

Audited results of the group and company

for the year ended 31 December 2023



Group and Company statements of financial position as at 31 December 2023

Group				Company	
Kshs' 000	2023	Restated 2022	Restated 1 January 2022	2023	2022
Assets					
Interests in subsidiaries	-	-	-	2 701 541	2 701 541
Intangible assets	1 480 527	1 414 370	1 415 357	-	-
Owner-occupied properties	1 216 000	1 216 000	1 216 000	-	-
Equipment	200 105	215 838	183 423	-	-
Right-of-use-assets	86 963	96 274	62 964	-	-
Deferred taxation	196 263	210 297	239 556	-	-
Financial investments	20 344 512	23 096 104	23 938 749	-	-
Staff loans receivable	635 271	742 084	979 699	-	-
Reinsurance contract assets	5 737 041	3 547 770	2 568 706	-	-
Intergroup balances with subsidiaries	-	-	-	28 166	10 204
Prepayments and other receivables	882 162	674 839	592 588	21 932	545
Current taxation	125 010	208 394	157 946	-	-
Investment properties held for sale	-	118 420	625 263	-	-
Cash and cash equivalents	12 857 391	8 566 284	7 855 904	19 267	30 529
Total assets	43 761 245	40 106 674	39 836 155	2 770 906	2 742 819
Liabilities					
Lease liabilities	100 151	112 040	78 863	-	-
Insurance contract liabilities	23 862 849	21 653 381	21 702 589	-	-
Financial liabilities under investment contracts	7 087 530	6 597 463	6 250 911	-	-
Deferred taxation liability	927 190	913 790	986 713	-	-
Financial liabilities	180 199	163 689	125 338	-	-
Intergroup balances with subsidiaries	-	-	-	4 000	4 000
Other payables	1 831 485	1 600 503	1 986 667	23 440	21 502
Employee benefits	195 030	174 339	145 301	-	-
Total liabilities	34 184 434	31 215 205	31 276 382	27 440	25 502
Equity					
Ordinary shareholders' equity	9 189 201	8 525 579	8 264 383	2 743 466	2 717 317
Share capital	535 707	535 707	535 707	535 707	535 707
Share premium	1 490 480	1 490 480	1 490 480	1 490 480	1 490 480
Retained surplus	5 393 935	4 771 737	4 389 116	717 279	691 130
Other reserves	1 769 079	1 727 655	1 849 080	-	-
Non-controlling interests	387 610	365 890	295 390	-	-
Total equity	9 576 811	8 891 469	8 559 773	2 743 466	2 717 317
Total equity and liabilities	43 761 245	40 106 674	39 836 155	2 770 906	2 742 819

Abridged Group and Company Statement of changes in equity

Group							
Kshs' 000	Share capital	Share premium	FCTR (1)	Statutory reserve and owner-occupied Properties	Retained surplus	Non-controlling interests	Total equity
Balance at 1 January 2022 as previously reported	535 707	1 490 480	(149 622)	2 147 006	4 478 329	312 824	8 814 724
IFRS 17 transition adjustment at 1 January 2022 net of tax	-	-	-	(148 304)	(89 213)	(17 434)	(254 951)
Restated Balance at 1 January 2022	535 707	1 490 480	(149 622)	1 998 702	4 389 116	295 390	8 559 773
Total comprehensive income	-	-	38 390	-	222 806	70 500	331 696
Transfer between reserves	-	-	-	(159 815)	159 815	-	-
Balance at 31 December 2022	535 707	1 490 480	(111 232)	1 838 887	4 771 737	365 890	8 891 469
Total comprehensive income	-	-	8 018	-	655 604	21 720	685 342
Transfer between reserves	-	-	-	33 406	(33 406)	-	-
Balance at 31 December 2023	535 707	1 490 480	(103 214)	1 872 293	5 393 935	387 610	9 576 811

(1) FCTR - Foreign currency translation reserve

Company				
Kshs' 000	Share capital	Share premium	Retained surplus	Total equity
Balance at 31 December 2021	535 707	1 490 480	515 856	2 542 043
Total comprehensive income and total earnings	-	-	175 274	175 274
Balance at 31 December 2022	535 707	1 490 480	691 130	2 717 317
Total comprehensive income and total earnings	-	-	26 149	26 149
Balance at 31 December 2023	535 707	1 490 480	717 279	2,743 466

Abridged Group and Company Statement of Cash flows

Group			Company	
Kshs' 000	2023	Restated 2022	2023	2022
Cash flows from/(to) operating activities	4 499 586	868 572	(11 262)	150 378
Cash flows from investing activities	(181 488)	(168 738)	-	-
Cash flows from financing activities	(40 618)	(44 472)	-	(130 000)
Net increase/(decrease) in cash and cash equivalents	4 277 480	655 362	(11 262)	20 378
Cash and cash equivalents at the beginning of the year	8 566 284	7 855 904	30 529	10 151
Foreign currency translation	13 627	55 018	-	-
Cash and cash equivalents at the end of the year	12 857 391	8 566 284	19 267	30 529

Group and Company statements of comprehensive income for the year ended 31 December 2023

Group			Company	
Kshs' 000	2023	Restated 2022	2023	2022
Revenue				
Insurance revenue	13 832 218	12 299 582	-	-
Insurance service expense	(12 537 014)	(9 860 759)	-	-
Net insurance service result before reinsurance contracts held	1 295 204	2 438 823	-	-
Net expense from reinsurance contracts held	(381 352)	(2 071 258)	-	-
Insurance service result	913 852	367 565	-	-
Investment income	150 671	11 715	140 000	350 000
Interest income on financial assets using the effective interest method	1 365 870	988 659	-	-
Fair value adjustments to assets held at fair value through profit or loss	597 461	799 274	-	-
Fair value adjustment to financial liabilities under investment contracts	(412 026)	(273 867)	-	-
Fair value adjustment to financial liabilities	(145 546)	(96 476)	-	-
Net investment income	1556 430	1429 305	140 000	350 000
Finance expenses from insurance contracts issued	(190 637)	(532 379)	-	-
Finance expenses from reinsurance contracts held	(141 721)	(19 798)	-	-
Net insurance finance expenses	(332 358)	(552 177)	-	-
Net insurance and investment result	2 137 924	1 244 693	140 000	350 000
Revenue from contracts with customers	149 045	128 524	-	-
Other operating expenses	(1 182 269)	(855 360)	(113 851)	(174 726)
Finance costs	(5 219)	(10 757)	-	-
Profit before taxation	1 099 481	507 100	26 149	175 274
Taxation	(427 502)	(239 391)	-	-
Total earnings	671 979	267 709	26 149	175 274
Other comprehensive income	13 363	63 987	-	-
Items that may be reclassified subsequently to profit and loss	13 363	63 987	-	-
Foreign currency translation	13 363	63 987	-	-
Total comprehensive income	685 342	331 696	26 149	175 274
Total earnings attributable to:				
Shareholders' equity	655 604	222 806	26 149	175 274
Non-controlling Interest	16 375	44 903	-	-
	671 979	267 709	26 149	175 274
Total comprehensive income attributable to:				
Shareholders' equity	663 622	261 196	26 149	175 274
Non-controlling Interest	21 720	70 500	-	-
	685 342	331 696	26 149	175 274
Basic earning per share				
Basic and diluted earnings per share KShs	1.22	0.42		

Message from the directors

The directors are pleased to present extracts of the Group and Company audited financial statements for the year ended 31 December 2023. These are extracts from the financial statements as audited by Pricewaterhouse Coopers LLP, which received an unmodified opinion. The group has fully implemented IFRS 17 insurance contracts. The annual financial statements contain details of the adoption and the required restatements.

The ongoing geopolitical conflicts continue to impact global economic stability, negatively affecting developing nations such as Kenya. A raft of relatively sudden taxation changes, an ongoing higher interest rate environment, as well as rising fuel prices and the increased cost of basic commodities like food, exacerbate the economic challenges, and have contributed to a noticeable rise in the cost of living. Furthermore, the depreciation of the Kenyan shilling has led to increased insurance expenses, particularly for motor and medical coverage, as many parts, medications, and equipment are sourced from abroad.

Results

In spite of the economic challenges, the group reported earnings growth across all operating subsidiaries, reflecting a sustained improvement from the low-income years experienced during the COVID19 pandemic. Basic earnings per share increased by 193%, primarily because of improved insurance service results. In Kenya, the short-term business saw an 11% increase in insurance revenue, with an improved claim ratio compared to the previous year. The introduction of a retail medical product in the last quarter is expected to address market gaps in that segment. The Tanzanian operations have operated at similar levels to 2022. A large single insured event in Tanzania has resulted in a significant increase in claims, however as this exposure is largely re-insured it did not have a significant net impact on the operational result. In the long-term business, the group is pleased with the improvement in earnings and earned premium, albeit off a very low base. Management continue to implement the turnaround strategy and several new product launches are planned during 2024. Unpredictable investment markets unfortunately continue to constrain investment returns. The capital position of all the Group's insurance license entities remains resilient, following active capital and risk management, and are above regulatory targeted levels. Recently published independent credit ratings place the Group as one of the best credit worthy insurance groups in Kenya.

Dividend

Due to the Group's improved financial performance, the Directors are pleased to recommend to the shareholders to approve at the annual general meeting a dividend per ordinary share of KShs 0.373 (2022: Nil) . Further details will be provided in the Notice of the Company's Annual General Meeting.

Annual general meeting

The Annual General Meeting will be held on 24 May 2024.

The annual financial statements and reports are available on www.libertykenya.co.ke and were approved by the board on 17th April 2024 and signed on its behalf by:

P. Odera
Chairman

K Godden
Group Chief Executive