

AAR Insurance Kenya Limited

Audited Financial Statements for the year ended 31 December 2024

| STATEMENT OF COMPREHENSIVE INCOME | | | |
|---|---------------------|---------------------|---------------------|
| FINANCIAL YEAR | GROUP | COMPANY | |
| | Dec 2024 Shs'000 | Dec 2024 Shs'000 | Dec 2023 Shs'000 |
| Insurance Revenue | 12,297,875 | 10,696,270 | 8,655,563 |
| Insurance Service Expense | (11,464,615) | (9,983,890) | (7,984,251) |
| Insurance Service Results Before Reinsurance | 833,260 | 712,380 | 671,312 |
| Net Expense From Reinsurance Contracts Held | (108,619) | (125,558) | (382,579) |
| Insurance Service Results | 724,641 | 586,822 | 288,733 |
| Investment Income | 703,396 | 647,372 | 439,620 |
| Total Investment Income | 703,396 | 647,372 | 439,620 |
| Other Income | 17,323 | 8,203 | 3,613 |
| Other Operating Costs | (831,058) | (688,993) | (635,108) |
| Other Finance Costs | (19,637) | (17,549) | (19,909) |
| Profit Before Income Tax | 594,665 | 535,855 | 76,949 |
| Income Tax Expense | (190,649) | (152,386) | (28,099) |
| Profit For The Year | 404,016 | 383,469 | 48,850 |
| Exchange Differences On Translation Of Foreign Operations | (49,836) | - | - |
| Total Comprehensive Income For The Year | 354,180 | 383,469 | 48,850 |
| Earnings Per Share | 2.0 | 1.9 | 0.3 |
| STATEMENT OF FINANCIAL POSITION | | | |
| ASSETS | | | |
| Investments | 5,228,676 | 4,658,281 | 4,046,130 |
| Reinsurance Contract Assets | 1,371,047 | 703,316 | 780,228 |
| Cash And Bank Balances | 846,262 | 683,082 | 619,888 |
| Other Assets | 716,124 | 1,056,843 | 552,555 |
| Total Assets | 8,162,109 | 7,101,522 | 5,998,801 |
| EQUITY | | | |
| Share Capital | 1,017,627 | 1,017,627 | 700,000 |
| Share Premium Reserve | 460,523 | 460,523 | 460,523 |
| Translation Reserve | (49,836) | - | - |
| Proposed Dividends | 70,000 | 70,000 | - |
| Retained Earnings | 680,705 | 660,158 | 346,689 |
| Total Equity | 2,179,019 | 2,208,308 | 1,507,212 |
| LIABILITIES | | | |
| Insurance Contract Liabilities | 4,787,628 | 3,947,148 | 3,181,375 |
| Other Liabilities | 1,195,462 | 946,066 | 1,310,214 |
| Total Liabilities | 5,983,090 | 4,893,214 | 4,491,589 |
| Total Equity and Liabilities | 8,162,109 | 7,101,522 | 5,998,801 |

The above are an extract from the consolidated financial statements of the Group and Company for the year ended 31st December 2024, which were audited by EY and received an unqualified audit opinion. The financial statements were approved and authorised for issue by the Board of Directors on 13th March 2025 and were signed on it's behalf by:

| | | |
|--|-------------------------------------|---|
| ESTHER KOIMETT, CBS Board Chairperson | PATRICIA KIWANUKA Board Director | JUSTINE KOSGEI CEO & Principal Officer |
|--|-------------------------------------|---|

| KEY RATIOS | | | |
|------------------------|------|------|--|
| Capital Adequacy Ratio | 2024 | 2023 | |
| | 160% | 118% | |
| Return on Assets | 5% | 1% | |
| Return on Equity | 19% | 3% | |
| Current Ratio | 136% | 133% | |

| COMMENTARIES | |
|--|--|
| <p>Basis of Consolidation</p> <p>Effective January 1, 2024, AAR Insurance Kenya Limited assumed full ownership and control of AAR Health Services Uganda, in line with our regional expansion strategy—marking a key step in our growth journey. For the first time, we consolidated the financial statements of our Uganda subsidiary, as we continue to explore opportunities for further market expansion across the region.</p> <p>Revenue Performance</p> <p>In 2024, the Group recorded insurance revenue of Kshs 12.298 billion, representing a 42% increase compared to the previous year. This growth was primarily attributed to enhanced customer experience leading to high retention, innovative product offerings and increased intermediary activity supported by strategic partnerships.</p> <p>Profitability</p> <p>The Group achieved a significant 673% increase in profitability. This was driven by strong revenue performance, a rise in investment income, and reduced operating expenses. The implementation of a digitally focused operational model was instrumental in reducing the operating expense ratio from 7.6% to 6.9% enhancing the Group's financial performance.</p> <p>Growth in Capital Adequacy Ratio and Assets</p> <p>The Company's Capital Adequacy Ratio (CAR) increased from 118% to 160% driven by strong performance and a capital injection of Kshs 318 million, positioning the company for sustained growth. The Group's return on Equity grew to 19% while total assets grew by 36% in line with growth in profitability.</p> | <p>Innovation Hub</p> <p>Our AAR Innovation Hub has played a pivotal role in driving product innovation across the full market spectrum—with our tailored product offerings to our corporate and high-net-worth clients, to affordable, high-impact insurance solutions designed specifically for underserved markets. This strategic breadth in product development reflects our inclusive growth agenda, ensuring we meet evolving customer needs while deepening market penetration. By leveraging technology, data insights, and agile development processes, we continue to respond to market dynamics with agility and purpose.</p> <p>Awards</p> <p>In 2024, AAR Insurance was recognized with several industry awards including Medical Underwriter of the Year – Personal, Best in Product Innovation, Claims Settlement, The Training Award, Best in Product Distribution & Marketing, and Most Customer-Centric Underwriter – General. We were also 1st Runner-Up for Medical Underwriter, reflecting our continued leadership in innovation, operational efficiency, and customer centric solutions across all market segments.</p> <p>Environmental, Social & Governance (ESG)</p> <p>Sustainability remains central to our strategy at AAR Insurance, guided by our 'INTENT' campaign to redefine insurance with purpose. In 2024, we advanced our environmental agenda, prioritized inclusive health financing, Diversity Equity and Inclusion (DEI), and employee wellbeing, and strengthened our ESG framework to enhance compliance and stakeholder trust. We continue to align with global ESG standards to drive transparency and long-term impact.</p> |