities for long contract boundary insurance business (continued)

Comparatives stresses have accordingly been restated, together with a revised format due to the adoption of IFRS 17.

Except where the impact of the sensitivity is not linear, single direction sensitivities have been supplied. Each of the presented sensitivities is applied in isolation with all other assumptions left unchanged.

The sensitivities are applied to contracts measured under IFRS 17 Insurance Contracts and do not apply to policyholder contracts measured under IFRS 9 Financial Instruments.

For long-dated contracts, the impact on the attributable profit calculation allows for the change in the fulfilment cash flows (including the risk adjustment) of the contracts under the stress net of the impact to the applicable CSM. The calculation differentiates between changes in long-term insurance assumptions which would be accounted for through the CSM, as opposed to stressed in-year cash-flows, such as higher death payments in a mortality epidemic event, which would flow directly to attributable profit. For short-contract boundary business, measured under the premium allocation approach (PAA), the impacted cash flows are stressed over the next 12 months.

Insurance risk variable	Description of sensitivity
Mortality – insured lives	A level percentage change in expected future mortality rates on insurance contracts
Longevity – annuitants	A level percentage change in expected future mortality rates on annuity contracts
Morbidity	A level percentage change in expected future morbidity rates
Withdrawal	A level percentage change in expected future withdrawal rates
Expense per policy	A level percentage change in expected directly attributable maintenance expenses

The expense sensitivity is limited to directly attributable expenses used in best estimate cash flow modelling of insurance contracts and will not include the full recurring expense base of the company's business operations.

Separate sensitivities are provided where the stresses are applied over the contract term, as well as stresses applied only during the next 12 months.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.3 Risk identification, assessment, measurement and management (continued)

3.3.1 Insurance risk sensitivities for long contract boundary insurance business (continued)

The gross and net of reinsurance impacts on shareholder equity and attributable profit in the table have been presented after allowing for CSM adjustments. The impact on the CSM, increase or (decrease) is also included in the table to provide additional insight as to the CSM dynamics and the resultant effective deferral of the impact on attributable profit to future years. There is no impact from exchange rate variances on attributable profit and CSM.

		Impact on ordinary shareholders' equity and attributable profit after taxation		
Assumption description KShs m	Change in variable[(1)]%	Gross of reinsurance	Net of reinsurance	Impact on CSM (net of reinsurance and taxation)
2024				
Insurance assumptions - Stress over contract term				
Mortality - insured lives	+4.5	(35.3)	(31.5)	(17.1)
Longevity - annuitants	+6.5[2]	(0.3)	(0.3)	(1.6)
Morbidity	+10	(42.8)	(33.9)	(0.1)
Withdrawals	+10	(16.1)	(15.1)	3.3
	-10	46.0	45.6	(45.0)
Expense per policy	+5.5	(52.8)	(52.8)	(48.5)
Insurance assumptions - Stress the next 12 months only				
Mortality - insured lives	+10	(56.9)	(48.4)	(20.2)
Morbidity	+19	(81.4)	(64.6)	(0.5)
Withdrawals	+21	(5.5)	(4.8)	4.1

(1) The sensitivities reflect 1-in-10 year stresses.

(2) Annuitant life expectancy reduces i.e. annuitant mortality increases. Profits are expected under the longevity sensitivity due to the CSM absorption of the stress impact calculated at locked-in discount rates exceeding the stress impact calculated at current discount rates.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.3 Risk identification, assessment, measurement and management (continued)

3.3.1 Insurance risk sensitivities for long contract boundary insurance business (continued)

		Impact on ordinary shareholders' equity and attributable profit after taxation		
Assumption description KShs m	**Change in variable[1]%**	**Gross of reinsurance**	**Net of reinsurance**	**Impact on CSM (net of reinsurance and taxation)**
2023				
Insurance assumptions - Stress over contract term				
Mortality - insured lives	+4.5	(39.8)	(33.7)	(11.2)
Longevity - annuitants	+6.5[2]	(0.4)	(0.4)	(4.5)
Morbidity	+10	(9.9)	(8.0)	(0.1)
Withdrawals	+10	(1.5)	(1.1)	(6.1)
	-10	2.8	2.4	5.2
Expense per policy	+5.5	(63.0)	(63.0)	(37.3)
Insurance assumptions - Stress the next 12 months only				
Mortality - insured lives	+10	(81.1)	(68.0)	(9.9)
Morbidity	+19	(19.7)	(16.0)	(0.1)
Withdrawals	+21	(4.2)	(3.4)	(3.3)

(1) The sensitivities reflect 1-in-10 year stresses.

(2) Annuitant life expectancy increases i.e. annuitant mortality reduces. Profits are expected under the longevity sensitivity due to the CSM absorption of the stress impact calculated at locked-in discount rates exceeding the stress impact calculated at current discount rates.

The following table indicates the sensitivity of the relative contribution by reportable group to the aggregate of shareholder equity and CSM by sensitivity. If the impact is not applicable or very low for that grouping the table has been left blank.

	Sensitivity				
Reportable group	**Mortality**	**Longevity**	**Morbidity**	**Withdrawals**	**Expense per policy**
Life insurance contracts measured under GMM	High		Medium	High	Medium
Life insurance contracts measured under PAA	Medium		Medium	Low	Low
Life participating contracts measured under VFA				High	High

On reportable groups with short-term contract boundaries, particularly PAA contracts, the impact in respect of underwriting, withdrawal and expenses is lower for a given sum assured due to being able to review prices in the short term. However, in the longer term, good retention rates and control of expenses on short-term boundary contracts are important for the continued competitive viability of these products from a new business perspective.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.3 Risk identification, assessment, measurement and management (continued)

3.3.2 Insurance exposure by IFRS 17 reportable group re-presented

The following table provides the insurance revenue and the reinsurance expense by reportable group. Where there is material insurance underwriting risk, experience ratios have been provided to give an indication of the insurance contracts' performance.

Insurance exposure by reportable group

KShs m	Insurance revenue	Net of reinsurance insurance revenue(1)	Claims ratio net of reinsurance(2)	Combined ratio net of reinsurance(3)
2024				
Life insurance contracts measured under GMM	**306**	**297**	**67%**	**169%**
Life insurance contracts measured under PAA	**1 652**	**1 437**	**27%**	**72%**
General insurance non-medical measured under PAA	**4 932**	**3 523**	**38%**	**85%**
General insurance medical measured under PAA	**3 261**	**2 006**	**47%**	**83%**
Contracts with material insurance underwriting risk	**10 151**	**7 263**	**36%**	**86%**
Life participating contracts measured under VFA	**799**	**799**		
Total insurance contracts	**10 950**	**8 062**		

KShs m	Insurance revenue	Net of reinsurance insurance revenue(1)	Claims ratio net of reinsurance(2)	Combined ratio net of reinsurance(3)
2023 restated(4)				
Life insurance contracts measured under GMM	486	477	78%	152%
Life insurance contracts measured under PAA	1 727	1 542	49%	78%
General insurance non-medical measured under PAA	4 753	3 573	37%	86%
General insurance medical measured under PAA	2 717	1 670	44%	84%
Contracts with material insurance underwriting risk	9 683	7 262	44%	89%
Life participating contracts measured under VFA	1 145	1 145		
Total insurance contracts	10 828	8 407		

(1) *Insurance revenue less "Reinsurance expense before recoveries" as per note "Net expense from reinsurance contracts held".*

(2) *Insurance service expense less attributable and amortised costs plus ("Net expense from reinsurance contracts held" less "Reinsurance expense before recoveries") as a ratio of "Net of reinsurance revenue".*

(3) *Insurance service ex.pense plus ("Net expense from reinsurance contracts held" less "Reassurance expense before recoveries") as a ratio of "Net of reinsurance insurance revenue"*

(4) *The 2023 comparatives in the table presented have been updated with the change in reportable groups. Refer note 40. In addition, the previously reported amounts have been restated to remove Heritage Tanzania results which are presented under discontinued operations.*

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.3 Risk identification, assessment, measurement and management (continued)

3.3.3 Approach to managing insurance risk

Within insurance product pricing and in the measurement of insurance and reinsurance contract liabilities, assumptions are made on underwriting, policyholder behaviour and expenses in determining best-estimate cash flow. Risk adjustments are added to the best estimate liabilities to reflect the level of expected uncertainty in the best estimate assumptions and the required risk adjustment.

For pricing purposes, such risk adjustments are also added to the best estimate liabilities so that the new business value appropriately reflect the expected value to be generated after allowing for an appropriate level of compensation for the risks that are being borne.

The uncertainty in the insurance assumptions is also reflected in the regulatory capital requirements of the insurance entities.

3.3.4 Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the group is willing to accept risks. Once a policy has been sold, the group is placed on risk for the duration of the contract and the group cannot unilaterally change the terms and conditions of the policy except where the policy allows for rate reviews. It is for these reasons that risks need to be carefully assessed and appropriately mitigated before a product is launched and before new policies are accepted onto the group's balance sheet. The product development and approval process ensure that:

- risks inherent in new products are identified and quantified;
- sensitivity tests are performed to enhance understanding of the risks and appropriateness of mitigating actions;
- pricing is adequate for the risk undertaken;
- product design takes account of various factors including size and timing of fees and charges, appropriate levels of minimum premiums, commission structures (designed to avoid the creation of incentives for mis-selling) and policy terms and conditions;
- the group makes use of reinsurance to reduce its exposures to some insurance risks;
- customers' needs and expectations will be met by the product;
- the controls required to provide the product within risk appetite are identified and established; and
- post-implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

3.3.5 Risk management post-implementation of products and of in-force policies

The management of insurance risk is effectively the management of deviations of actual experience from the assumed best estimate of future experience on which product pricing is based. The risk is that these earnings are less than expected due to adverse actual experience.

The ongoing management of insurance risk, once the risk has been contracted, includes the management of costs; premium adjustments where permitted and appropriate; management strategies and training of sales staff to encourage customers to retain their policies; and careful follow up on policyholder claims and deaths.

Experience investigations are conducted at least annually on all significant insurance risks to ascertain the extent of deviations from assumptions and their financial impacts. If the investigations indicate that these deviations are likely to persist in future, the assumptions will be adjusted accordingly for the subsequent measurement of policyholder contract values. Furthermore, any deviations that are likely to persist are also used to inform the product development and pricing of new and existing products.

Insurance risk exposure is monitored against any limits set. Further, insurance risk stresses are assessed and reviewed against risk appetite and risk target and are included in processes to access current and future financial conditions. Mitigating actions are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits. Key risk indicators are used to enhance the monitoring and mitigation of insurance risks and facilitate insurance risk reporting.

Although risk adjustments, capital requirement and risk appetite limits are in place in recognition that the actual experience may differ from expectations, part of ongoing insurance risk management is implementing controls to help ensure the actual experience is financially favorably within the assumptions made.

This ongoing management of insurance risk, once the risk has been contracted, includes the management of costs; premium adjustments where permitted and appropriate; management strategies and training of sales staff to encourage customers to retain their policies; and appropriate claims management. The identification of emerging risk and threats to insurance risks also forms part of this ongoing management.

Feedback from customers is regularly considered to ensure that sales processes are delivering the right results for customers, that the contracts remain appropriate for their needs in the years after sale and that those customers considering abandoning or surrendering their contracts are fully informed about the consequences of their choice.

3.4 Reporting

Each relevant subsidiary prepares quarterly reports that include information on insurance risk. The reports are presented to the relevant ARC and actuarial committees for review and discussion. Major insurance risks are incorporated into a report by the CRO on the group's overall ARC which is submitted to the ARC. In addition, the joint actuarial committee reviews actuarial methodology and assumptions to support the ARC. Where it is deemed necessary, material insurance risk exposures are escalated to the board.

In respect of insurance risks, the reports contain the results of experience investigations conducted along with other indicators of actual experience. These reports also raise any issues identified and track the effectiveness of any mitigation plans put in place.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.4 Reporting (continued)

The statutory actuary prepares a Financial Condition Report (FCR) every year as part of their reporting to the Insurance Regulatory Authority and the Board. In this report, insurance risk assessments and outcomes are extensively covered and offer the Board an additional assurance on the adequacy of key controls in place in the subsidiary companies.

3.5 Policyholder behaviour risk

This is the risk of policyholders' behaviour within the insurance entities deviating from that expected, mainly due to:

- regulatory and legislative changes (including taxation);
- changes in economic conditions;
- competitor behaviour;
- policy conditions and practices;
- changes in policyholders' circumstances; and
- policyholders' perceptions.

The primary policyholder behaviour risk is termination risk. This generally arises when policyholders discontinue or reduce contributions, surrender or lapse their policies at a rate that is not in line with expectations. This behaviour results in a loss of future charges that are designed to recoup expenses and commission incurred early in the life of the contract and to provide a profit margin or return on capital. An increase in terminations generally gives rise to a loss, as the loss of future charges generally exceeds the deferred and future costs that the group applies to the modelling of policyholder benefits in these events. However, with certain products the general principle does not always apply.

For institutional business, the policyholder behaviour risk is that clients may renew the policies at lower rates than expected or that membership attrition within schemes is faster than expectations and/ or that benefit and premium increases are lower than expected resulting in reduced risk premiums and /or charges. This may lead to loss of scale resulting in increased cost ratios reducing the profit margin earned by the Group on those contracts.

In the measurement of policyholder contract values, margins as described in the accounting policies or prudential standards are added to the best estimate termination rates.

In the calculation of solvency capital requirements, allowance is made for the following risks in respect of policyholder behaviour:

- The risk that the actual level of terminations is different from expected;
- The risk of a termination catastrophe to capture a run-on-a-bank type of scenario.

Policyholder behaviour risk, in particular surrender and lapse risk, remains significant with the experience being volatile and linked in part to the economic cycle. This risk is managed through frequent monitoring of experience and actively driving retention initiatives in areas exhibiting deteriorating experience. Focusing on being customer centric, including listening to customers to understand the drivers of the experience, enables appropriate actions to be taken.

The termination experience of each intermediary's business is monitored, and appropriate action is taken when required. In addition, opportunities to switch to new generation Liberty products are periodically made available to existing policyholders.

3.6 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to undeterminable risks. Underwriting risks are the risks that future demographic or claims incidence experience will exceed the allowance for expected demographic or claims incidence experience, as determined through provisions, pricing, risk measures and value measures. Underwriting risks include, amongst others, mortality and morbidity risks, longevity risks and non-life (short-term insurance) risks.

The group views these underwriting risks as risks that are core to the business. Liberty uses its specialist skills (with assistance from reinsurers where considered necessary) to enhance risk selection for the assessment, pricing and management of these risks to generate favourable shareholder returns. These risks are diversified by exposure across many different lives, geographies, and product types and will generally be retained if they are within risk appetite.

Liberty continues to acquire and retain specialist skills and to actively drive specific risk selection initiatives.

3.6.1 Mortality and morbidity risk

Mortality risk is the risk of mortality (death) claims being higher than anticipated.

Morbidity risk is the risk of policyholder health related (disablement and dread disease) claims being higher than expected.

The group has the following processes and procedures in place to manage mortality and morbidity risk:

a. Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claim experience. Premium rates and product designs are updated when required. For corporate schemes, specific attention is paid to industry so that rates quoted can reflect the impact of the industry on mortality risk. Industry loadings tend to be lowest for administration type work and highest for heavy industrial work.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted, which influence pricing on the policy prior to acceptance.

Actual claims experience is monitored on a monthly basis so that deteriorating experience can be timeously identified. Product pricing and the measurement of the liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products.

Developing insights to improve risk selection will continue so as to manage new business experience appropriately within pricing and long-term expectations where relevant.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.6 Underwriting risks (continued)

3.6.1 Mortality and morbidity risk (continued)

b. Terms and conditions

The policy terms and conditions contain exclusions for non-standard and unpredictable risks that may result in severe financial loss.

Terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:

- for institutional risk business, the risk premiums are reviewable annually.

Delays in implementing premium increases and market or regulatory restraints over the extent of the increases may reduce their mitigating effects.

c. Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed are in place.

All individual business applications for risk cover are underwritten. For other smaller sums assured, the underwriting process is largely automated. For individual and institutional business, larger sums assured in excess of specified limits are reviewed by experienced underwriters and evaluated against established processes. For institutional risk business, these specified limits are scheme specific based on the size of the scheme and distribution of sums assured. Applications with sums assured above the free cover limit (FCL) are required to undergo medical tests for underwriting decisions to be made appropriately. However, the annually reviewable terms on institutional business enable premiums to keep pace with emerging claim experience.

For individual business and if the sum assured exceeds the free cover limit testing is carried out based on the assessment of the risk and the amount the sum assured exceeds the free cover limit.

Part of the underwriting process involves assessing the health condition and family medical history of applicants. Terms and conditions are varied accordingly.

Non-standard risks such as hazardous pursuits, hazardous occupations and medical conditions are assessed at underwriting stage. The expertise of reinsurers is used in the rating of non-standard risks.

Financial underwriting is used where necessary to determine insurable interest.

For institutional risk business, the exposure by entity and industry class are considered at underwriting stage to ensure that concentration risk remains within risk appetite.

d. Claims management

For morbidity and retrenchment, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

For annuities, claims management ensures that annuitants are still due payment by verifying that annuitants are still alive. In the case of income disability annuitants, claim management ensures the continued eligibility for monthly income and includes interventions that may result in the full or partial medical recovery of the claimant.

The actual disability experience is highly dependent on the quality of the claim assessments.

For non-life claims, experienced claim assessors are used to assess the validity of claims and claim amounts payable in relation to the policy terms and conditions.

e. Reinsurance

Reinsurance is used by the group to reduce exposure to a particular line of business; a particular individual; a single event; and to benefit from the risk management support services and technical expertise offered by reinsurers.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. On insurance risks measured under GMM, given that the proportion of reinsurance is fixed for life at inception of the policy, the overall reinsurance result is heavily influenced by historic reinsurance arrangements. Conversely, on insurance risks measured under PAA where underlying policyholder benefits are typically annually renewable, reinsurance is annually renewable and the reinsurance result reflects the performance of recent arrangements.

Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually.

Catastrophe reinsurance is in place to reduce the risk of many claims arising from the same event. For corporate schemes, catastrophe reinsurance is considered particularly useful to reduce the risk of multiple claims from a single event, as many lives may be in the same place at the same time. Various events are normally excluded from the catastrophe reinsurance (e.g. epidemics, pandemics, and radioactive contamination).

Reinsurance credit risk arises where a portion of risk is ceded to another insurer or reinsurer. The credit risk associated with reinsurance reduces the risk mitigating impacts of insurance in the assessment of risk margins and capital requirements. The management of reinsurance credit risk management forms part of broader credit risk management.

f. Allowance in policyholder liabilities and capital requirements

In the measurement of policyholder liabilities, margins as described in the accounting policies or prudential standards are added to the best estimate mortality and morbidity rates.

In the calculation of solvency capital requirements, allowance is made for the following risks in respect of mortality and morbidity:

- the risk that the actual level of mortality and morbidity experience is different from that expected; and
- the risk that mortality or morbidity catastrophe events (including epidemic type events) occur.

Mortality and morbidity risk give rise to significant capital requirements in particular due to potential catastrophic events. Since it is difficult to obtain reinsurance for certain catastrophic events, such as epidemics or pandemics on reasonable terms, the mortality and morbidity capital requirements are likely to remain significant.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.6 Underwriting risks (continued)

3.6.1 Mortality and morbidity risk (continued)

Although the recent mortality experience in certain pockets is above expectation on the whole, the experience is well within statistical expectations. Liberty continues to monitor and gain insight from its experience to drive appropriate management action in underwriting, claims and pricing and react timeously to ensure appropriate risk selection.

3.6.2 Longevity risk

Longevity risk is the risk of annuitant mortality being lower than expected, that is annuitants living longer than expected.

For life annuities, the loss arises as a result of the group having undertaken to make regular payments to annuitant policyholders for their remaining lives, and possibly to the annuitant policyholders' spouses for their remaining lives. The most significant risks on these liabilities are continued medical advances and improvements in social conditions that lead to longevity improvements being better than expected.

The group manages the longevity risk by:

- annually monitoring the actual longevity experience and identifying trends over time;
- making allowance for future mortality rates falling in the pricing of new business and the measurement of policyholder liabilities. This allowance will be based on the trends identified in experience investigations and external data; and
- regularly verifying annuitants are still alive.

Claims on disability income business also give rise to annuity payments which are contingent on the claimants being alive and their continued disablement. The claims management of the disability income business is covered under morbidity risk.

3.6.3 Retrenchment risk

The Group underwrites retrenchment risk cover products and is therefore on risk for retrenchment. This is the risk of the future incidence on retrenchment benefits being higher than expected, and retrenchment income claimants re-employment rates being lower than expected resulting in claims being paid for longer. This risk is at its highest during difficult economic conditions such as the COVID-19 induced adverse economic impacts that were experienced in 2021 resulting in more people being unemployed than usual. The Group mitigates this risk by adequately pricing for it and designing retrenchment products benefit structures in a way that allows the Group to manage the retrenchment risk appropriately such as limiting the maximum period over which the benefit is payable before the policyholder is re-employed.

3.7 Expense risk

Management of expense risk is core to the insurance business. The expenses expected to be incurred on policies are allowed for in product pricing. If such expenses are considerably higher than those of insurers with competing products, the ability to sell business on a profitable basis will be restricted. This does not only have capital implications, but can also affect the ability to function as a going concern in the long-term.

For insurance risks measured under GMM, participating contracts and contracts measured under the VFA approach, allowance is made for expected future directly attributable maintenance expenses in the measurement of insurance contract liabilities. Changes in expected expenses thus result in a capitalised impact on the best-estimate liability component of these liabilities.

Expense risk is managed by:

- regularly monitoring actual expenses against budgeted expenses;
- regularly monitoring new business volumes and mix;
- regularly monitoring withdrawal rates including lapses; and
- implementing cost control measures in the event of expenses exceeding budget or of significant unplanned reductions in the number of in-force policies.

3.8 New business risks

This can arise from actual volume, mix and/or quality of new business deviating from that expected.

Liberty's new business value for long-term insurance products has been well below growth expectations because of lower margins on products sold and lower than budgeted sales volumes. Although new business volumes have grown in 2024, the volume of new business on some key product lines remains below budget expectations. Various strategic initiatives are in place to address this.

3.8.1 General insurance

Liberty has two subsidiaries, namely Heritage Kenya and Heritage Tanzania, which conduct general insurance business in the East Africa region, including medical expense cover.

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.8 New business risks (continued)

3.8.1 General insurance (continued)

The following classes of short-term insurance business are covered:

Class of business definition

Medical expense	Cover for personal medical expenses.
Fire	Cover against loss or damage to property due to fire, explosion, storm and other occurrences customarily included.
Motor	Cover for losses arising out of the use of motor vehicles, inclusive of third-party risks but exclusive of transit risks.
Liability	Provides indemnity for actual or alleged breaches of professional duty arising out of the insured's activities, indemnifies directors and officers of a company against court compensation and legal defence costs, provides indemnity for the insured against damages consequent to a personal injury or property damage.
Personal accident	Provides financial compensation for the insured person sustaining bodily injury, solely and directly caused by accidental, violent, visible and external means, and which shall within 12 calendar months result in death, disablement or the incurring of medical expenses.
Other	Classes of business not included under those listed above. These include engineering, workmen's compensation, marine and aviation, theft, agriculture, bonds, goods in transit and glass.

The following table splits the insurance revenue, reinsurance revenue expense and IFRS 17 related experience ratios for the main classes of non-life insurance business

2024 Short-term risks arising from general insurance business – by class of insurance business	Insurance revenue KShs m	Net of reinsurance insurance revenue[1] KShs m	Claims ratio net of reinsurance[2] %	Combined ratio net of reinsurance[3] %
Medical expense	3 261	1 660	68%	83%
Fire	1 265	326	39%	89%
Motor	1 929	1 837	56%	89%
Personal liability and personal accident	1299	857	19%	79%
Other	439	170	14%	66%
Total	**8 193**	**4 850**	**51%**	**85%**

2023 restated[4] Short-term risks arising from general insurance business – by class of insurance business	Insurance revenue KShs m	Net of reinsurance insurance revenue[1] KShs m	Claims ratio net of reinsurance[2] %	Combined ratio net of reinsurance[3] %
Medical expense	2 717	1 366	66%	84%
Fire	1 103	311	13%	32%
Motor	1 909	1 846	64%	101%
Personal liability and personal accident	1 291	885	34%	73%
Other	450	152	29%	87%
Total	7 470	4 560	54%	85%

(1) *Insurance revenue less "Reinsurance expense before recoveries" as per note "Net income/expense from reinsurance contracts held".*

(2) *Insurance service expense less attributable and amortised costs plus ("Net expense from reinsurance contracts held" less "Reinsurance expense before recoveries") as a ratio of "Net of reinsurance revenue".*

(3) *Insurance service expense plus ("Net expense from reinsurance contracts held" less "Reassurance expense before recoveries") as a ratio of "Net of reinsurance insurance revenue".*

(4) *The 2023 comparatives in the table presented above have been updated to remove Heritage Tanzania results which are presented under discontinued operations.*

Risk management (continued)

for the year ended 31 December 2024

3 Insurance risk (continued)

3.8 New business risks (continued)

3.8.1 General insurance (continued)

Underwriting risks associated with short-term insurance

The risks under any one insurance contract are the frequency with which the insured event occurs and the uncertainty of the amount of the resulting claim. For a pool of insurance contracts, the principal risks are that the actual claims and benefit payments exceed the premiums charged for the risks assumed and that the reserve set aside for policyholders' liabilities proves to be insufficient.

Pricing risk

Pricing risk is managed by carefully establishing criteria by which each potential customer is allocated to the appropriate risk category, applying the underwriting rules, and by establishing prices appropriate to each risk category. Underwriting performance is measured by monitoring the claims loss ratio which is the ratio of claims to premiums.

Reserving risk

For claims that have been reported by the financial position date, expert assessors estimate the expected cost of final settlement. For expected claims that have not been reported by the financial position date an incurred but not reported (IBNR) provision is calculated using appropriate techniques. Consideration is also given to any stipulated minimum IBNR prescribed by regulations.

Using the experience of a range of specialist claims assessors, provisions are reviewed at least annually to ensure they are sufficient.

Reinsurance risk

Reinsurance is used to manage insurance risk and consequently the Group is exposed to the credit risk of the reinsurers. The Group acknowledges the existence of reinsurance domestication/ localisation laws in Kenya and Tanzania whereby local reinsurers must be used and exhausted first with international reinsurers only being used subject to obtaining regulatory exemption for special risks that cannot be reinsured locally. In Kenya and Tanzania there are minimum regulatory compulsory cessions to named local reinsurers. These requirements to an extent restrict the Group to use only the approved reinsurers in these markets to the extent required by the regulations. The Group complies with all these reinsurance laws and regulations.

A detailed credit analysis is conducted prior to the appointment of reinsurers. Cognisance is also taken of the potential future claims on reinsurers in the assessment process. Financial strength, performance, track record, relative size, ranking within the industry and credit ratings of reinsurers are considered when determining the allocation of business to reinsurers. In addition, efforts are made to appropriately diversify exposure by using several reinsurers. A review of these reinsurers is done at least annually.

Catastrophic risk

Catastrophic risk has the potential to cause significant loss or impact on current year earnings and capital through a single event or a number of correlated events.

Reinsurance and the diversification of types of short-term insurance offered are used to reduce risks from single catastrophic events or accumulations of risk. Various reinsurance arrangements are in place, with retention levels and catastrophe cover levels varying by line of business.

The aggregate risk exposure to medical expenses is managed through claim limits by loss event within the terms of each policy.

3.9 Expense and new business risks

Expense risk is the risk of changes in future expense expectations from those assumed in the calculation of expected financial outcomes e.g. the actual cost per policy or expense ratio differs from that assumed in the pricing or valuation basis.

New business risk is the risk of the value of new insurance business deviating from that expected in calculating expected financial outcomes. This can arise from actual volume, mix and/or quality of new business deviating from that expected. New business strain is included in this risk type.

Allowance is made for expected future maintenance expenses in the measurement of long-term policyholder contract values using a cost per policy methodology. For short-term insurance, allowance is made for the expected expense ratio in pricing and assessing the profitability of policyholder contracts. These expected expenses are dependent on estimates of the number of in-force and new business policies. As a result, the risk of expense loss arises due to expenses increasing by more than expected as well as from the number of in- force and/ or new business policies being less than expected.

The group manages the expense and new business risk by:

- regularly monitoring actual expenses against budgeted expenses;
- regularly monitoring new business volumes and mix;
- regularly monitoring withdrawal rates including lapses; and
- implementing cost control measures in the event of expenses exceeding budget or of significant unplanned reductions in the number of in-force policies.

In the measurement of policyholder liabilities, a margin as described in the accounting policies is added to the best estimate expenses. In the calculation of capital requirements, allowance is made for the following risks in respect of expenses:

- the risk that the actual level of expenses is different from expected; and
- the risk that the rate at which the group's expenses increase is greater than assumed relative to the rate of inflation. The risk that inflation is higher than expected is treated as a market risk.

Even though expense risk does not give rise to large capital requirements, the management of expense risk is core to the business. The expenses that the group expects to incur on policies are allowed for in product pricing. If the expenses expected to be incurred are considerably higher than those of other insurers offering competing products, the ability of the group to sell business on a profitable basis will be impaired. This not only has capital implications but can also affect the group's ability to function as a going concern in the long-term.

Risk management (continued)

for the year ended 31 December 2024

4 Market risk

4.1 Definition

Market risk is the risk of adverse financial impact resulting, directly or indirectly, from fluctuations in equity prices, interest rates, foreign currency exchange rates, property values and inflation as well as any changes in the implied volatility assumptions associated with these variables.

4.2 Ownership and accountability

The group's market risk policy establishes a set of governing principles for the identification, measurement, monitoring, management and reporting of market risk across the group. It supports the overarching risk management framework with respect to market risk.

The investment committees, which are sub-committees of the boards, are charged with ensuring that market risk remains within approved risk limits.

External asset managers are responsible for managing investment asset portfolios and must manage investment risks within their mandates. Oversight of investment performance risk is provided by the investment committees through the monitoring of asset managers and the setting of appropriate policyholder fund mandates.

The Head of Risk provides independent oversight of the adequacy and effectiveness of market risk management processes across the group and reports material risks to the respective ARCs.

4.3 Risk identification, assessment and measurement

Identification of market risk is fundamental to the group's approach to managing market risk.

In the case of market risks which arise from an insurance/ investment product, identification and measurement requires an evaluation of the product's design, whether it is an existing product or a new product proposal, to ensure a thorough understanding of the market risk implications of the product.

In the case of market risks which arise from shareholders' equity, the risk may be identified and measured by considering the market risks that apply to the assets in which these funds have been invested.

Once identified and measured, an assessment of the risk is performed. Risk assessment considers:

- The extent to which the group wishes to maintain the market risk exposure on a long-term strategic basis. This includes market risks arising from assets supporting the shareholder capital;
- The extent to which the group does not wish to maintain exposure on a long-term strategic basis (as the risk is not expected to provide an adequate return on capital over time) and the extent to which the risk may be mitigated (either through improved product design or through open market activity); and
- The extent to which the group does not wish to maintain the exposure but, due to the nature of the risk, is unable to adequately and/or economically mitigate these risks through hedging. Whilst these risks cannot necessarily be hedged, they are identified, measured, monitored and managed as far as possible.

4.4 Risk management

The group offers a range of risk, savings and investment products, undertaken within the regulations of the Kenya Insurance Act of 1987 and Tanzania Insurance Act of 2009. These products (issued under policyholder contracts) result in market risk exposures due to certain fee revenue being based on values of investment components, underlying investment guarantees granted to policyholders that are embedded within these products, activities of acquiring assets to match benefits in certain contracts, as well as interest rate risk associated with long-dated contracted cashflows.

Under the company's board-approved balance sheet management framework, certain market risk exposures are retained. This is to aid regulatory capital coverage ratio stability whilst limiting earnings volatility. These exposures are in addition to other assets exposures held on the Company's balance sheet for strategic reasons.

The company manages the underlying market risk associated with investment guarantees, matching asset requirements and long-dated cashflows within a comprehensive risk management framework as part of the Asset Liability Management (ALM) Portfolio.

IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

Liberty policyholder contracts are, from an accounting measurement perspective, divided between IFRS 17 and IFRS 9 guidance. However, Liberty does not segregate its asset liability matching activities depending on which IFRS standard applies and manages market exposures on an aggregate net basis across the full financial position, including all policyholder contracts.

Consequently, insurance finance income or expenses derived from IFRS 17 measurement application should be analysed together with IFRS 9 finance income or expense measurement outcomes for policyholder investment contracts. In addition, the net financing return will represent the financial outcome of all shareholder market exposures.

Liberty's market exposures are split between the Shareholder Portfolio and the Policyholder Portfolio

Liberty's Shareholder Portfolio consists of:

- The Shareholder portfolio where shareholder assets equal to the board-approved multiple of the solvency capital requirement amount is largely invested in cash instruments in line with the in-country investment regulations for insurance companies and the board's risk appetite.
- Assets to fund other working capital requirements of the company other than to meet policyholder liabilities.

Risk management (continued)

for the year ended 31 December 2024

4 Market risk (continued)

4.4 Risk management (continued)

Liberty's Policyholder Portfolio consists of:

- Assets that back policyholder liabilities. The assets include cash, equities and debt instruments and are regularly rebalanced to manage the underlying market risk and aimed at minimising earnings volatility. During the time when premiums are not yet received, the policyholder liability raised against such policies is typically deemed to be backed by the Premium debtors until the premium payment is received.

Net financing return in profit and loss

The following profit and loss items in the company's statement of comprehensive income will in aggregate closely reflect the market return outcome of the management of the Shareholder Portfolio and the Poliycholder Portfolio. All the financial assets, investment properties and financial liabilities in the company are measured at fair value to allow for the best commercial performance evaluation. Key drivers of the result include:

- Return on strategic shareholder assets within the Shareholder Portfolio.
- Impact of market returns (mostly interest rate risk) on retained market risk held within the Shareholder Portfolio. In regard to participating contracts measured under IFRS 17, most of the market risk retained with respect to fees charged on underlying investment portfolios is less volatile in profit or loss, due to the impact of the measurement model absorbing or deferring the volatility into the CSM.
- Residual mismatch outcomes on asset liability matching on policyholder investment-linked asset portfolios and working capital, which are managed to a minimum.

Kshs m	2024	2023
Investment Income	**2 516**	1 799
Investment fair value gains/(losses)	**2 412**	(1 167)
Fair value adjustments to financial liabilities	**(127)**	(91)
Insurance finance expenses	**(2 598)**	(386)
Total fair value adjustment to financial liabilities	**2 203**	**155**

4.5 Market risk sensitivities

Sensitivities indicating the impact of changes in key assumptions have been prepared by applying stresses at the financial position date. These sensitivities have been calibrated to moderately severe (1-in-10 year) stresses regularly used in the group's earnings-at-risk risk appetite metric. The 1-in-10-year stresses replace the sensitivities reported in previous years, which were based on management's judgement of reasonably likely annual possible changes in respective variables on a through the economic cycle basis. Each of the presented sensitivities is applied in isolation with all other assumptions left unchanged.

Aligned to market exposures being managed through an overall balance sheet approach that aggregates market positions and manages these exposures within overall group risk appetite limits and specific mandates, the sensitivities disclosed have been applied to all financial instruments (IFRS 9), insurance contracts (IFRS 17) and investment properties (IAS 40) where applicable. The sensitivities are presented in totality including applicable taxation to reflect the net impact to ordinary shareholder equity.

For long-dated policyholder contracts, the calculation allows for the change in the fulfilment cash flows (including the risk adjustment) of the contracts under the stress as well as how much of this impact adjusts the CSM. This is applicable to contracts measured under the variable fee approach. Consistent with the required mechanics of the CSM, the calculation is performed at a CSM group level and considers the impact of risk mitigation under market risk stresses in line with the group's balance sheet management strategy.

For investment contracts, measured under IFRS 9, the expected service fees less expenses over the next 12 months are stressed under each of the applicable stresses. Other than the impact to the one-year future fees charged, there are no other significant impacts from the market risk sensitivities as it is the group's adopted risk mitigation action to mirror (i.e., acquire) actual investments that link closely to the contractually defined referenced assets in the policy. This is to avoid mismatch risk.

The table below provides a description of the sensitivities provided on market risk assumptions.

Market risk variable	Description of sensitivity
Interest rate yield curve	An absolute change in the interest rate yield curve
Property prices	A relative change in property valuations
Equity prices	A relative change in local and foreign equity prices
Kenya shillings exchange rates	A relative change in the KShs exchange rate to all applicable currencies

In some cases, such as due to hedging dynamics or caps on certain exposures, changes to certain economic or policyholder behaviour assumptions do not result in linear impacts to policyholder contract liabilities and ordinary shareholders' equity. Sensitivities are therefore generally provided showing both an increase and decrease in the parameters, where the impacts may not be symmetrical.

Instantaneous stresses are applied to both liabilities and assets and their values recalculated due to the change in the market prices. For interest rate yield curve sensitivities, the assumptions used in the measurement of policyholder contract values that are dependent on interest rate curves are also updated. All the assets held by the group, and not just assets backing the policyholder contract values, are stressed to arrive at the expected impact on ordinary shareholders' equity. Given hedging is typically performed based on net market risk exposures aggregated across the life insurance business, it is not practical, and it is not considered relevant or useful to disaggregate this information into IFRS 17 defined reportable groups or any other product segmentation.

Risk management (continued)

for the year ended 31 December 2024

4 Market risk (continued)

4.5 Market risk sensitivities (continued)

The net of reinsurance impacts on shareholder equity and attributable profit in the table have been presented after allowing for CSM absorption. Due to the impact of market risks on reinsurance contracts being immaterial, the table only shows the net of reinsurance impacts on attributable profit. The impact on the CSM, increase or (decrease) is also included in the table to provide additional insights as to the CSM dynamics and the resultant effective deferral of the impact on attributable profit to future years.

Liberty elected not to apply the risk mitigation option in respect of exposures hedged in relation to all its participating contracts measured under the IFRS 17 variable fee approach due to the company not having access to suitable derivatives to support a driven asset-liabilities hedging programme. This resulted in all the in-year fee variances flowing through to the CSM.

Assumption description	Change in variable[(1)]%	Impact on ordinary shareholders' equity and attributable profit (net of reinsurance and taxation)	Impact on CSM net of reinsurance and taxation)
KShs m			
2024			
Market assumptions			
Interest rate yield curve	+1[2]	132.0	16.8
	-1[2]	(164)	(17.4)
Property prices	+14	45.9	5.8
	-14	(45.9)	(5.8)
Equity prices	+25[3]	22.4	18.5
	-25	(22.4)	(18.5)
Ksh exchange rates	+21[4]	N/A	N/A
	-19[5]	N/A	N/A
2023			
Market assumptions			
Interest rate yield curve	+12	88	14.0
	-12	(106)	(14.4)
Property prices	+14	21.7	6.2
	-14	(21.7)	(6.2)
Equity prices	+25[3]	20.9	14.2
	-25	(20.9)	(14.2)
Ksh exchange rates	+21[4]	N/A	N/A
	-19[5]	N/A	N/A

(1) *The sensitivities reflect 1-in-10 year stresses.*

(2) *All changes in variables are applied as a relative stress percentage, except for the yield curve stresses which are 1% up or down absolute stresses.*

The 1% absolute yield curve stresses are less severe than the earnings-at-risk stresses which vary by term on the yield curve. The provided parallel stresses are expected to be more useful to users of the sensitivities.

The impacts reflected exclude second-order impacts on property valuations.

(3) *Increase in local and global equity prices.*

(4) *Weakening of the KShs.*

(5) *Strengthening of the KShs.*

Risk management (continued)

for the year ended 31 December 2024

4 Market risk (continued)

4.6 Aggregate market risk by asset or liability class for financial instruments

Information in this section does not distinguish between whether policyholders or Liberty's shareholder is bearing the market risk. Amounts hence reconcile to the statement of financial position.

4.6.1 Interest rate risk

The tables below show financial instrument assets and liabilities directly and primarily exposed to interest rate risk. Due to practical considerations, interest rate risk details contained in investments in non-subsidiary mutual funds and investment policies are not provided.

Accounts receivable and accounts payable are not included in the analysis below as settlement is generally expected within 90 days. The effect of interest rate risk on these balances is considered insignificant given the short-term duration of the underlying cash flows.

Financial instrument assets by term to maturity and type of interest

(Debt instruments, collateral deposits receivable, cash and cash equivalents)

4.7 Market risk by asset or liability class for financial instruments

Financial instrument assets by term to maturity and type of interest

(Debt instruments, collateral deposits receivable, cash and cash equivalents)

Amount by maturity date KShs m	2024		2023	
	Fixed	Total	Fixed	Total
Within 1 year	**16 563**	**16 563**	19 068	19 068
1 – 5 years	**14 865**	**14 865**	12 152	12 152
6 – 10 years	**1 665**	**1 665**	2 220	2 220
11 – 20 years	**326**	**326**	397	397
Over 20 years	**2**	**2**	–	–
Variable	**–**	**–**	–	–
Total	**33 421**	**33 421**	33 837	33 837

The assets of KShs 16 563 million included within 1 year are repriced weekly or monthly as they are invested in call deposits and short term instruments.

4.7.1 Currency risk

The majority of the group's assets and liabilities are Kenya shilling denominated.

The following table shows a breakdown of Liberty's foreign assets by currency.

Foreign currency exposure KShs m	2024	2023
Assets		
United States Dollar	**306**	69
Tanzanian Shilling	**5 334**	5 962
Total financial and reinsurance assets by currency	**5 640**	6 031
Liabilities		
Tanzanian Shilling	**4 480**	5 161
Total financial and insurance liabilities by currency	**4 480**	5 161

Risk management (continued)

for the year ended 31 December 2024

4 Market risk (continued)

4.7 Market risk by asset or liability class for financial instruments (continued)

4.7.2 Property market risk

The group's direct exposure to property holdings at 31 December is as follows:

KShs m	2024	2023
Owner-occupied properties	**1 216**	1 216
Gross direct exposure	**1 216**	1 216
Net exposure	**1 216**	1 216
Concentration use risk within directly held properties is summarised below:		
Office buildings	**1 216**	1 216
Gross direct exposure	**1 216**	1 216

Directly held properties have been classified according to their main value in use.

4.8 Diversification benefits

The group's risk profile, and hence its capital requirements, benefits from the fact that various risks are not 100% correlated and as a result, it is unlikely that they crystalise simultaneously. In measuring and monitoring the risk profile, and associated capital requirements, allowance is made for this diversification benefit. Risk preferences may be adjusted from time-to-time to optimise the diversification benefit. Despite this, individual risks and the appropriateness of various models employed continue to be carefully monitored in recognition of the fact that correlations tend to converge to 100% in times of significant stress.

Risk management (continued)

for the year ended 31 December 2024

5 Credit risk

5.1 Definition

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of counterparties and any debtors to which shareholders and policyholders are exposed. Credit risk is measured as a function of probability of default (PD), exposure at default (EAD) and the recovery rates (RR) post a default.

5.2 Taking of credit risk

Liberty has a strong credit risk sanctioning and monitoring capability. This capability enables Liberty to accept the risks inherent in the credit book. These credit risks are partially a function of Liberty's core business activities, but also as part of a deliberate decision by Liberty to add credit risk exposures to diversify the risks on the balance sheet and to generate attractive risk-adjusted returns for shareholders.

Looking forward, the economic uncertainty in Kenya as well as globally has increased the possibility of credit losses.

5.3 Management and measurement

The board has delegated credit risk management to the subsidiary investment committees.

Day-to-day management of credit risk is internally managed in Tanzania and has been mandated to external asset managers in Kenya. The investment committees are made up of professionals with experience from the banking sector as well as representatives from Liberty in order to ensure a robust credit process and independent decision-making.

Credit risk is subject to a robust credit analysis, review and approval process. After origination, exposures are closely monitored and steps taken to mitigate risks if a deterioration becomes evident.

The investment committees exercise oversight on the activities of the asset managers managing credit risk for Liberty under mandate.

Regardless of whether the credit risk taken is for the risk and reward of the shareholders or policyholders, Liberty recognises the need for credit to be originated and managed within a prudent and disciplined risk management framework. Where credit risk is for the risk and reward of policyholders, Liberty is still exposed to indirect consequences of the credit loss such as possible reputational damage, legal disputes and portfolio outflows.

The risk function is responsible for oversight of all material credit risk. It establishes and defines the overall framework for the consistent governance, identification, measurement, monitoring, management and reporting of credit risk. Risk also tracks concentrations and trends that may arise in the credit portfolio.

Significant shareholder and policyholder credit exposures are reported to the respective subsidiary boards.

5.4 Characteristics of credit risk exposures

Through the investment activities of mandated asset managers, Liberty largely constrains its credit risk exposures to more liquid credit instruments, with considerable bias to sovereign debt instruments.

Overall, the credit risk exposures at 31 December 2024 remains heavily weighted towards Kenyan and Tanzania counterparties including government and top tier Kenyan and Tanzania banks.

5.5 Rating methodology

For the purposes of this report, standard rating classifications used by external ratings agencies have been applied.

Rating scale

Where applicable, internal ratings are mapped to equivalent external rating agencies' (Moody's, Standard and Poor's) rating scales. These external, globally recognisable rating categories are defined below.

Investment grade

A- and above	Strong to extremely strong capacity to meet financial commitments.
BBB	Adequate capacity to meet financial commitments, but vulnerable to severe adverse economic conditions.

Non-investment grade

BB	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
Below BB	Vulnerable to adverse business, financial and economic conditions.

The above ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Not rated

Liberty is not restricted to investing purely in rated instruments, or where counterparties are rated, and accordingly invests in assets that offer appropriate returns after an assessment of credit risk. For most material investments in unrated instruments, or through unrated counterparties, internal ratings were undertaken. However, at any one time there will always be some unrated exposures, generally entered into through asset managers, where the internal ratings methodology has not been applied. This does not imply that the potential default risk is higher or lower than for rated assets.

Exposure to prepayments, insurance and other receivables is predominantly not rated due to the large number of counterparties and the short period of credit exposure. This credit exposure is managed by the respective subsidiary management.

5.6 Credit exposure

The following table provides information regarding the aggregated credit risk exposure of the group to debt instruments categorised by credit ratings (if available) at 31 December. The table has been updated to include prepayments and other receivables.

Risk management (continued)

for the year ended 31 December 2024

5 Credit risk (continued)

5.6 Credit exposure (continued)

The carrying amounts to represent the maximum exposure to credit risk at 31 December.

KShs m	A- and above	BBB+	BBB	BB+	BB	BB- and below	Not rated	Total
2024								
Debt instruments	**27 601**	–	–	–	–	–	**542**	**28 143**
Listed term deposits	**27 601**	–	–	–	–	–	–	**27 601**
Unlisted term deposits	–	–	–	–	–	–	–	–
Loans	–	–	–	–	–	–	**542**	**542**
Reinsurance contract assets	**245**	–	–	**1 639**	–	–	–	**1 884**
Prepayments and other receivables	–	–	–	–	–	–	**756**	**756**
Cash and cash equivalents	**932**	**4 202**	–	**3 975**	–	–	–	**9 109**
Total assets bearing credit risk	**28 778**	**4 202**	–	**5 614**	–	–	**1 298**	**39 892**
Local	**28 778**	**4 202**	–	**5 308**	–	–	**1 298**	**39 586**
Foreign	–	–	–	**306**	–	–	–	**306**
2023								
Debt instruments	20 274	–	–	–	–	–	706	20 980
Listed term deposits	20 274	–	–	–	–	–	–	20 274
Unlisted term deposits							71	71
Loans	–	–	–	–	–	–	635	635
Reinsurance contract assets	383	–	–	5 354		–	–	5 737
Prepayments and other receivables							882	882
Cash and cash equivalents	3 078	4 338	5 441	–	–	–	–	12 857
Total assets bearing credit risk	23 735	4 338	5 441	5 354	–	–	1 588	40 456
Local	23 735	4 338	3 878	5 354	–	–	1 539	38 844
Foreign	–	–	1 563	–	–	–	49	1 612

5.7 Reinsurance assets

Reinsurance is used to manage insurance risk and consequently the group is exposed to the credit risk of the reinsurers. Liberty acknowledges the existence of reinsurance domestication / localisation laws in Kenya and Tanzania whereby local reinsurers must be used and exhausted first with international reinsurers only being used subject to obtaining regulatory exemption for special risks that cannot be reinsured locally. In both Kenya and Tanzania there are minimum regulatory compulsory cessions to named local reinsurers as well as the per policy cession requirement in Tanzania. These requirements to an extent restrict the Group to use only the approved reinsurers in these markets to the extent required by the regulations. The Group complies with all these reinsurance laws and regulations.

A detailed credit analysis is conducted prior to the appointment of reinsurers. Cognisance is also taken of the potential future claims on reinsurers in the assessment process. Financial strength, performance, track record, relative size, ranking within the industry and credit ratings of reinsurers are considered when determining the allocation of business to reinsurers. In addition, efforts are made to appropriately diversify exposure by using several reinsurers. A review of these reinsurers is done at least annually.

5.8 Other receivables

Liberty has formalised procedures in place to collect or recover amounts receivable. In the event of default, these procedures include listing with the credit reference bureau and the use of debt collectors. Full impairment is made for non-recoverability as soon as management is uncertain as to the recovery.

Investment debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment. Established broker relationships and protection afforded through the rules and directives of the Nairobi Securities Exchange further reduce credit risk.

5.9 Capital requirements

The capital requirements allow for credit risk by increasing the current risk spreads on the assets proportionally by a specified amount assumed to occur in a severe credit risk event.

Risk management (continued)

for the year ended 31 December 2024

6 Liquidity risk

6.1 Definition

Liquidity risk is the risk that a legal entity cannot maintain, or generate, sufficient cash resources to meet its payment obligations in full as they fall due or can only do so at an unsustainable cost or at materially disadvantageous terms.

Liberty is exposed to liquidity risk in the event of heightened benefit withdrawals and risk claims where backing assets cannot be readily converted into cash.

6.2 Ownership and accountability

Liberty's liquidity risk policy establishes common principles of managing liquidity risk across the group and is approved by the respective boards. The policy, including requirements in respect of risk metrics and contingency planning, is implemented under the oversight of the group liquidity risk function.

6.3 Risk identification, assessment and measurement

Liberty's approach to measuring liquidity risk is aligned to international best practice standards. Risk identification applies to liquidity requirements that are known in advance as well as to unknown liquidity requirements that are typically contingent on the occurrence of another event.

The identification of contingent liquidity requirements necessitates an assessment of relevant liabilities as well as new and existing product designs. Assurance functions at group and in-country are actively involved in reviewing new product designs to ensure a thorough understanding of the liquidity risk implications of each product.

The liquidity assessment at 31 December 2024 indicates a healthy surplus of sources of liquidity available to meet stressed outflows across the Liberty balance sheet.

6.4 Risk management

The Investment committees manage the material liquidity risks in accordance with applicable regulations and the Liquidity Risk Strategy, as approved by the subsidiary boards. The risk is managed within approved risk limits and with oversight from assurance functions both at group and in-country.

Liquidity risk arising from contractual agreements and policyholder behaviour is primarily managed by matching liabilities with backing assets that are of similar maturity, cash flow profile and risk nature. A variety of tools are available to manage remaining cash flow mismatches. These tools enable non-cash liquid assets, held in the liquid asset buffer, to be easily converted into cash.

Where the group purchases backing assets that have predictable cash flow profiles, but which give rise to structural liquidity mismatches between projected cash inflows and outflows, the liquidity position is actively managed to prevent any undue future liquidity strains.

6.5 Risk reporting

Liquidity risk reports are produced regularly and are used to help manage liquidity risk. Detailed reporting is provided to the Investment committees with additional reporting being provided to the ARC on a quarterly basis.

6.6 Liquidity profile of assets

The majority of Liberty's assets match its liabilities from a liquidity perspective, including both investment-linked business and investment guarantees.

The table below breaks down the group's assets according to time to liquidate. It is worth noting that, in a stressed environment, the market value of these assets is likely to be negatively affected.

	2024		2023	
Financial and property liquidity	**%**	**KShs m**	**%**	**KShs m**
Liquid assets (realisable within one month e.g. cash, listed equities, term deposits)	**80**	**38 661**	76	33 171
Medium assets (realisable within six months e.g. unlisted equities, certain unlisted term deposits, assets held for sale)	**12**	**5 882**	2	1 000
Illiquid assets (realisable in excess of six months e.g. investment properties)	**8**	**3 606**	22	9 590
Total	**100**	**48 149**	100	43 761

Risk management (continued)

for the year ended 31 December 2024

6 Liquidity risk (continued)

6.7 Liability profile

Liberty projects both expected and stressed cash flow profiles of its liabilities and ensures that sufficient high quality liquid assets are held to meet its liquidity requirements.

Liquidity risk arises mainly as a result of changes to expected lapse, mortality and longevity experience relative to assumptions, client disinvestment from investment portfolios housing illiquid assets.

Policy terms and conditions generally limit the extent of Liberty's liquidity exposure by applying notice periods for large disinvestments and/or restricting claims to the value at which assets are realised in the event of sale.

The tables below illustrate the maturity profile of the group's financial instrument liabilities and the expected liability cash flows arising out of policyholder investment contracts.

6.7.1 Maturity profile of financial instrument liabilities

The table below summarises the maturity profile of the financial instrument liabilities of Liberty based on the remaining undiscounted contractual obligations. These figures will be higher than amounts disclosed in the statement of financial position (where the effect of discounting is taken into account) except for short duration liabilities. Financial liabilities under investment contracts were previously presented together with insurance contract liabilities but have now been included on a contractual cash flow basis with other financial instrument liabilities for both years. The following table has been updated to include lease liabilities.

	Contractual cash flows (excluding IFRS 17 insurance contract balances)					
KShs m	**0 - 3 months[1]**	**3 - 12 months**	**1 - 5 years**	**5 - 10 years**	**Variable**	**Total**
2024						
Other payables	**1 566**	**–**	**–**	**–**	**–**	**1 566**
Financial liabilities under investment contracts	**128**	**10 893**	**–**	**–**	**–**	**11 021**
Financial liabilities	**211**	**–**	**14**	**–**	**–**	**225**
Lease liabilities	**4**	**33**	**30**	**–**	**–**	**67**
Total	**1 944**	**10 926**	**44**	**–**	**–**	**12 914**
Percentage portion (%)	**15**	**85**	**–**	**–**	**–**	**100**
2023						
Other payables	1 351	480	–	–	–	1 831
Financial liabilities under investment contracts	–	7 088	–	–	–	7 088
Financial liabilities	94	–	86	–	–	180
Lease liabilities		37	97			134
Total	1 445	7 605	183	–	–	9 233
Percentage portion (%)	16	82	2	–	–	100

[1] *0 – 3 months are either due within the time frame or are payable on demand.*

6.7.2 Expected cash flows from insurance business

The tables below give an indication of liquidity needs in respect of cash flows required to meet obligations arising from insurance business.

The amounts in the investment-linked liabilities cash flow table represent the expected cash flows arising from the value of units, allowing for future premiums (excluding future non-contractual premium increases), growth, benefit payments and expected policyholder behavior. The amounts in the non-investment-linked liability cash flow table represent the expected cash flows from the non-investment-linked liabilities.

Undiscounted cash flows are shown, and the effect of discounting is taken into account to reconcile to total liabilities and assets. For investment-linked contracts, the cash flows relating to the DPF portion are assumed to occur in proportion to the cash flows of the guaranteed units. The cash flows for the guaranteed element and the non-guaranteed element of insurance contracts with DPF have been combined and are included in the investment-linked section of the cash flow table.

In respect of annually-renewable risk business (namely lump sum group risk business, group disability business and credit life business) no allowance has been made for the expected cash flows except in respect of incurred but not reported claims (IBNR) and disability income annuities in payment where applicable.

Risk management (continued)

for the year ended 31 December 2024

6 Liquidity risk (continued)

6.7 Liability profile (continued)

6.7.2 Expected cash flows from insurance business (continued)

The liabilities in respect of embedded derivatives are assumed to run off in the same proportion as the investment-linked cash flows that give rise to them.

2024 **Expected cash flows (KShs m)**	**Life insurance contracts measured under GMM**	**Life insurance contracts measured under PAA**	**Life participating contracts measured under VFA**	**Investment contracts with DPF**	**Reinsurance contracts held**	**Total**
Within 1 year	(359)	993	925	–	(32)	1 527
1 – 2 years	(220)	3	1 013	–	–	796
2 – 3 years	(135)	3	698	–	–	566
3 – 4 years	(55)	6	1 048	–	–	999
4 – 5 years	54	11	1 947	–	–	2 012
Over 5 years	9 178	193	8 224	–	–	17 595
Effect of discounting cash flows	(7 172)	(28)	(4 321)	–	–	(11 521)
Net policyholder best estimate liabilities/ (assets) and LIC	1 291	1 181	9 534	–	(32)	11 974
Amount payable on demand	1 387	–	8 876	–	–	10 263
2023 restated[1]						
Expected cash flows (KShs m)						
Within 1 year	(280)	1 000	(292)	2 679	(163)	2 944
1 – 2 years	(196)	3	315			122
2 – 3 years	(112)	3	806	–		697
3 – 4 years	(41)	4	936	–		899
4 – 5 years	15	11	1 382	–		1 408
Over 5 years	7 831	158	8 284	–		16 273
Effect of discounting cash flows	(6 555)	(7)	(3 465)	–		(10 027)
Net policyholder best estimate liabilities/ (assets) and LIC	662	1 172	7 966	2 679	(383)	12 316
Amount payable on demand	891	176	7 696	2 629		11 442

(1) *The 2023 comparatives in the table presented have been updated with the change in reportable groups. Refer note 40.*

6.8 Capital requirements

Liberty's view is that liquidity risk is more appropriately managed by means of a sophisticated liquidity risk management framework such as that outlined above rather than by holding additional capital. Holding a large amount of capital may provide only a small buffer to an extreme liquidity event where assets and liabilities are not well matched. It is much more effective to hold a liquid asset buffer (which may come as an opportunity cost) to ensure sufficient liquidity in a stressed event.

As Liberty is ultimately a subsidiary of Standard Bank Group Limited, it is also included in the group wide liquidity risk stress testing and planning undertaken by Standard Bank.

Risk management (continued)

for the year ended 31 December 2024

7 Operational risk

7.1 Definition

Liberty defines operational risk as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events.

Whilst the definition includes business conduct, financial crime, compliance and legal risk, these receive additional focus and are hence considered as separate risk categories within Liberty's risk taxonomy. Operational risk excludes risks arising from strategic decisions. Technology, cyber, third party, data and information risks are material components of operational risk.

Operational risk is recognised as a distinct risk category which the group strives to manage within acceptable levels through sound operational risk management practices which are regularly reviewed and enhanced.

Liberty also operates a robust business continuity capability which is considered a key component of managing operational risk.

7.2 Approach to managing operational risk

Operational risk exists in the natural course of business activities. The approach to managing operational risk recognises that it is neither possible nor commercially viable to eliminate all operational risk and hence applies fit-for-purpose mitigation practices to achieve an optimal operational risk profile. Operational risk is not typically taken in exchange for reward, however, management seeks as far as possible to limit any negative financial, reputational, customer, staff and regulatory impact.

The operational risk policy is aligned to the group's risk management framework and sets out minimum requirements for identification, assessment, management, monitoring and reporting of operational risk. This is achieved through developing a robust understanding of the risks by conducting self-assessments, measuring and monitoring key indicators, managing operational risk events (including near misses) and taking appropriate actions to mitigate risks.

Management of operational risk is the responsibility of senior management. They are guided and supported by various risk specialists that are part of an operational risk function.

7.3 Insurance cover for operational risk

A comprehensive short-term insurance programme is in place which addresses the diversified requirements of the group. The programme includes the following cover:

- Directors and officers liability
- Crime and professional indemnity
- Public liability
- All risks for assets
- Motor fleet

7.4 Capital requirements

An allowance for operational risk is made in the calculation of the regulatory capital amount.

7.5 Reporting

The preparation of quarterly risk reports forms an integral part of monitoring the group's overall operational risk profile. The content of reports is subject to robust review and challenge through the ARC.

Operational risk reports include information relating to:

- Key operational risks
- Material operational risk incidents
- Key indicators
- Control environment.

7.6 Management of key operational risks

Operational risk management is a high priority for Liberty. Complexity is a key causal factor for operational risks. A number of ongoing technology and process initiatives are in place and continue to make progress in reducing complexity and streamline systems and processes.

People risk

People risk is defined as the risk of an adverse business impact arising from inadequate practices for the recruitment, development, management and/ or retention of employees and contractors. It also includes the risk of business impact due to insufficient people capacity, capabilities, skills and/or inappropriate behaviour.

The group continues to place significant focus on its people. There are processes in place to continuously assess (through surveys, employee engagement and research) and enhance policies and practices employed to ensure that suitable people are attached to roles and there is sufficient support for them to perform and grow. The availability of appropriately qualified and skilled individuals in the market remains a challenge. Liberty has initiatives in place to continue building this skills base internally by ensuring robust development plans and opportunities for individuals.

Information security risk (including cyber risk)

Liberty defines information security risk as the risk of intentional and/or unauthorised use, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity or availability of information. The global cyber risk threat is dynamic and continuously changing.

Liberty's information security teams monitor cyber threats, amongst others, through a well-equipped operations support team. There is continuous engagement and collaboration between the information security team and the operational risk team to ensure risks are considered more broadly than only from a technology perspective. The ARC monitor and provide oversight on risks related to technology and information assets, including cyber security, ensuring integration into the group's broader risk management system.

Liberty follows a risk-based approach to cybersecurity, being proactive whilst also ensuring a robust reactive capability. As result the program has invested in detection, prevention, testing, threat intelligence and response which is regularly tested. The goal of the risk-based cybersecurity program is appropriate risk reduction. The cybersecurity program aligns and leverages Standard Bank's extensive capability which forms an important part of Liberty's cybersecurity strategy's collaboration pillar. This includes participation in initiatives, simulations and testing, leveraging of tools and sharing of threat intelligence.

Information Technology risk

Information Technology risk refers to the risk associated with the use, ownership, operation, involvement, influence and adoption of information and technology infrastructure and applications within the group.

Risk management (continued)

for the year ended 31 December 2024

7 Operational risk (continued)

7.6 Management of key operational risks (continued)

The group is highly dependent on and constantly increasing its use of information and technology to ensure high quality of operations and customer service. Increasing legal and regulatory compliance requirements, and the importance of IT in enabling such compliance, heightens the importance of managing information and technology operations within an acceptable risk profile.

Risks are effectively managed through the three lines of defence approach, with a specific IT capability in place to ensure adequate focus on this key risk. These risks are mitigated through various controls, which are implemented and closely monitored by management. The group continuously invests in its systems and processes. Actions to reduce the likelihood of risks materialising are identified and accountabilities for remediation are driven by management.

Third party risk

Third party risk is defined as the risk of Liberty's engagements with third party suppliers resulting in reputational damage, operational and legal risk. As organisations globally become more connected, there are relationships and dependencies that become more critical to manage with third parties. These third parties include, amongst others, business and technology partners, suppliers, outsourcing partners, managed services vendors and other related business partners. Liberty places appropriate focus on ensuring risks related to third parties continue to receive attention through robust contracting and onboarding processes, and continuous relationship management, monitoring and oversight processes.

Operational process risk

Operational process risk is the risk of operational processes failing or not being effectively executed resulting in errors, incorrect payment or delays in processing of transactions. Operational process risk, specifically related to risk in operational transaction processes that may impact service to customers, is an area of key focus and monitored continuously through various risk and control practices. Operational process risk incidents are dealt with speedily to ensure limited customer impact. Ensuring a strong risk culture exists across the organisation ensures that every individual is risk aware and takes responsibility for mitigating risks associated with their operational processes.

Financial control risk

This is defined as the risk of inadequate or ineffective financial and accounting processes/controls; management and oversight resulting in a loss and incorrect decision making and reporting. This includes financial, actuarial or tax controls and balance sheet reconciliation and substantiation process. Liberty has a robust actuarial and financial control capability to mitigate this risk. The adequacy and effectiveness of these controls are reviewed by the head of the actuarial control function as well as internal and external audit.

8 Business conduct risk

8.1 Definition

Liberty defines business conduct risk as the risk of loss, whether qualitative or quantitative, caused by the inappropriate behaviour of individuals, including financial advisers and third-party service providers, or of Liberty itself, that results in poor customer outcomes, causes detriment to the financial institution or has an adverse impact on the market.

8.2 Approach to managing business conduct risk

Liberty places the customer at the heart of everything it does and operates in a manner where fair play and ethical behaviour underpin all business activities and relationships. Liberty has no appetite for deliberately or knowingly breaching legislative, regulatory and internal policy requirements.

Business conduct risk has evolved to not only include the risk of delivering poor outcomes to customers, but also the risk of loss caused by the behaviour of employees, advisers or third-party service providers. The Head of Risk is responsible for embedding the board approved business conduct risk policy and providing second line assurance for this risk type. All risks that may influence the customer outcome across the value chain are dealt with as part of this risk type, including aspects such as product design, approval of marketing material, policyholder investment performance, customer complaints and claims management.

The customer fairness committee, supported by the executive committees in each operating subsidiary, assists in achieving fair outcomes for all Liberty's customers.

Liberty supports the steps taken by the Insurance Regulatory Authorities, Retirement Benefits Authority and the Industry Body Association to improve the outcomes for all customers and will continue to work with them to achieve this.

8.3 Risk reporting

The preparation of quarterly business conduct risk reports forms an integral part of monitoring the group's overall business conduct risk. The content of reports is subject to robust review and challenge through the ARC. Reports include information relating to key business conduct risks, including material incidents, as well as conduct risk themes which the business is currently managing.

8.4 Key business conduct risks in 2024

The management of business conduct risk is a high priority for Liberty. Some of the key business conduct risks themes which were a focus in 2024 and will continue to be a focus in 2025 include:

- Advice Risk - the risk of providing inappropriate advice or not being able to demonstrate that advice was suitable at the time it was provided;
- Complexity Management - complex products and the wide range of products sold over time result in elevated conduct risk; and
- Legacy Products - historical product designs and terms and conditions may be deemed inappropriate when considered in terms of current thinking around fair treatment of, and outcomes to, customers.

Risk management (continued)

for the year ended 31 December 2024

9 Compliance and legal risk

This is the risk of loss, including legal or regulatory sanctions or damage to reputation resulting from: the failure to comply with relevant legal, statutory, supervisory or regulatory requirements; inadequacy, inaccuracy or absence of written agreements; or any type of financial crime.

Compliance risk

Compliance exposure assessments are carried out within the operating subsidiaries with oversight from the group compliance function to provide the board with independent assurance on the status of compliance within the organisation.

Liberty seeks positive and constructive engagement with its regulators and policymakers, both directly and through appropriate participation in industry forums, to partner with them in ensuring optimal regulatory outcomes for the industry and all its stakeholders.

Financial crime risk

This is defined as the risk of economic loss, reputational impact and regulatory sanction arising from any type of financial crime against the group. Financial crime includes fraud, theft, money laundering, violent/cyber-crime, bribery, corruption, collusion and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties.

Financial crime risk is managed through a combination of specialist group-wide forensics and compliance capabilities and by strengthening the risk culture to pro-actively mitigate risks and manage incidents. Focus is placed on ensuring robust prevention and detection controls are in place and are continuously enhanced based on internal and external trends.

10 Concentration risk

10.1 Introduction

Concentration risk is the risk that the group is exposed to financial loss which, if incurred, would be significant due to the aggregate (concentration) exposure the group has to a particular asset, counterparty, customer or service provider.

In addition to concentration risks detailed in previous sections, the group has identified the risks detailed below.

10.2 Asset manager allocation

The group engages the services of the following asset managers who manage assets on its behalf:

	2024 KShs m	2023 KShs m
Sanlam East Africa Limited	**10 114**	10 816
ICEA Lion Asset Managers Limited	**23 057**	17 933
Total financial and reinsurance assets	**33 171**	28 749
Total assets	**36 776**	33 962
Externally managed assets	**90%**	85%

Risks associated with asset managers are:

- poor fund performance resulting in the reduced ability of the group to retain and sell investment-linked products;
- adoption of poor credit policies exposing the group to undue credit risk;
- inadequate ability to manage the relationship between the return on risk capital for the risk being taken at a granular level; and
- illiquidity of instruments invested in which could result in value destruction should these investments need to be realised in the short-term.

These aspects are considered and monitored by the investment committees.

10.3 Kenya Sovereign

The group was founded in Kenya over 50 years ago and has, during this time, concentrated mainly on providing life and general insurance products to Kenyan customers. A subsidiary was established in Tanzania and has been operating for the last 25 years with focus only on short-term insurance products, however the Tanzanian operations have now been classified as held for sale. Consequently, both the group's asset base and liabilities contain significant Kenyan sovereign risk.

Material accounting policies

for the year ended 31 December 2024

The accounting policies summarise those polices, and the potential impacts of new IFRS Accounting Standards or interpretations, which are useful to users of these financial statements. These should be read in conjunction with 'Accounting principles (including accounting policy elections)' and 'Key judgements in applying assumptions on application of accounting policies'. Accounting policies for which no choice is permitted in terms of IFRS Accounting Standards have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, considering the materiality of the item being discussed. Accounting policies which are not applicable from time to time have been removed but will be included if the type of transaction occurs in future. The accounting policies are consistent with those reported in the previous year. There were certain amendments to standards that were effective for the current reporting period, but which did not currently impact the group - these are briefly detailed below. The group did not early adopt any standards or amendments to standards during the year. Where the term 'group' is used below, this refers to group and company, unless otherwise stated.

1 New standards or amendments

a. The following new standard, which is not yet effective, will significantly impact on the group and company results or disclosures once adopted.

Standard	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)	1 January 2027
In April 2024, the IASB issued IFRS 18 to improve the reporting of financial performance by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures and adding new principles for location, aggregation and disaggregation of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. At this stage, the group is not planning on early adopting the new standard. The group is in the planning phase of determining the impact on the group's annual financial statements.	

b. The following new standards or amendments that are not yet effective and that are not expected to significantly impact the group, and company results or disclosures once adopted.

Standard	Effective date
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	The effective date for these amendments has been deferred indefinitely.
The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	
IAS 21 Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
These amendments on 'Lack of Exchangeability' require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. This amendment is not expected to impact the group.	
IFRS 19 Subsidiaries without Public Accountability: Disclosure	On or after 1 January 2027
In May 2024, the IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards.	

Material accounting policies (continued)

for the year ended 31 December 2024

1. New standards or amendments (continued)

Standard	Effective date
IFRS 19 Subsidiaries without Public Accountability: Disclosure	On or after 1 January 2027
Subsidiaries are eligible to apply IFRS19 if they do not have public accountability, and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders. The group is in the planning phase of determining the impact on the annual financial statements of its qualifying subsidiaries. IFRS 19 will however, not be applicable to the group's annual financial statements.	
Annual Improvements to IFRS Accounting Standards - Volume 11	On or after 1 January 2026
The IASB issued various amendments and clarifications to existing IFRS as part of the Annual Improvements to IFRS Accounting Standards Volume 11 (effective 1 January 2026), none of which are expected to have a material impact on the group's annual financial statements.	

c. The following new standards or amendments that were effective for the year ended 31 December 2024 but had no material impact on the group and company results or disclosures

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1. The amendment clarified how to classify debt and other liabilities as current or non-current and introduced a requirement to classify debt as non-current only if an entity can avoid settling the debt in the 12 months after the reporting period. The amendments specified that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments were retrospectively applied and had no material impact on the group's results.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 added requirements for an entity to provide additional disclosures about its supplier finance arrangements. The new requirements provide users of financial statements with information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, the effect thereof on its exposure to liquidity risk and how an entity might be affected if the arrangements were no longer available to it. The amendments were retrospectively applied and had no material impact on the group's results.

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 added requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments added to the existing sale and leaseback requirements in IFRS 16 and did not change the accounting for leases, other than those arising in a sale and leaseback transaction. The amendments were retrospectively applied and had no material impact on the group's results.

2. Basis of consolidation

The group annual financial statements consolidate the annual financial statements of the company and its subsidiaries.

Type	Measurement
Interests in subsidiaries	Subsidiaries are defined as entities that are controlled by the group. In order for control to exist, the group must have: 1. power over the investee; 2. exposure or rights to variable returns from involvement with the investee; and 3. the ability to use power over the investee to affect the amount of the group's returns. The group must possess all three elements to conclude that it controls an investee. Refer to key judgements for assessment of control. Subsidiaries are consolidated from the date on which control is transferred to the group (effective date of acquisition) and are no longer consolidated from the date that control ceases (effective date of disposal). Gains and losses on disposal of subsidiaries are included in profit or loss. The accounting policies for subsidiaries are consistent, in all material respects, with the policies adopted by the group. Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation.
Separate financial statements	Interests in subsidiary companies in the company financial statements comprise shares, which are measured at cost less any required impairment. Acquisition costs are recorded as an expense in the period in which they are incurred, except for the costs to issue debt or equity securities, which are part of the consideration transferred. The carrying amounts of these investments are reviewed annually for impairment. Intergroup balances with subsidiaries, under the IFRS 9 business model assessment for 2018, are measured at amortised cost. These are subject to the expected credit loss impairment model.

Material accounting policies (continued)

for the year ended 31 December 2024

Type	Measurement
Business combinations	The group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The cost of an investment in a subsidiary is adjusted to reflect changes in consideration arising from contingent consideration amendments. Transaction costs are recognised within profit or loss as and when they are 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, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, being the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. The group elects to measure non-controlling interests on the acquisition date at either fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets on an acquisition-by-acquisition basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.
Interests in associates	An associate is an entity over which the group has the ability to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investment. Judgement is applied in assessing which entities the group has the ability to significantly influence. In the case of voting rights, it is generally demonstrated by the group holding 20% or more of the voting power of the investee. Interests in associates are accounted for at cost less any impairment in the company financial statements. The carrying amounts are reviewed annually for impairment.
Transactions with non-controlling interests	The group applies a policy of treating transactions, including partial disposals with non-controlling interests that do not result in the gain or loss of control, as transactions with equity owners of the group. For purchases of additional interests from non-controlling interests, the excess of the purchase consideration over the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity. Profits or losses on the partial disposal of the group's interest in a subsidiary to non-controlling interests are also accounted for directly in equity.

3. Foreign currencies

The group's presentation currency is Kenya Shillings (KShs). All amounts are shown in KShs millions unless otherwise indicated. The functional currency of the group's operations is the currency of the primary economic environment where each operation physically has its main activities.

3.1 Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that differ from the functional currency at the statement of financial position date are translated into the functional currency at the ruling rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction, and those measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains or losses are recognised as part of fair value adjustments on financial instruments in profit or loss.

3.2 Group foreign operations

Assets and liabilities of group foreign operations whose functional currency is different from the presentation currency are translated from their respective functional currency into the group's presentation currency at closing rates ruling at statement of financial position date. The income and expenditure and equity movements are translated into the group's presentation currency at rates approximating the foreign exchange rates ruling at the date of the various transactions.

All resulting translation differences arising from the consolidation and translation of foreign operations are recognised in other comprehensive income and accumulated in equity as a foreign currency translation reserve.

When a foreign operation is partially disposed of or sold, the cumulative amount of the exchange differences in the foreign currency translation reserve relating to that foreign operation is reclassified from the reserve to profit or loss when the gain or loss on disposal is recognised.

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.

Material accounting policies (continued)

for the year ended 31 December 2024

2. Basis of consolidation (continued)

4. Insurance Contracts

All references to 'insurance contracts' in the accounting policies include insurance contract liabilities or assets and reinsurance contract assets or liabilities, unless specifically stated otherwise. IFRS 17: Insurance Contracts (IFRS 17) provides the basis of measurement for defined insurance contracts, including reinsurance contracts held, as well as investment contracts with discretionary participation features (DPF), which are scoped into IFRS 17 measurement from IFRS 9 *Financial Instruments*.

Definition and classification of policyholder contracts

The group issues contracts that transfer either insurance risk or financial risk or, in some case, both types of risk.

An insurance contract is a contract under which the group (insurer) accepts significant insurance risk, from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contacts may also transfer financial risk.

The group determines insurance risk as significant if, and only if, an insured event could cause the group to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. The possibility of a loss is measured on a present-value basis.

The group assesses whether it accepts significant insurance risk under the individual contract that it issues, i.e., not by groups of contracts, the outcome of which determines if the contract is within the scope of IFRS 17 or another IFRS Accounting Standard. In some cases, management applies judgement as to whether there are significant insurance risks under the contracts it issues. The group considers its substantive rights and obligations, whether they arise from a contract, law or regulation, when applying IFRS 17.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of the following variables: specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable, that the variable is not specific to a party in the contract. Policyholder investments contracts are recognised under IFRS 9 and are measured at fair value through profit or loss, except for investment contracts with discretionary participation features.

Discretionary participation features

A number of insurance and investment contracts contain a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits at the discretion of the group. The terms and conditions or practice relating to these contracts are in accordance with the group's published Principles and Practices of Financial Management (PPFM). The PPFM stipulates the principles that a long-term insurer has to use in order to manage discretionary participation business through their discretion in managing investments and allocating bonuses (subject to the advice of the head of actuarial control function). Although a contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract, policyholder investment contracts with DPFs are included in the scope of IFRS 17 as these contracts are deemed to have similar characteristics to insurance contracts and should be measured on the same basis, in the case where the group also issues insurance contracts. All of the group's investment contracts with DPFs are included in the measurement scope of IFRS 17.

An investment contract with a DPF is defined as: A financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contact; and/or
  - realised and/or unrealised investment returns on a specified pool of assets held by the group; or
  - the profit or loss of the entity or fund that issues the contract.

Insurance contracts with direct participating features are contracts for which, at inception, the contractual terms specify that the policyholder participate in a share of an identified pool of underlying items, the group expects to pay the policyholder a substantial share of the fair value returns on the underlying items, and the group expects a substantial portion of changes on the amounts to be paid to policyholders to vary with the change in the fair value of the underlying items.

All other insurance contracts are classified as contracts without direct participation features. These definitions are required when assessing which measurement model should be used for measuring the insurance contracts under IFRS 17.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Reinsurance contracts

Reinsurance contracts are insurance contracts issued by a reinsurer to compensate the group for claims arising from one or more insurance contracts issued by the group.

The group enters into reinsurance contracts whereby it cedes insurance risk, e.g. motor, mortality and morbidity risks, to the reinsurer. As the benefit payable under the reinsurance contract is contingent on an uncertain future event that adversely affects the policyholder, the group is ceding insurance risk to the reinsurer. Hence the reinsurance contract falls within the scope of IFRS 17. This covers mortality, disability, income protection and liveability (dread disease) risks, as well as other risks associated with short-term insurance business.

Separating components of insurance and reinsurance contracts

An insurance contract may also contain one or more components that would be within the scope of another IFRS Accounting Standard if it were separate contracts, that is, there may be a distinct non-insurance component that should be separated from the contract and accounted for under a separate IFRS Accounting Standard.

The group has assessed all of its insurance contracts to see if there are any distinct investment components, embedded derivatives or any promises to provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other standards, for example, IFRS 9 or IFRS 15 Revenue from Contracts with Customers (IFRS 15).

While distinct investment components and/or embedded derivatives are contained in certain insurance contracts issued by the group, they are deemed to be closely related to the host insurance contract as the distinct investment component and/or embedded derivative and host insurance contracts are so interdependent that they cannot be measured separately from the host insurance contract.

The group does not provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other standards.

Separating investment components for disclosure

Some contracts include an amount that meet the definition of a 'non-distinct investment component' (NDIC) under IFRS 17. The NDIC is the amount that an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. These investment components are highly inter-related with the insurance contract and are not unbundled on contract inception. The investment component has been determined as amounts accumulated to the policyholder through deposits that are repaid to the policyholder in all circumstances, either on lapse or maturity of the contract. The NDIC is included in the measurement of insurance contracts on the statement of financial position but is excluded from insurance revenue and insurance service expenses in the statement of comprehensive income when it is received from or are paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services. The group does not have any non-distinct investment components on its reinsurance contracts.

Separating fixed fee service components

The group's accounting policy choice is to apply IFRS 17 to fixed fee service contracts (i.e. the group will not unbundle services provided for a fee in terms of IFRS 15 but will include the fixed fee in the IFRS 17 recognition and measurement principles for each contract). The accounting policy choice is applied on a contract-by-contract basis, with the choice for each contract being irrevocable.

The group applies this accounting policy as the following conditions are met:

- The group does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer,
- The contract compensates the customer by providing services, rather than by making cash payments to the customer; and
- The insurance risk transferred by the contract arises primarily from the customer's use of services rather than uncertainty over the cost of those services.

Initial recognition

An assessment of significant insurance risk is made only once, being at contract inception. If a contract is deemed to be within the scope of IFRS 17, it remains an insurance contract until all rights and obligations are extinguished (i.e. discharged, cancelled or expired) or until the contract is derecognised because of a contract modification.

Groups of insurance contracts are initially recognised from the earliest of the following:

a. the beginning of the coverage period of the group of contracts (the period during which the group provides services in respect of any premiums within the boundary of the contract);
b. the date when the first payment from the policyholder in the group becomes due (or when it is actually received, if there is no due date); and
c. when the group determines that a group of contracts becomes onerous.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

The date of initial recognition for most risk business is when the coverage period starts (for example, contracts where the group is on risk from the inception date even when no premium has been received yet). Coverage period is the period during which the group provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract. In limited instances, for example, certain motor warranty products, recognition occurs at the date when the first payment is contractually due, which is earlier than when the coverage period commences.

For investment type business (that are in scope under IFRS 17, including investment contracts with a return of contribution of premiums on death), initial recognition is the date when the group becomes a party to the contract, which is usually when the first premium is received.

For a group of reinsurance contracts held that cover the losses of separate insurance contracts on a proportionate basis the initial recognition is recognised at the later of:

a. the beginning of the coverage period of the group of reinsurance contracts held; or

b. the initial recognition of any underlying insurance contract.

For a group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance), the initial recognition is the earlier of the date of the beginning of the coverage period of that group of reinsurance contracts held and the date that the group recognises an onerous group of underlying insurance contracts.

Contract modification and derecognition

Where the terms of an insurance contract are modified, the group derecognises the original contract and recognises a new contract, applying IFRS 17 or other applicable standard. In order for it to be treated as a modification, it needs to meet certain conditions, which are assessed based on whether the terms of the modification were included in the original contract, and whether that would, for example, lead to a different contract boundary. In addition, if the change in terms would impact whether the original contract was still eligible for the premium allocation approach or changed the analysis of whether the contract was an insurance contract with a DPF, the modification principles would be applied. If the change in terms does not meet the modification criteria, any changes on the cash flows caused by the changed terms are treated as changes in estimates of fulfilment cash flows. In determining estimates of future cash flows at the reporting date, the group reassesses an insurance contract's boundary to include the effect of changes in circumstances on the group's substantive rights and obligations.

An insurance contract is derecognised when and only when, it meets the modification criteria as above, or it is extinguished, that is the obligation specified in the contract expires, discharged or is cancelled.

On derecognition of a contract, from within a group of contracts not measured under the PAA, the group eliminates the present value of fulfilment cash flows and risk adjustment related to the rights and obligations of the insurance contract being derecognised and adjusts any remaining contractual service margin (if applicable), reducing the number of coverage units in the group to reflect the remaining number without that specific insurance contract.

On derecognition of a contract, from within a group of contracts measured under the PAA, the difference in fulfilment cash flows is recognised in profit or loss.

Level of aggregation of insurance contracts

Insurance contracts are allocated to portfolios, which, for the purposes of measurement and disclosure, are then further subdivided into groups of insurance contracts and cohorts (as described below) based on the expected profitability or loss of the contract, and the date of initial recognition.

Portfolios

The group has identified portfolios of insurance contracts, which are those contracts that are subject to similar risks and are managed together. Judgement is required when determining whether risks are similar and managed together. The group has generally defined the portfolio at the product line.

For reinsurance, one reinsurance treaty may cover a range of risks and /or benefits. Although the legal form is one contract, the components can be separated and therefore they are measured at benefit level. Reinsurance contracts within a product line have similar risks and are managed together and hence the portfolio for reinsurance is aligned to the underlying product lines.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Portfolios (continued)

Groups

For the purposes of the measurement calculation, these portfolios need to be further divided into groups, depending on profitability, with a minimum of:

- a group of contracts that are onerous on initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and,
- a group of the remaining contracts in the portfolio, if any.

The group performs a per contract assessment to allocate it to the appropriate profitability grouping. When a new contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established at initial recognition and not reassessed once all contracts have been added to the group. For contracts measured under the premium allocation approach (PAA), the group has assumed, in line with what is permitted by IFRS 17, that no contracts are onerous at inception, unless facts and circumstances indicated otherwise.

A key difference in recognition between IFRS 4 and IFRS 17 pertains to investment fees referenced to investment activities and calculated based off referenced asset values. The standard accommodates measurement guidance for these services, which are integral to insurance contracts or are discretionary features, through a "re-calibration mechanism" within the CSM. Variations to future fees arising from changes in asset values are deferred and amortised over the contract term. This effectively allows for a less volatile earnings recognition pattern compared to the current accounting policy of recognising the full future impact to estimated asset-based future fees in profit or loss, that have arisen from current changes to the linked asset values.

For reinsurance contracts, the references to onerous contracts are replaced with references to contracts on which there is a net gain on initial recognition.

IFRS 17 introduces the loss recovery component for reinsurance contracts, which brings an allowable offset through the income statement between onerous underlying contracts and the reinsurance held on those onerous groups. If at inception, the reinsurance best estimate fulfilment cash flows plus risk adjustment plus the loss recovery component is negative, the reinsurance contract is a net gain. If it is positive, then the reinsurance contract is a net loss at inception.

Cohorts

In addition to this required grouping above, the group is not permitted to include contracts issued more than one year apart in the same group. The group has elected to combine contracts in the same annual calendar year at initial recognition. The recognition and measurement requirements are then applied to these groups of contracts.

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services. The identification of contract boundaries determines which cash flows should be included in the measurement of the insurance contracts.

A substantive obligation ends when the group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and the pricing of premiums for coverage up to the date when risks are reassessed does not reflect the risks related to periods beyond that reassessment date. IFRS 17 does not limit pricing constraints to contractual, legal and regulatory constraints. Market competitiveness and commercial considerations are factors that the group typically considers when pricing new contracts and repricing existing contracts.

For contracts where premiums before the reassessment date are calculated to fund risks beyond the reassessment date, the boundary on these contracts extends beyond the reassessment date. Thus, for contracts where premiums early on in the contract are designed to be higher relative to the risk while premiums later on are lower relative to the risk, (e.g. for level premium payment patterns), even if premiums are reviewed at a reassessment date, the contract will not end at that point but rather extend beyond the reassessment date.

In assessing the contract boundary for investment contracts with discretionary participation features, cash flows are within the contract boundary if they result from a substantive obligation of the group to deliver cash at a present or future date. The substantive obligation ends when the group reprices the contract so that the new price fully reflects the promise to deliver cash in the future and the related risks.

With the exclusion of embedded bancassurance credit and corporate group risk (as well as property and casualty insurance business), most of the contracts sold by the group and the corresponding reinsurance have long contract boundaries (i.e. greater than 12 months). Where there are annual reprice clauses, the contracts and the corresponding reinsurance are classified as having a short contract boundary (i.e. contract boundary of 12 months or less).

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Contract boundary (continued)

The group does not recognise a liability or an asset for any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract as these amounts relate to future insurance contracts.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to the reinsurer and can set a price or level of benefits for the contract to fully reflect the reassessed risk.

The contract boundary for reinsurance also considers the group's substantive right to stop writing new business with the reinsurer or for the reinsurer to accept business; and the period of time over which the substantive right to receive services and the substantive obligation to pay amounts to the reinsurer for each underlying policy sold exist. Most of the group's reinsurance contracts have a contract boundary of three months, being the notice period for new business, and have a longer coverage period, which is typically in line with that of the underlying contracts.

Presentation and disclosure

Statement of financial position

The insurance contract liabilities or assets, and reinsurance contract assets or liabilities recognised on the face of the statement of financial position are disaggregated in the notes to the financial statements according to the measurement approach applied, and according to what is included in the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). For reinsurance contact assets or liabilities, this is referred to as the asset for remaining coverage (ARC) and the asset recoverable on incurred claims (ARIC). The line items on the face of the statement of financial position include all rights and obligations from a portfolio of insurance contracts. Portfolios that are in an asset position are presented separately from those in a liability position for both insurance and reinsurance.

Statement of comprehensive income

The group reduces the LRC and recognised insurance revenue as it provides insurance contract services. Line items presented on the face of the statement of comprehensive income, being an insurance service result, which is the separate recognition of insurance revenue (that excludes the receipt of any investment component) and insurance service expenses (that excludes the repayment of any investment components). These line items represent the group's net insurance service result (before reinsurance contracts held).

Net income or expenses from reinsurance contracts held on underlying insurance contracts as well as insurance finance income or expenses are separately presented on the face of the statement of comprehensive income.

Disclosures are further disaggregated into more granular levels if information provided at the level of the measurement model is determined to be too aggregated to be considered useful to the users of the information. The group has defined this level of disclosures as its 'reportable groups'.

Measurement approaches for IFRS 17 insurance contracts

The measurement approaches refer to the models prescribed for valuing the IFRS 17 defined insurance contracts and impact how the amounts are recognised in the income statement over time. Insurance revenue is recognised over the duration of the contracts that best reflects the delivery of the contracted obligations in the reporting period.

For all measurement approaches, the total insurance contract asset or liability is the sum of:

- the LRC, the group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage) and pay amounts under existing insurance contracts that are not included as above, and relate to insurance contract services not yet provided, i.e. the obligations that relate to future provisions of insurance contract services, or any investment components or other amounts that are not related to the future provision of insurance contract services and that have not been transferred to the LIC.
- the LIC, which is the group's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but have not been reported and other incurred insurance expenses; and to pay amounts that relate to insurance contract services that have already been provided, or any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the LRC.
- the asset for insurance acquisition cash flows, which is directly attributable acquisition costs in establishing product lines incurred by the group prior to a group of insurance contracts being recognised.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Measurement approaches for IFRS 17 insurance contracts (continued)

All components of the LRC are grouped together in the applicable cohorts for initial and subsequent recognition. On initial recognition, the LRC for GMM and VFA contracts consists of:

- Fulfilment cash flows (FCF), comprising current estimates of future cash flows (within the boundary of the contract), an adjustment that reflects the time value of money and the financial risks related to future cash flows to the extent that financial risks are not included in the estimates of the FCF;
- An explicit risk adjustment (RA) for non-financial risk; and
- A CSM (if applicable) which represents the unearned profit from the contracts which is recognised in the income statement as the group provides insurance contracts services, over the coverage period. The CSM as defined can never be negative.

For all reinsurance contracts. the total reinsurance contract asset or liability is the sum of:

- the ARC, if the contract is still in the coverage period; and
- the ARIC, if the insured event has occurred.

The measurement approaches used for insurance and reinsurance contracts are appropriate for the terms and conditions and the characteristics of the insurance or reinsurance contract held being measured. Consistent assumptions are used to measure the estimates used in measuring the groups of reinsurance contracts held with those estimates used to measuring the groups of underlying insurance contracts. The allocation of contracts to each measurement approach is dictated by IFRS 17. However, there is an element of judgement in certain cases, as well as a permitted simplification if prescribed eligibility criteria are met. Due to the different types of contracts that the group issues, it applies all three measurement approaches described in IFRS 17, being the GMM, the PAA (optional) and the VFA. Once determined, the measurement approach may not change unless there is a contract modification that results in a change.

When applying IAS 21 The Effects of Changes in Foreign Exchange Rates (IAS 21) to a group of insurance contracts that generate cash flows in a foreign currency, the group treats the group of contracts, including the CSM, as a non-monetary item.

Commonalities and key differences between each approach

The table below describes the commonalities and key differences between each approach.

Approach	Detail
GMM	The GMM is the methodology prescribed by IFRS 17 for insurance contracts which are not substantially investment-related service contracts i.e. predominantly risk-type contracts and annuities. This methodology is also used to measure reinsurance contracts (unless for both cases, the group may apply the PAA measurement). On initial recognition, applying the GMM, a group of insurance contracts are measured as the total of a. The FCF which comprises: • Estimates of future cash flows; • An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and • A RA for non-financial risk; and b. The CSM. The group recognises a CSM (where appropriate) which is essentially a provision for unearned profit (where the contract is assessed as profitable) measured on contract inception, and which is released over the contract term in line with the level of service provided by the group. The discount rates determined at the date of initial recognition of a group of contracts is termed the 'locked-in' rate as it is the rate that is locked-in for accreting the CSM for insurance contracts without participating features. In order to determine the discount rates at the date of initial recognition of a group of contracts, the group has used a weighted-average discount rate over the period that contracts in the group are issued. All other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current discount rates. The discount rate applied in the future FCF reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, is consistent with observable current market price (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and excludes the effects of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts. GMM contracts can also be described as those insurance contracts without any direct participation features.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Commonalities and key differences between each approach (continued)

Approach	Detail
VFA	he VFA applies only to insurance contracts with direct participating features and is not applicable for the measurement of reinsurance contracts. The approach is used for contracts that are substantially investment-related service contracts but are measured under IFRS 17 as they include an integral insurance benefit, for example a retirement annuity that may include a product benefit of a minimum return of contributions on death. Investment contracts with DPF are scoped into the IFRS 17 standard, and the group also applies the VFA measurement model to measure such contracts, should such contracts meet the criteria for VFA. An insurance contract is considered to be a direct participating contract when the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; the entity expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items. These criteria are assessed on a contract-by-contract basis at contract inception. Underlying items are the items that determine some of the amounts payable to a policyholder, for example, a reference portfolio of assets. Insurance contracts with direct participation features create an obligation to pay policyholders an amount equal to the fair value of the underlying items, less a variable fee to the insurer for service. The variable fee is the amount of the group's share of the fair value of the underlying items, less the future cash flows that do not vary based on the returns of the underlying items. The VFA approach also includes the total of FCF discounted to present the time value of time and financial risks, plus a risk adjustment for non-financial risk, plus a CSM. The main difference between the VFA and the GMM is how the CSM is impacted over time. The group's share of the fair value returns on the underlying items is included in the CSM, and the CSM is updated using current estimates. The group is required to justify the classification into VFA through conditions demonstrating policyholder participation and an analysis of the investment benefits versus the total expected benefits.
PAA	The PAA is a simplification of the GMM approach for contracts with short boundaries, a coverage period of 12 months or less, or where they meet the PAA eligibility criteria (for both insurance and reinsurance contracts). The eligibility criteria are met if, at inception of the group of contracts, it is expected that the simplification would produce a measurement of the LRC for that group of contracts that would not differ materially from that had the simplified measurement approach not been applied. Profit for the period under the PAA approach is mainly determined with reference to the amount of expected premium receipts less expenses in the period. The key difference therefore is how the LRC is measured, with the PAA. This approach avoids the complexities associated with updating a CSM (as there is no CSM) and estimating future claims. Revenue recognition for PAA measured contracts reflects the transfer of insurance contract services, which for the group, is generally over the passage of time (unless other indicators are more representative of the service provided). Once a contract is eligible for the PAA, it is the group's choice whether to elect it or not (an accounting policy election at inception of the contract). In order to be eligible for PAA, the coverage period must be one year or less or in certain cases with longer coverage period, if specific eligibility criteria can be met. Although the calculation of the LRC is different from that used for those contracts measured under the GMM measurement approach, the LIC approach is the same for both measurement models.

Insurance acquisition cash flow assets

Prior to a group of insurance contracts being recognised, the group may incur directly attributable acquisition costs in establishing product lines, i.e., before the products are launched. Acquisition cash flows are defined as cash flows that arise from selling, underwriting and starting a group of insurance contracts, issued or expected to be issued, and that are directly attributable to the portfolio of insurance contracts to which the group belongs. When such costs are considered to be directly attributable, the allocation to groups of contracts is performed on a systematic and rational basis. These balances are recognised as insurance acquisition cash flow assets before the related group of insurance contracts is recognised. Any deferred acquisition cost asset is subsequently derecognised when the underlying contracts are recognised and recognised as part of the measurement of the LRC. These insurance acquisition cash flows not yet allocated to any specific groups are assessed for recoverability if facts and circumstances indicate that the asset may be impaired, with any impairment losses reducing the carrying amount of the assets and recognised in insurance service expenses. Reversals of such impairments are permitted, to the extent that the impairment conditions are no longer met, and subsequently increase the carrying value of the deferred acquisition cost asset.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Future fulfilment cash flows

The current estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of expenses that relate directly to the fulfilment of the contract. The estimates are based on a probability-weighted mean of the full range of possible outcomes, determined from a perspective of the group, provided that where estimates are observable, they are consistent with observable market data. The estimates are always updated for current assumptions at measurement dates. The estimation of future cash flows includes expected premiums, expected claims and benefit payments, an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs, claims handling costs, policy administration costs, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts and transaction-based taxes. Acquisition cash flows are defined as cash flows that arise from selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. The allocation to groups of contracts is performed on a systematic and rational basis.

The discount rate applied to reflect the time value of money for the FCF reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The discount rate applied by the group is consistent with observable current market prices, if any, for financial instruments with cash flows whose characteristics are consistent with those of the insurance contract in terms of for example, timing currency and liquidity. IFRS 17 allows for two methods to determine discount rates for cash flows of insurance contracts that do not vary based on the returns of the underlying items. The bottom-up approach determines discount rates by adjusting a liquid risk-free yield curve to elect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristic of the insurance contracts. The top-down approach determines the appropriate discount rates for insurance contracts based on a yield curve that reflects the current market rates of return implicit in a fair value measurement for a reference portfolio of assets.

Reinsurance contracts held – fulfilment cash flows

The measurement of cash flows for reinsurance contracts follows the same principles as for insurance contracts, with the standard requiring consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts. However, it does include an allowance on a probability-weighted basis for the effect of non-performance by the reinsurer. The reinsurance FCF include reinsurance premiums, including premium discounts, rebates, reinsurance claims, profit sharing and reinsurance expenses.

Risk adjustment

The RA is an explicit, current adjustment to compensate the group for bearing non-financial risk, that is, insurance risk, that is a deferral of margin to cover the risk of variation to the estimated cash flows. The risk adjustment is released over the contact duration in line with reduction of the estimated risk. The group has adopted in the main the cost of capital approach to determine the amount of the risk adjustment. Generally longer duration contracts are considered more risky than shorter contracts.

The other methodologies being used by the group to determine the risk adjustment all require a confidence level to be specified upfront. This includes the provision for adverse deviation on contracts measured under the GMM and the VFA and for the LIC component in the group's Africa Regions, as well as various other approaches such as bootstrapping and fitting a distribution to historical loss rates to set the RA, typically for Incurred but not reported claims (IBNRs) or PAA liabilities on contracts with shorter-dated cash flows.

Risk adjustment – reinsurance

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

CSM or loss components (GMM and VFA)

The CSM at initial recognition is the component of the insurance contract liability or asset representing the unearned profit that the group expects to recognise over the period that it provides insurance cover. The CSM is the amount recognised that results in zero income on day one, after taking into account the measurement of the total FCF and the RA.

If, at inception of a contract, the total FCF and RA result in an expected net outflow, the group of insurance contracts is considered onerous. If an onerous group of contracts is expected at inception, a loss component will be recognised, and the loss is recognised immediately in the income statement. Accordingly, no CSM is recognised related to those contracts on the statement of financial position on day one. A loss component is created for this net cash flow, which determines the amounts that are subsequently presented in profit or loss as reversals on onerous groups. These amounts are not included in insurance revenue.

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

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

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Reinsurance contracts held – fulfilment cash flows (continued)

CSM or loss components (GMM and VFA) (continued)

The amounts of loss component allocation in a) and b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

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

CSM or loss components – reinsurance

For groups of reinsurance held, applicable to GMM and PAA measured reinsurance contracts, a CSM is raised regardless of whether it results in a positive or negative value. The CSM represents a net gain or cost that the group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future. Reinsurance contracts cannot be onerous, which is a key difference between measuring reinsurance and the underlying contracts. The reinsurance CSM is the total of the reinsurance FCF and reinsurance RA at initial recognition. It is measured as the equal and opposite amount of the total of (a) the FCF, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the group recognises the cost immediately in profit or loss as an expense.

Subsequent measurement – GMM and VFA

After initial recognition, the carrying value of insurance contracts is the total of the LRC and LIC.

The carrying value of the LRC for GMM and VFA contracts consists of:

- The updated measurement of the FCF;
- The remaining RA for non-financial risk (that is, per groups of contracts, the amount of the RA that has not yet been released over the contact duration in line with reduction of the estimated risk); and
- Any remaining CSM, if applicable.

The FCF are updated for current assumptions at the end of each reporting period, incorporating current discount rates. Changes in estimates related to past or current service are reflected in profit or loss in the income statement, whereas any changes related to future service are captured in the CSM or the loss component, as applicable, and recognised over the release of the CSM. Should a group of contracts become onerous during the period, the group recognises a loss in profit or loss for the net outflow.

For contracts measured under the GMM, certain adjustments are treated as related to future service, resulting in the CSM being adjusted. These adjustments include:

- Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes,
- Changes in estimates of the present value of the future cash flows in the LRC, except for changes related to the time value of money and the effect of financial risk and changes in financial risk (the latter which do not result in the CASM being adjusted),
- Differences between any investment components expected to become payable in the period and the actual investment component payable in the period,
- Changes in the risk adjustment for non-financial risk that related to future service.

The CSM is not adjusted for a group of contracts measured under the GMM for the following changes in FCF because they relate to future services: the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk, changes in estimates of FCF in the LIC; and experience adjustments, except for those described above which relate to future service.

These adjustments are similar for contracts measured under the VFA, with additional requirements that any fair value changes in the amount of the group's share on the returns of underlying items and changes in the FCF that do not vary based on the returns of the underlying items are also treated as adjustments that relate to future cash flows and therefore included in the CSM.

The VFA approach modifies the treatment of the CSM to accommodate the direct participating contracts. Differences therefore occur in subsequent measurement of the CSM between the GMM and VFA measurement models. The CSM under VFA allows for deferring of future fee adjustments linked to current investment returns and effectively smooths out volatility of fee recognition, i.e. fair value changes are not included in profit or loss but are recognised over the remaining life of the contract. In particular, the CSM is also adjusted for in-year experience variances and changes in economic variables, unless the risk mitigation option is elected where hedging is done.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Reinsurance contracts held – fulfilment cash flows (continued)

Subsequent measurement – GMM and VFA (continued)

The CSM at the end of each reporting period represents the profit in the group of insurance contracts that have not yet been recognised as it relates to future service obligations of the group. The balance of the CSM at the end of the reporting period consists of the opening balance, plus the impact of any new contracts, plus or minus the change in the amount of the entity's share of the fair value of the underlying items, except where risk mitigation applies, or the decrease in the amount of the entity's share of the fair value of the underlying items exceeds the carrying amount of the CSM, and gives rise to a loss, plus or minus any changes in any FCF related to future service costs, except where risk mitigation applies, or to the extent that such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or such decreases in FCF are allocated to the loss component of the LRC, the effect of any foreign currency translation differences and less any amounts that are recognised in insurance revenue during the period for the transfer of insurance service obligations by the group.

The CSM is always measured at a 'locked-in' rate, for GMM measured contracts, which is the prevailing discount rate at the inception of the contract and not updated for current discount rates, whereas the measurement of the FCF uses a current discount rate. Interest is accreted on the carrying amount of the CSM at the locked-in rate from the inception of the contract. IFRS 17 introduces the concept of coverage units, which determines how an insurer allocates the expected profit for providing insurance contract services over the relevant reporting periods. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period.

Carrying value of the LIC

For those contracts where the insured event is assumed to have occurred, the liability is recognised in the LIC. The LIC comprises the FCF related to past service plus a risk adjustment. The LIC also includes the group's obligation to pay amounts relating to insurance contract services that have already been provided and for any investment components that are not related to the provision of insurance contract services.

There is no CSM, as the group has provided the service while the contract is recognised and measured in the LRC.

The LIC includes the modelling of the IBNR reserve, outstanding claim reserve and any recurring ongoing claims, e.g. disability income in payment, and claim costs. The LIC includes its own risk adjustment and is adjusted for discounting where payments are expected to be made more than one year after being incurred. The group's policy is that the LIC is not discounted if the run-off period is 12 months or less. The group's preferred methods to measure IBNR claims are the Bornhuetter Ferguson Method and Chain Ladder Method.

Subsequent measurement of reinsurance contracts held

On subsequent recognition of reinsurance contracts held, under GMM and PAA, the total reinsurance contract comprises the ARC and the ARIC, where the ARIC relates to past service.

Subsequent changes to reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception that the CSM at the end of reporting period is adjusted for contracts measured under GMM:

- Reversals of a loss-recovery component recognised, to the extent those reversals are not changes in the FCF of the group of reinsurance contracts held;
- Changes in the FCF are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the FCF adjust the CSM; and
- Changes in the FCF that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the CSM as they do not relate to future service.

The reinsurance RA is expected to be negative as the reinsurer will be removing some of the underwriting risk of the insurer. The reinsurance RA comprises the RA at initial recognition/beginning of period, less the release of risk adjustment, plus interest accreted on RA, plus/minus change in estimates, actual versus expected RA, plus/minus change in discount rates.

Where the group has established a loss-recovery component, that component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts on a consistent basis, so that the loss-recovery component can never exceed the portion of the carrying amount of the loss component on the underlying contracts.

PAA measured contracts

The initial recognition of the LRC for PAA consists of:

- Premiums received at initial recognition, if any.
- Less any insurance acquisition cash flows at that date, unless the entity chooses to recognise the payments as an expense.
- Plus or minus any amount arising from derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the group pays or receives before the group of insurance contracts is recognised.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Reinsurance contracts held – fulfilment cash flows (continued)

PAA measured contracts (continued)

There is no concept of a CSM for PAA measured contracts. The subsequent measurement of the LRC for PAA measured contracts is further adjusted for any amounts recognised in revenue for insurance services provided over the period. Refer to accounting policy choices for the various elections the group has adopted with regard to the PAA measurement model. If at inception of the contract, the group is considered to be onerous, a loss will be recognised in profit or loss and increase the LRC. The LIC is the same as that for the GMM model.

For reinsurance contracts measured under the PAA approach, the group uses the same principles as applied for the PAA for insurance contracts issued, however adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, to simplify the measurement of a group of reinsurance contracts held. If the PAA approach is used for measuring reinsurance, and there is an expected loss on initial recognition, the group adjusts the carrying amount of the ARC instead of adjusting the CSM as if the reinsurance contracts were measured under the GMM approach.

Insurance revenue

Contracts measured under GMM and VFA

Insurance revenue is recognised for the pricing/charge by the group for obligations or service delivered during the period under review. Insurance contract services that the group provides to a policyholder are either: coverage for an insured event; for insurance contracts without direct participation features, the generation of an investment return; or for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder.

Insurance revenue includes the release of the CSM and the risk adjustment, for risk expired, during the period, as well as the release of expected claims and insurance acquisition cash flow expenses, excluding the financing effect for the time value of money which is included in insurance finance income or expenses. As revenue is recognised, the LRC is reduced for the services that have been provided that are related to that contract. The release of the CSM is discussed in more detail in the key judgements section.

For insurance contracts issued, a portion of the risk adjustment for non-financial risk relating to the LRC is recognised in insurance revenue as the risk is released.

For investment contracts with DPF, the allocation of the CSM is modified as the group recognises the CSM over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

Contracts measured under PAA

For contracts measured under the PAA, the revenue earned is the allocation of expected premium receipts based on the passage of time, unless there was judgement applied and the assessment was that the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case it will then be based on the expected timing of incurred insurance service expenses. The group generally measures revenue earned over the passage of time.

Insurance service expenses

*I*nsurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service, i.e. changes in the FCF relating to the LIC;
- changes that relate to future service, i.e. losses/reversals on onerous groups of contracts from changes in the loss components; and
- any insurance acquisition cash flow assets impairment.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flow recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss. For insurance contracts issued, the portion of the risk adjustment for non-financial risk relating to the LIC is recognised in insurance service expenses.

Material accounting policies (continued)

for the year ended 31 December 2024

4. Insurance Contracts (continued)

Net income or expenses from reinsurance contracts held

The group has elected to present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount on the face of the income statement; rather than presenting separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount.

Reinsurance expenses are recognised on a similar basis to insurance revenue, accounting for the different nature of the contracts. Reinsurance expenses recognised depict the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the group expects to pay in exchange for those services.

Net income or expenses from reinsurance contracts held comprises reinsurance expenses, including broker fees measured under PAA, incurred claims recovery, excluding any investment components, other incurred directly attributable expenses and changes that relate to past service, effects of changes in the risk of reinsurer's non-performance.

Reinsurance expenses incurred for contracts measured under PAA are recognised over the passage of time over the coverage period of the contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise the change in the carrying value of the group of insurance contracts, for the LRC and the LIC, arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk.

For contracts measured under the GMM approach, insurance finance income or expenses arise from interest accretion on the FCF and the CSM, CSM at the locked-in inception rate, the effect of changes in interest rates and other financial assumptions; and foreign exchange differences, if applicable, as well as interest accreted on the LIC.

For contracts measured under the VFA approach, the insurance finance income or expenses comprise changes in the value of underlying item, excluding additions and disposals.

For insurance contracts measured under the PAA approach, insurance finance income and expenses arise from interest accreted on the LIC and the effect of changes in interest rates and other financial assumptions.

The group has elected, for all current portfolios, to include all insurance finance income or expenses for all measurement approaches, in the reporting period in profit or loss, refer to the accounting policy elections for the group's current accounting treatment.

Excluding contracts that are measured under the PAA, insurance acquisition costs are allocated to existing groups of insurance contracts on a systematic and rational basis. On initial recognition of a group of contracts, such acquisition costs reduce the CSM, as there is less profit to defer over the life of the contract related to these expenses. The group therefore has a lower CSM amortisation over the contracts, i.e. lower revenue recognition. For contracts that are measured under the PAA, the group recognises an asset for acquisition cash flows at initial recognition and amortises the asset over the group of insurance contracts' coverage period. For presentation purposes, IFRS 17 requires the group to allocate the direct acquisition costs to insurance service expenses in a systematic way, with an equal amount recognised as insurance revenue.

Notional deferred acquisition costs (NDAC) - presentation

Insurance acquisition cash flows are treated in the same way as other cash flows incurred in fulfilling insurance contracts and are reflected in the CSM or loss component for a group of insurance contracts on initial recognition. In line with the standard, the group has created an off-balance sheet notional deferred acquisition cost amount, which is used for presentation purposes to allocate the portion of premiums that relate to the recovery of acquisition cash flows to each reporting period, i.e. increasing insurance revenue and increasing insurance service expenses. On initial recognition, the NDAC is based on the present value of all expected future acquisition cash flows net of expected future clawbacks on acquisition commissions.

The NDAC is amortised based on the passage of time but the standard is not prescriptive on the methodology to achieve this. For long boundary contracts measured under GMM and VFA, the notional DAC will be released by applying the same rate of allocation as for the amortisation of the CSM derived from coverage units. The amortisation of the NDAC in line with coverage units is aligned to service provided and achieves consistency with the CSM.

For contracts without direct participation features, the insurance revenue is made up of expected claims, expected expenses, release of the NDAC and release of CSM in each period where the NDAC and CSM accrete interest at locked-in rates. Consequently, the release of the NDAC and the CSM should be adjusted by the 'locked-in' rate when 'adjusting for the financing effect' over the lifetime of the contract.

For contracts with direct participation features, since interest is accreted on the NDAC using current interest rates, the insurance revenue over the lifetime of the contract must be discounted using current interest rates and must be equal to the discounted value of the entity's share of the underlying.

The roll-forward of the expected NDAC is determined at the CSM group level except for the determination of experience variances. The experience variances on the NDAC arising from differences between expected acquisition costs and actual acquisition costs is determined at the reportable group level of aggregations and is disaggregated to groups in proportion to the CSM coverage units for each group relative to the total coverage units at the reportable group level.

Material accounting policies (continued)

for the year ended 31 December 2024

5. Financial instruments

Initial recognition and measurement

Financial instruments at fair value through profit or loss are initially recognised at fair value and the transaction costs are immediately recognised in profit or loss. All other financial instruments are measured initially at fair value plus directly attributable transaction costs and fees. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

5.1 Financial assets

Financial assets include financial investments, assets held - for - trading and for hedging, interests in associates and interests in joint ventures measured at fair value through profit or loss, repurchase agreements, scrip and collateral assets, components of receivables that are not measured under IFRS 4, cash and cash equivalents and intercompany balances.

Financial assets

Financial assets are classified based on the business model and nature of cash flows associated with the instrument.

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows. • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement.
Fair value through OCI	The group and company have no equity instruments that have been elected to be measured at fair value through other comprehensive income. A debt instrument that meets both the following conditions (other than those designated at fair value through profit or loss): • held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss (default)	Financial assets that are not classified into one of the abovementioned financial asset categories; and/or where the business model is that performance is assessed on a fair value basis.

Material accounting policies (continued)

for the year ended 31 December 2024

5. Financial instruments (continued)

5.1 Financial assets (continued)

Subsequent measurement

Subsequent to initial measurement, financial assets are classified, according to the business model assessment, in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost (loans receivable)	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate. Interest income is shown as a separate line on the face of the income statement (combined with interest income on financial assets held at fair value through OCI).
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to fair value adjustments on financial instruments. Expected credit impairment losses are recognised as part of impairment charges. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on debt financial assets is recognised in interest income in terms of the effective interest method. Interest income from these assets is shown as a separate line on the face of the statement of profit or loss (combined with interest from financial assets held at amortised cost).
Held for trading (derivatives)	Fair value, with gains and losses arising from changes in fair value recognised in fair value adjustments.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on financial assets are recognised in the income statement as part of fair value gains or losses on financial instruments.
Fair value through profit or loss (default)	Fair value gains and losses on the financial asset are recognised in the income statement as part of fair value gains or losses on financial instruments.

Impairment

Expected credit losses (ECL) are recognised on debt financial assets classified as at either amortised cost or fair value through OCI.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. A significant change in credit risk (SICR) is when there is a material change in the probability of default, since origination. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 Dec 2023.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are considered to have a low probability of default.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: Default: A financial asset is considered to be in default when there is objective evidence of impairment. Exposures which are overdue for more than 90 days are also considered to be in default. Significant financial difficulty of borrower and/or modification. Probability of bankruptcy or financial reorganisation. Disappearance of an active market due to financial difficulties.

ECLs are recognised as a deduction from the gross carrying amount of asset measured at amortised cost. Therefore, assets subject to ECLs are disclosed on a net basis, in the statement of financial position. The gross ECLs are disclosed in the note.

Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

Material accounting policies (continued)

for the year ended 31 December 2024

5. Financial instruments (continued)

5.1 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise:

- balances with banks;
- highly liquid short-term funds on deposit; and
- cash on hand.

Instruments included in this category are those with an initial term of three months or less from the acquisition date. It does not include money market securities held for investment. Cash and cash equivalents are classified according to the business model assessment, either at fair value through profit or loss default, or at amortised cost. Due to the short-term nature of cash and cash equivalents, the amortised cost approximates fair value.

Prepayments and other receivables

Other receivables are initially measured at fair value through profit or loss, with subsequent measurement at fair value through profit or loss (default) or at amortised cost. Those balances at amortised cost are subject to ECL impairment testing. The group has elected to apply the simplified approach for trade receivables that do not contain a significant financing component, contract assets and lease receivables. This means that the entity assesses lifetime losses on day one and does not have to do the three-stage testing as per the general ECL calculation. Prepayments are not financial instruments as defined.

Reclassification

Reclassifications of financial assets under IFRS 9 are permitted when, and only when, the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

5.2 Financial liabilities

Financial liabilities include financial liabilities under investment contracts and other payables.

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value if in doing so it would eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Held-for-trading	Fair value, with gains and losses arising from changes in fair value recognised in fair value adjustments on financial instruments.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including finance costs but excluding fair value gains and losses attributable to own credit risk) recognised in the fair value adjustments on financial instruments.
	Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within profit or loss.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Material accounting policies (continued)

for the year ended 31 December 2024

5. Financial instruments (continued)

5.2 Financial liabilities (continued)

Other payables

Other payables are initially measured at fair value through profit or loss, with subsequent measurement either at fair value through profit or loss (default) or at amortised cost, depending on the business model assessment. Included in Other payables are balances associated with certain outstanding claims and benefits. This mainly relates to demand liabilities for policyholder investment contracts where the contracts have matured and are regarded as out-of-force contracts

Inter-company loans

Based on an assessment of the business model and contractual cash flows under IFRS 9, in the company financial statements, inter-company loans (being financial instruments) are classified at amortised cost.

Reclassification

A financial liability may not be reclassified.

Derecognition

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

5.3 Fair value

Fair value is applied as defined in IFRS 13. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs. Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or determined using valuation models that utilise non-observable market data as inputs.

Subsequent to initial recognition, fair value is measured based on quoted market prices or dealer price quotations for assets and liabilities that are traded in active markets and where those quoted prices represent fair value at the measurement date. If the market for an asset or liability is not active or the instrument is unlisted, the fair value is determined using other applicable valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow analyses, net asset values, pricing models and other valuation techniques commonly used by market participants.

IFRS 13 requires disclosure of fair value measurements by level according to the following fair value hierarchies:

- Level 1 – Values are determined using readily and regularly available quoted prices in an active market for identical assets or liabilities. These prices would primarily originate from the Nairobi Securities Exchange or an international stock or bond exchange.
- Level 2 – Values are determined using valuation techniques or models, based on assumptions supported by observable market prices or rates either directly (that is, as prices) or indirectly (that is, derived from prices) prevailing at the financial position date. The valuation techniques or models are periodically reviewed, and the outputs validated.
- Level 3 – Values are estimated indirectly using valuation techniques or models for which one or more of the significant inputs are reasonable assumptions (that is unobservable inputs), based on market conditions.

Realised and unrealised gains or losses arising from changes in the fair value of these financial assets are recognised in profit or loss within net fair value gains on financial assets at fair value in the period in which they arise. The fair value of financial assets with standard terms and conditions and traded on active liquid markets is determined by reference to regulated exchange quoted ruling market prices at the close of business on the last trading day on or before the statement of financial position date. If quoted market prices are not available, reference is also made to readily and regularly available broker or dealer price quotations. For units in mutual funds and shares in open-ended investment companies, fair value is determined by reference to published repurchase prices.

If a market for a financial asset is not active, the group establishes fair value by using various valuation techniques detailed in the fair value hierarchy note to the annual financial statements. These include the use of recent arm's-length transactions, reference to the current market value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Where the fair value of financial instruments is determined using discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

Material accounting policies (continued)

for the year ended 31 December 2024

5. Financial instruments (continued)

5.3 Fair value (continued)

Fair value adjustments for unquoted instruments are included in investment gains and losses and are determined as follows:

Instrument	Valuation technique	Method of valuation
Fixed and variable rate preference shares, bonds and inflation- linked bonds	Discounted cash flow (DCF) model	Cash flows are projected by using either the applicable fixed dividend/ coupon, or by extrapolating the future variable dividend/coupon using an applicable market implied curve. These dividends/coupons are then valued using a discount curve which allows for the credit risk of the particular issuer, where the credit spread is derived from instruments which display similar credit risk characteristics.
Unlisted equities and debt (including unlisted variable rate preference shares)	Discounted cash flow (DCF) model.	Fair valued using appropriate valuation techniques such as DCF analysis or recent arm's length market transactions in respect of the equity instrument.
Fixed deposits and negotiable certificates of deposit	Face value and DCF model. .	The NCD cash flows are projected either by using the applicable fixed coupon, or by extrapolating the future variable coupon using an applicable market implied curve. These coupons are then valued using a market implied swap discount curve adjusted for the probability of default.

Material accounting policies (continued)

for the year ended 31 December 2024

6. IFRS 9 Policyholder investment contacts

Investment contract	Policyholder investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other measurable variable. . Policyholder investment contracts are classified depending on the duration of or the type of investment benefit, as follows: • long-term investment with discretionary participation feature (DPF); • and long-term investment without DPF. Long-term investment contracts with DPF are scoped into IFRS 17.

6.1 Discretionary participation features (DPF)

A number of insurance and investment contracts contain a DPF. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the group; and
- that are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the group; or
  - the profit or loss of the group, fund or other entity that issues the contract.

6.2 Investment contracts

Measurement and initial recognition	The group issues investment contracts, as follows:	
	Without fixed benefits (investment-linked and structured products). Fair value of these financial liabilities is dependent on the fair value of the underlying financial assets, derivatives and/or investment property and are designated at inception as at fair value through profit or loss. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. The group's valuation methodologies incorporate all factors that market participants would consider and are based on observable market data. The fair value of a investment-linked financial liability is determined using the current unit price multiplied by the number of units attributed to the policyholder at the statement of financial position date. If an investment contract is subject to a put or surrender option exercisable at the reporting date, the fair value of the financial liability is never less than the amount payable on the put or surrender option.	With fixed and guaranteed benefits (term certain annuity). Future benefit payments and premium receipts are discounted using market-related rates at the relevant statement of financial position date. Profit on initial recognition is amortised over the life of the contract.
Service fees on investment management contracts and deferred revenue liability (DRL)	Service fee income on investment management contracts is recognised on an accrual basis as and when the services are rendered. A DRL is recognised in respect of upfront fees, which are directly attributable to a contract, that are charged for investment management services. The DRL is then released to revenue when the services are provided, over the expected duration of the contract on a straight-line basis. Regular charges billed in advance are recognised on a straight-line basis over the billing period, which is the period over which the service is rendered. Outstanding fees are accrued as a receivable in terms of the investment management contract.	
Amounts received and claims incurred on investment management contracts	Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities, whereas claims incurred are recorded as deductions from investment contract liabilities.	
Deferred acquisition costs (DAC) in respect of investment contracts	Commissions paid and other incremental acquisition costs are incurred when new investment contracts are obtained or existing investment contracts are renewed (accounted for under IFRS 15 Revenue from Contracts with Customers).	

Material accounting policies (continued)

for the year ended 31 December 2024

7. Non-financial assets

7.1 Investment properties

Non-current assets, comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than continuing use, are classified as held for sale.	These are accounted for as follows: Non-current assets held as investments for the benefit of policyholders as part of the group's investment management and life insurance activities are not classified as held for sale as ongoing investment management implies regular purchases and sales in the ordinary course of business. • Immediately before classification as held for sale or for distribution, the assets are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, all the assets in the category are measured at the lower of their carrying amount and fair value less costs to sell (this is an accounting policy choice and is not limited to only the non-current assets). Impairment losses on initial classification as held for sale or for distribution as well as subsequent gains and losses on remeasurement of these assets or disposal groups are recognised in profit or loss. • Assets are presented separately in the statement of financial position. • Property and equipment and intangible assets once classified as held for sale, are not depreciated or amortised. In presenting the group's non-current assets and liabilities as held for sale, intercompany balances are eliminated in full. In the event that the held for sale operation ceases to be classified as held for sale, the disposal group shall be measured at the lower of: • Its carrying amount before the asset was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale or as held for distribution to owners, and Its recoverable amount at the date of the subsequent decision not to sell or distribute. (i.e. after any impairment losses that have been recognised in accordance with IAS 36

7.2 Owner-occupied properties

Nature	Measurement	Depreciation
Owner-occupied properties are held by the group for use in the supply of services or for its own administration purposes. Certain owner-occupied properties may also be used to back policyholder obligations.	Owner-occupied properties, that are not linked to policyholder liabilities, are stated at revalued amounts, being fair value at the date of valuation less subsequent accumulated depreciation for buildings and accumulated impairment losses. If the open-market valuation information cannot be reliably determined, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on active markets. The fair value adjustments on owner-occupied properties are recognised in OCI and accumulated in a revaluation reserve in equity to the extent that the accumulated adjustment is a surplus. Any accumulated deficits are recorded in profit or loss. On disposal or transfer (change in use) of owner-occupied properties to investment properties, the amounts included in the revaluation reserve are transferred directly to retained surplus. The deemed cost for any reclassification (between investment properties and owner-occupied properties) is at fair value, at the date of reclassification. Where the group issues groups of insurance contracts with direct participation features and holds the underlying items, which include owner-occupied properties, the group has elected to measure these owner-occupied properties at fair value through profit or loss as permitted by IAS 16.	Depreciation is recognised in profit or loss at rates appropriate to the expected useful lives of owner-occupied buildings and any significant component part. Land is not depreciated. Depreciation is calculated on the opening open-market fair value less any expected residual value. If the expected residual value is greater than or equal to the carrying value, no depreciation is provided for. On the date of the revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the property and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is directly transferred net of any related deferred taxation, between the revaluation reserve and retained earnings as the property is utilised.

7.3 Leases

The core principal of accounting for leases is that the lessees and lessor should recognise all rights and obligations arising from lease arrangements on the statement of financial position. There is no classification of leases for lessees as either operating or finance leases and introduces a single lessee accounting model, where a right-of-use (ROU) asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Material accounting policies (continued)

for the year ended 31 December 2024

7. Non-financial assets (continued)

7.3 Leases (continued)

The group's lessee accounting policies are:

Type and description	Statement of Financial Position	Statement of Comprehensive Income
Single lessee accounting model All leases are accounted for by recognising a right-of-use asset and a lease liability except for: • leases of low value assets; and leases with a duration of 12 months or less.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term. The lease term is the non-cancellable period of a lease, which includes periods when the lessee is reasonably certain to exercise an option to extend the lease or not to terminate a lease. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option. The discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate (rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment) on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes: • Amounts expected to be payable under any residual value guarantee; • The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised; and • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. **Right-of-use assets:** Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period. **Depreciation and impairment on right-of-use assets:** Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right-of-use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of general marketing and administration expenses. **Termination of leases:** On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancelation costs in profit or loss.

Material accounting policies (continued)

for the year ended 31 December 2024

7. Non-financial assets (continued)

7.3 Leases (continued)

Type and description	Statement of Financial Position	Statement of Comprehensive Income
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	The group applies the cost model subsequent to the initial measurement of the right-of-use assets.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment, termination and modification of leases	**Termination of leases:** When the group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised. Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease: When the group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of- use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

7.4 Equipment

The group's equipment provides it with the necessary infrastructure to operate effectively. Equipment principally comprises computer equipment and fixtures and fittings. The cost of these assets is recognised in the income statement over time as a depreciation charge, on straight-line basis over the useful lives. Where purchased software is an integral part of the related hardware, it is accounted for as equipment, however, where that software is not integral to the related hardware, it is accounted for as an intangible asset. Depreciation periods are detailed in note 5 of the group annual financial statements.

7.5 Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss immediately when incurred for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Material accounting policies (continued)

for the year ended 31 December 2024

8. Equity

Equity shares	Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business reduce the proceeds from the equity issue.

9. Other significant accounting policies

9.1 Employee benefits

Type of benefit	Description
Leave pay provision	The group recognises a liability for the amount of accumulated leave if the group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Incentive scheme	Incentive scheme bonuses are short-term bonuses which are recognised as an expense as incurred when the group has a present or constructive obligation and the amount can be reliably measured.
Pension obligations (defined contribution plans)	The group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the group companies pay 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 National Social Security Fund, which is also a defined contribution scheme. The group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

9.2 Revenue recognition

Revenue is recognised either when the performance obligation has been satisfied ("point in time") or as control of the goods or service is transferred to the customer ("over time"). This requires an assessment of the group and company's performance obligations and of when control is transferred to the customer. Where revenue is recognised over time, this is in general due to the group and company performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered. For each performance obligation over time, the group and company applies a revenue recognition method that faithfully depicts the group and company's performance in transferring control of the service to the customer. Due to the nature of the group's business, the majority of its revenue from contacts with customers is considered to be recognised "over time". If performance obligations in a contract do not meet the over time criteria, the group recognises revenue at a point in time.

Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties and, including an assessment of any variable consideration dependent on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the group considers both the likelihood and the magnitude of the potential revenue reversal.

As a result of the contracts which the group enters into with its customers, a number of different assets are recognised on the group's statement of financial position. Payment terms and conditions included in customer contracts are typically due in full within 30 days.

Material accounting policies (continued)

for the year ended 31 December 2024

9. Other significant accounting policies (continued)

9.2 Revenue recognition (continued)

Revenue type	Description	Recognition and measurement
Investment income (for financial instruments, and for rental income)	Comprises dividends, rental income, and interest	Dividends – recognised when the right to receive payment is established, dividends received are included in the fair value adjustments for financial assets at fair value through profit or loss.
		Rental income – accounted for on a straight-line basis under IFRS 16 Leases.
		Interest income and expenses for all interest-bearing financial instruments: For financial instruments measured at fair value through profit or loss – recognised within fair value adjustments under IFRS 9 in profit or loss.
		For financial assets held at amortised cost or classified at fair value through other comprehensive income, as interest income on financial assets at amortised cost and financial assets classified at fair value through other comprehensive income; using the effective interest method.
Revenue recognition from contracts with customers		
Revenue from contracts with customers arises from transactions not associated with financial instruments, insurance contracts or investment properties.		
Fee revenue	Management fees on assets under management	Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements
Fee income on placement of reinsurance	Fee income earned from reinsurers on placement of short-term and long term reinsurance contracts.	Recognised over the term of the contract.

Deferred revenue (accounted for under IFRS 15 Revenue from contracts with customers)

Upfront fees received on long-term investment contracts are recognised as a prepayment. These amounts are non-refundable and released to income as the services are rendered over the expected duration of the contract on a straight-line basis.

9.3 Taxation

Income taxation on the profit or loss for the periods presented comprises current and deferred taxation.

Current taxation

Current taxation is the expected taxation payable, using taxation rates enacted at the reporting date, including any prior year under or over provisions.

The group is subject to taxation in a number of jurisdictions. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from 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.

Deferred taxation

Deferred taxation is provided in full using the liability method. Provision is made for deferred taxation attributable to temporary differences in the accounting and taxation treatment of items in the financial statements. A deferred taxation liability is recognised for all temporary differences, at enacted or substantially enacted rates of taxation at the statement of financial position date, except for differences:

- relating to goodwill;
- arising from initial recognition of assets or liabilities which affect neither accounting nor taxable profits or losses; and
- relating to investments in subsidiaries and joint arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Material accounting policies (continued)

for the year ended 31 December 2024

9. Other significant accounting policies (continued)

9.3 Taxation (continued)

In respect of temporary differences arising on fair value adjustments on investment properties, deferred taxation is provided at the use rate if the property is considered to be a long-term strategic investment or at the capital gains effective rate if recovery is anticipated to be mainly through disposal.

A deferred taxation asset is recognised for the carry forward of unused taxation losses, unused taxation credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised. Deferred taxation assets are assessed for probable recoverability based on applicable estimated future business performance and related taxable projected income.

The major categories of assets and liabilities giving rise to a deferred taxation balance are investment properties revaluation surpluses, policyholder valuation basis, life fund special transfers, deferred acquisition costs, deferred revenue, unrealised gains on investments, intangible assets and provisions.

9.4 Provisions

Provisions are recognised when the group has a known present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that an outflow of the group resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Judgement is applied as to the quantum and timing of these resources considering all available information. Provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

9.5 Segment information

The results of the business units are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance.

The primary segments operate within two main geographic clusters, being Kenya (including the operations of the long-term and short-term insurance subsidiaries) and Tanzania (being the operations of the short-term insurance subsidiary). The Kenyan long-term insurance business includes the results of our investment and savings products. The results of our health products are included with the results of the two short-term insurance subsidiaries. The group's IFRS 8 reportable segments are aligned to these operations.

9.6 Assets held for sale

Non-current assets, that are expected to be recovered primarily through sale or distribution to owners rather than continuing use, are classified as held for sale or for distribution and are accounted for as follows:

- Non-current assets held as investments for the benefit of policyholders as part of the group's investment management and life insurance activities are not classified as held for sale as ongoing investment management implies regular purchases and sales in the ordinary course of business.
- Immediately before classification as held for sale or for distribution, the assets are remeasured in accordance with the group's accounting policies and tested for impairment. Impairment losses on initial classification as held for sale or for distribution as well as subsequent gains and losses on remeasurement of these assets or disposal groups are recognised in profit or loss.
- Assets are presented separately in the statement of financial position.
- Property and equipment and intangible assets once classified as held for sale, are not depreciated or amortised.
- In presenting the group's non-current assets and liabilities as held for sale, intercompany balances are eliminated in full.

9.7 Offsetting

Assets and liabilities are offset, and the net amount reported in the statement of financial position when:

- there is a current legally enforceable right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Appendix A – Shareholder information

Shares Distribution Statistics as at 31 December 2024

Distribution of shareholding	Number of shareholders	Number of shares held	Percentage shareholding
1 to 500	3 060	443 74	0.08%
501 to 1 000	596	442 465	0.08%
1 001 to 5 000	1 038	2 286 142	0.43%
5 001 to 10 000	397	2 971 917	0.55%
10 001 to 50 000	270	5 208 036	0.97%
50 001 to 100 000	45	3 202 560	0.60%
100 001 to 500 000	32	7 057 043	1.32%
500 001 to 1 000 000	1	680 000	0.13%
1 000 001 to 2 000 000 000	7	513 416 162	95.84%
	5 446	535 707 499	100.00%

Top 10 Shareholders as at 31 December 2024

	Names	Number of shares held	Percentage
1	Liberty Holdings Limited	393 569 465	73.47%
2	African Liaison and Consultant Services Limited	82 250 289	15.35%
3	Genghis Nominee A/C 029	27 000 000	5.04%
4	The Permanent Secretary to the Treasury of Kenya (on behalf of the Govt of Kenya)	4 602 008	0.86%
5	Peter Kingori Mwangi	3 035 403	0.57%
6	Co-op Custody Account 4006	1 490 597	0.28%
7	John Njuguna Ngugi	1 468 400	0.27%
8	Co-op Custody Equity Fund A/C 9002	680 000	0.13%
9	Utaridi Partners Limited	481 600	0.09%
10	Alex Kimani Njogu	461 100	0.09%
		515 038 861	96.14%

The other shareholders hold 20 668 637 shares, which are 3.86% of the total shares.