Britam
With you every step of the way

BRITAM HOLDINGS PLC
2022 INTEGRATED REPORT
& FINANCIAL STATEMENTS

Our EPIC^2 ...#OneBritam Strategy

We are transforming Britam by putting **Customer needs at the centre of everything we do.**

Our customers will experience **EPIC^2 ...#OneBritam** across all our customer touchpoints.

We continue to leverage our **People, Technology, Culture** and enable our partners to deliver **meaningful interactions and satisfying experiences, all the time.**

Life Company of the year for 16 years in a row

General Insurance Company of the year 2022

The Board and Management of Britam wishes to congratulate our Financial Advisors and the entire Britam network for a record-breaking performance.

Our Subsidiary Britam Life Assurance has won the **Life Company of the Year Award** for the 16th consecutive year in the recent Association of Kenya Insurers (AKI) Annual Awards.

Britam General Insurance also won the **General Insurance Company of the year 2022.**

This is not only a win for Britam but for our clients as well as a demonstration of our market leadership in the Insurance Sector.

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Bravo Team Britam

Overall General Insurance Company of The Year

ABOUT THIS REPORT

We integrate the principles of integrated thinking into our business and our performance reporting. The goal is to support our key stakeholders understand how we define, measure, and report on value creation from our business capitals.

Our 2022 Annual Integrated Report

This integrated report is a demonstration of our continuous commitment to and strategy for creating and reporting value for our stakeholders.

The report contains information on the Group's financial and non-financial performance for the financial year 2022.

This is a primary report to the providers of financial capital, and contains information relating to our external operating environment, value creation business model, our key stakeholders, key risks and opportunities, our material topics, and strategy.

We remain committed to the principles of Integrated Reporting as they align with sustainable and long term value creation and with our mission to offer our customers financial security EVERY STEP OF THE WAY.

Target Audience

This Integrated Report is our primary report to our investors. However, it also contains information relevant to all other key stakeholders.

Feedback

At Britam Holdings Plc, we value your feedback as we endeavor to provide accurate, transparent and balanced information to our stakeholders.

We invite you to contact the Investor Relations Department on +254 0705 100 100 or Investorrelations@britam.com should you have any questions.

Frameworks and Compliance

This report has been prepared with the guidance of the International Integrated Reporting Framework (the Framework).

We appreciate that this report represents our commitment to a holistic value creation and reporting approach in our business and that we are focused on continuous improvement.

This will be achieved through a commitment to the application of integrated thinking to our strategy, operations, stakeholder engagements, and value-added reporting.

The report is aligned to the requirements of the Kenya Companies Act, 2015, and the Capital Markets Authority (CMA) guidelines.

The Group's Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The report is a critical component of our commitment and a promise to be transparent and accountable to our stakeholders.

Our Five-Year Financial Performance Summary

Summary statement of profit or loss and other comprehensive income

	2022 Shs '000	2021 Shs '000	2020 Shs '000	2019 Shs '000	2018 Shs '000
Income					
Gross earned premiums and fund management fees	33,402,890	32,523,890	28,821,159	27,667,284	24,986,224
Gross earned premiums	32,744,425	31,839,032	28,199,619	27,131,870	24,325,111
Net earned premiums	25,666,728	25,015,637	23,145,633	23,109,892	21,061,660
Fund management fees	658,465	684,858	621,540	535,414	661,113
Investment income	13,651,181	10,666,037	7,927,048	6,966,794	6,667,588
Realised and unrealised gains / (losses) on financial assets	(3,913,086)	1,799,672	(2,537,790)	4,777,716	(3,049,273)
Commissions earned and other income	2,143,142	2,061,771	996,517	1,056,436	1,052,523
Total income	38,206,430	40,227,975	30,152,948	36,446,252	26,393,611
Expenses					
Net insurance benefits and claims	17,860,203	17,840,426	18,649,372	15,442,505	14,247,140
Interest payments/increase in unit value	4,922,686	5,230,998	2,759,170	3,889,475	1,688,638
Operating and other expenses	8,365,770	11,327,916	13,455,260	8,794,161	8,244,558
Finance costs	272,917	413,989	361,547	234,667	905,567
Commissions expense	3,830,040	4,117,100	3,802,160	3,461,322	3,313,922
Total expenses	35,251,616	38,930,429	39,027,509	31,822,130	28,399,825
Share of loss of the associates	(2,760)	(286,085)	(823,049)	(53,099)	(289,656)
Profit/(loss) before income tax	2,952,054	1,011,461	(9,697,610)	4,571,023	(2,295,870)
Total comprehensive income/(loss) for the year	1,758,077	2,016,685	(11,679,122)	5,420,656	(2,856,296)
Earnings/(loss) per share	0.63	0.02	(3.62)	1.41	(0.92)

Summary statement of financial position

	2022 Shs '000	2021 Shs '000	2020 Shs '000	2019 Shs '000	2018 Shs '000
Shareholders' funds	20,841,594	19,083,517	17,066,832	29,376,826	23,956,170
Total assets	158,421,779	153,427,336	136,962,471	125,243,565	103,656,332
Total liabilities	137,580,185	134,343,819	119,895,639	95,866,739	79,700,162

Britam
With you every step of the way

A JOURNEY OF A THOUSAND MILES BEGINS WITH ONE STEP.

Take the first step to become a #BritamInveSTAR by investing in our Money Market Fund. Save & invest 24/7 anytime anywhere, earn interest daily and access expert advice.

Open a digital account today with as little as Kshs. 1,000 via;

- USSD Code - ***778#**
- Britam Online Customer Portal - **www.britam.com**
- Britam App - ANDROID APP ON Google play | Download on the App Store

***T&Cs apply.**

Regulated by the Insurance Regulatory Authority

GROUP OVERVIEW

Who we are

Britam Holdings Plc is a leading diversified financial services Group listed on the Nairobi Securities Exchange. The Group has a presence in seven countries in Africa namely: Kenya, Uganda, Tanzania, Rwanda, South Sudan, Mozambique and Malawi.

The Group offers a wide range of financial solutions in Life Assurance, General Insurance, Health Insurance, Retirement Planning, Asset Management and Banking.

These solutions enable our customers to protect and grow their wealth and achieve their financial goals **EVERY STEP OF THE WAY.**

Our Philosophies

1. **OUR PURPOSE**
Safeguarding Dreams and Aspirations

2. **OUR VISION**
To be the leading diversified financial services company in our chosen markets across Africa

3. **OUR MISSION**
Providing you with financial security every step of the way

4. **OUR VALUES**
   - Respect
   - Integrity
   - Innovation
   - Customer Focus

5. **BRAND PROMISE**
With you every step of the way

6. **CX VISION**
We will serve with empathy and care and provide an EPIC^2 experience

7. **CX VISION PILLARS - EPIC^2**
   - **E**mployees
   - **P**artnerships
   - **I**nnovation
   - **C**lients
   - **C**onduct

Our Footprint

Kenya
Established 1965

Uganda
Established 2010

Tanzania
Acquired 2014

Mozambique
Acquired 2014

Rwanda
Established 2012

Malawi
Acquired 2014

South Sudan
Established 2011

Our Structure

Britam Holdings PLC

Insurance

- **100%** Britam Life Assurance Company (Kenya) Limited
- **100%** Britam General Insurance Company (Kenya) Limited
- **100%** KHSL (Kilimani Hotel Suites Limited)
- **100%** Britam Insurance Company Limited (Malawi)
- **55%** Britam Insurance Company (Tanzania) Limited
- **100%** Britam Insurance Company Limited (Uganda)
- **100%** Britam Insurance Company (South Sudan) Limited
- **100%** Britam Insurance Company Limited (Rwanda)
- **98%** Britam- Companhia De Seguros De Mozambique S.A

Asset Management

- **100%** Britam Asset Managers (Kenya) Limited
  - **100%** Britam Asset Managers (Uganda) Limited

Property

- **100%** Britam Properties (Kenya) Limited

Portfolio Investment

- **48.2%** HF Group PLC

Our EPIC² ...#OneBritam Strategy is Transformational from the Core

Our Strategy draws on a **transformational vision to** grow customer base through a focus on customer centricity – while **strengthening our foundations**

Regroup the Business

Fix the basics and fuel the journey

Driver Customer-Centric Transformation

Organise around the Customer

Embed Customer-Centricity

Leverage Technology

Turnaround Key Cost Drivers

P&D
Forge Strategic Partnerships

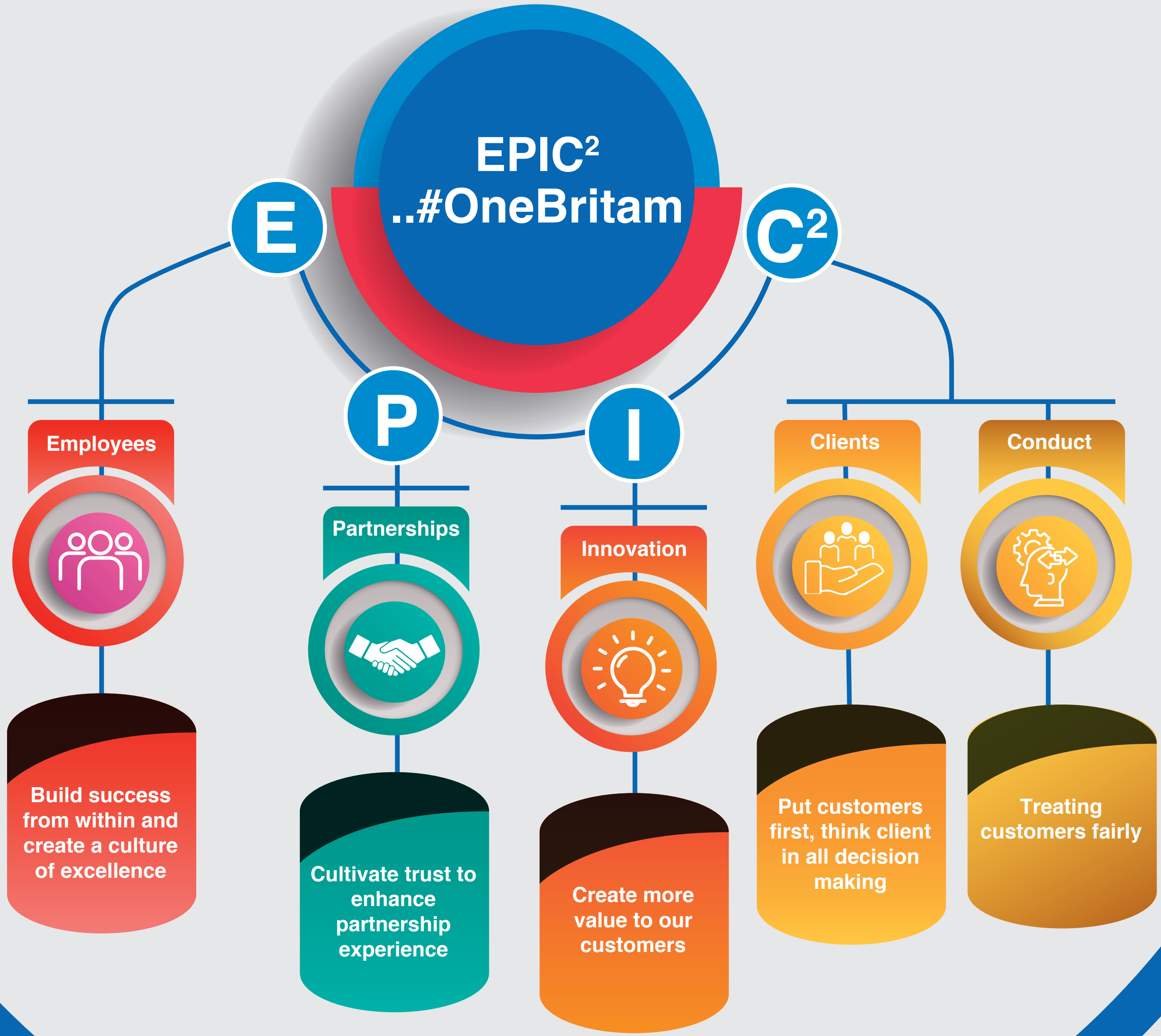
Retail
Corp.
Optimise Approach to Customer

EMC
Unlock next tier of Customers

Shift Investment Strategy

Drive International Growth

The 2021- 2025 Strategy
Client Experience (CX) Vision:
We will serve with empathy & care and provide an EPIC² experience



Our Value Creation Model

Our business model drives our value creation process, leveraging the six capitals to direct our inputs and activities towards sustainable positive outcomes for our stakeholders.

INPUTS

Intellectual Capital
This capital includes our intellectual assets such as institutional knowledge, product development capability, systems, procedures and protocols.

- Investment in information technology
- Investment in transformation and training of our proprietary distribution channels
- Strategic bancassurance partnerships
- Enterprise risk management practices
- Strong Britam brand across the region
- Specialised skills and expertise of employees and our Board

Human Capital
Our human capital consists of the competencies, capabilities and experience of our employees and how they innovate, collaborate and align with Britam's objective.

- 900+ dedicated workforce
- 2000+ financial advisors
- Experienced leadership team
- Corporate culture based on clear ethics and values

Financial Capital
The pool of funds supporting business operations includes revenue from products and services offered to clients and investment returns earned on shareholder funds.

- Shs 158 billion total assets
- Shareholders funds at Shs 21 billion

Natural Capital
Renewable and non-renewable resources used by Britam to function.

Our natural capital includes:
- Land
- Electricity
- Water

Social Capital
These are the strong relationships we build with stakeholders to sustain our social license to operate.

- Collaboration with partners and service providers within Service Level Agreements (SLAs)
- Stakeholder relationships

Manufactured Capital
The resources owned, leased or controlled by Britam that contribute to product or service provision.

- Branches
- Digital assets (online portals, My Britam App, USSD and other core applications)
- Call centres, data centres and premises for support functions

GOVERNANCE

BUSINESS VERTICALS

- Insurance
- Asset Management
- Property
- Portfolio Investments

Organise around the Customer

Embed Customer Centricity

Leverage Technology

RISK & CAPITAL MANAGEMENT

DELIVERY CHANNELS

Financial Advisors
- Dedicated Agents
- Independent Agents

Partners
- Brokers
- Bancassurance
- Aggregators

Digital Channels
- USSD *778#
- Britam Buy Online
- Britam Customer Connect
- Britam App

TRANSFORMING VALUE

PRODUCT & SERVICES

Insurance
- Life
- General

Asset Management
- Retail Client Solutions
- Corporate Client Solutions

Property Management
- Management Services

OUTPUTS

Investors
- 3% Growth in total assets
- 3% Growth in Gross Earned Premiums and Management fees
- Growing profitability with Shs 2.95 billion Profit Before Tax

Customers
- Launched new products and propositions
- Revamped self-service channels
- Increased partnerships

Employees
- Shs 3.6 billion paid in salaries and wages
- Achieved 57:43% male/female gender ratio in executive management
- Zero work related injuries in the year

Regulators
- Prudent risk management
- Business operated within the Group's Risk Appetite
- Positive regulatory engagements and relationships sustained

Social Impact
- Continued rollout of affordable and accessible propositions
- Continued with Corporate Social Investment initiatives

Turnaround Key Cost Drivers

Shift Investment Strategy

Drive International Growth

Britam Sustainability Highlights

EDGE Certified Grade A Iconic Britam Tower

Key achievements compared to conventional buildings:

- Energy Savings
- Water Savings
- Less Embodied Energy in Materials

Other notable features:-

- Natural/Day Lighting
- Natural cross ventilation
- Low reliance on air conditioning
- Eco-friendly building materials

Governance

Gender and Inclusion composition

Staff Gender Ratio
Male : Female ratio 55:45%

Board Composition
Male : Female ratio 67:33%

Executive/Senior Leadership:
Male : Female Ratio 57: 43%

Other Structure / Policies Strengthening Governance

- New Directors Appointment Policy
- Stakeholder Engagement Policy
- Whistleblowing
- Code of Conduct
- Data Protection Policy

Health & WellBeing

Existing initiatives:

- Insuring over one million emerging customers with products that cost as low as $ 1/month
- Maternal digital health initiatives for expecting and new mothers

Telemedicine:
To improve access to health care.

Food Security

Britam is supporting farmers by insuring them against life's shocks such as hospital admission and loss of loved ones so they do not resort to selling their income generating assets such as land and livestock.

Britam is insuring over 450,000 small holder farmers and their families through partnerships.


Britam
With you every step of the way
ANYTHING CAN HAPPEN. YOUR MOVE
Protect what you care for with Britam's Financial Solutions.
Insurance | Investment
Tel: 0705100100 | Whatsapp: 0793304927 | Email: customerservice@britam com
www.britam.com
Regulated by the Insurance Regulatory Authority

Our Chairman's Report

Mr. Kuria Muchiru
Chairman

Dear Esteemed Shareholders,

In my second year serving as the chairman of your Board, I am delighted to present to you my report which is part of the 2022 Integrated report. This is an exciting opportunity to highlight to you how the business has continued to deliver value. I can confidently report that the Group's endeavor to remain focused on our purpose of safeguarding dreams and aspirations is enabling us to create value for our shareholders and indeed to all our stakeholders. In addition, our decisions and actions continue to strengthen the foundations of our business for sustainable growth and success.

As a Group, we commenced the year 2022 with a very clear strategic focus to sustain momentum in improving the positive financial and operating performance realized in 2021. This was critical as it kept us steadied on executing our new strategy despite the headwinds presented by the operating environment during the year. Across our footprint, our businesses continued to feel the impact of a global economy characterized by persistent high inflationary pressure, tightening monetary policies in major economies, and geopolitical tensions that continue to constrain global supply chains. In addition, many markets have reported depressed stock valuations and increased interest rates.

However, the business was able to counter the adverse impact of the macroeconomic environment to report an improved financial performance for the year and we remain on track to deliver on the objectives of our 2021 – 2025 EPIC^2 strategy.

The Britam Brand remains strong earning the confidence of our stakeholders as evidenced by our leading position in the life insurance business in Kenya where we have a 20 percent market share. Britam is also among the leading general insurers in all the markets we operate in.

A lot of effort and commitment has gone towards building the business and I believe that we are on track to exceed our stakeholders' expectations including our shareholders who have remained confident in the business and its future. Our intermediaries have continued to support us in marketing and ensuring that our products remain available to all our customers. They are one of the key touchpoints in educating, advising, supporting our customers and selling our products.

Our teams across the business have shown a remarkable level of commitment. In line with our strategy, they have lived out our customer centric focus of putting our customers at the center of everything we do. They continue to serve our customers and intermediaries with empathy and care. This is in addition to coming up with life changing and innovative solutions for our customers and pursuing partnerships that create more opportunities to drive financial inclusion. Through the individual and collective efforts of our staff, Britam has remained true to its mission of providing our customers with a wide array of financial solutions EVERY STEP OF THE WAY.

The collective efforts of our teams have not gone unnoticed even outside the organization. In the 2022 Association of Kenya Insurers (AKI) Awards which was held in March 2023, Britam scooped both the General Insurance and the Life Assurance Company of the year awards. On my own behalf and of the Board, I appreciate all our staff and financial advisors for their efforts in supporting Britam to retain its position as a leading integrated financial services provider.

Your Board remains steadfast in supporting and guiding management in the delivery of value to all stakeholders. The Board places great emphasis on supporting measures to sustain the Group's momentum towards continued and sustainable profitable growth, protection of shareholders wealth, and successful execution of the Group's Strategy.

Operating Environment

A review of macro-economic performance whether at the global, regional or the local level reveals a tough business operating environment. According to the World Bank the Sub-Saharan economy is estimated to have grown by 3.4% in 2022 down from the 4.1% in 2021. IMF also estimates a growth of 3.6%, a decline from 4.7% realized in 2021, following dampened regional activity. The region has experienced soaring food and energy prices, stemming partly from the geopolitical tensions that triggered sharp cost-of-living increases. Other factors are adverse weather conditions that have undermined agricultural productivity, and the elevated risk of debt distress in the region.

The Kenyan economy, which is our main market generating over 75% of our revenue, is estimated to have grown at an average growth rate of 5.1%, lower than the 7.5% recorded in 2021. The slowdown is on account of a deteriorated business environment for most part of the year partly from the uncertainties of an election year which has historically been noted to erode investor confidence. Additional pressure came from the elevated inflationary pressures driven by the high global fuel prices. The unfavorable weather conditions in the period subdued agricultural production and contributed to the economic slowdown too. The rest of the economies across our footprint have also been impacted by the same factors impacting the Kenyan economy.

Foreign exchange rates in most of Sub-Saharan Africa currencies depreciated against the U.S Dollar and other hard currencies, mainly on the back of inflationary pressures, high debt levels and related costs, dwindling foreign exchange reserves amid monetary policy tightening. The Kenyan Shilling depreciated by 9.0% in 2022 to close at Shs 123.4 against the U.S Dollar, compared to the Shs 113.1 recorded at the end of 2021. This was mainly on account of the net effect of high crude oil prices, current account deficit, and government debt. Across our footprint, currencies weakened between 1% and 25% against the US Dollar.

Similarly, inflationary pressure remained relatively high in most markets with Kenya recording an average of 7.6% in 2022. This was marginally above the government target level of 2.5% - 7.5% mainly on account of high global fuel prices and subdued food production.

Even against this backdrop, your Company continued to record a significant improvement in performance delivering strong financial results for the year. This is a validation of the fundamental strength of our business, and the Britam propositions as we continue to unlock our potential and deliver key milestones of our 2021-2025 Strategic Cycle.

The insurance Industry

Whereas the rate of insurance penetration across our footprint remains low compared to the global average, the industry continues to grow in terms of premiums written. According to the Insurance Regulatory Authority (IRA), the Kenyan market's premiums reached Shs 310 billion in the 12 months to 31 September 2022. This represents a 12% increase compared to the same period in 2021. Non-life premiums increased by 11% to Shs 169 billion that is 54.5% of the market share. In the same period, the life business recorded Shs 141 billion in premiums, a 14% growth. The life business accounted for 45.5% of the total written premiums in that period.

Data available from some of the regulators in the region also indicates a trend characterized by growing premiums. This combined with the low insurance penetration paints positive prospects for players in the insurance sector. Our markets are still largely dominated by traditional insurance products, high cost of doing business due to the intermediated nature of product distribution and low levels of innovation. These are pointers to opportunities for players who will embed customer centricity in their operations and business models, provide personalized offerings and maximize value from the increasingly discerning customers.

The ongoing digital transformation and increasing financial literacy among the population is expected to catalyze the uptake of insurance services. Players are increasingly facing the pressure of rising customer expectations and as a result customer experience has become a key competitive edge. Britam will continue to play an active role in driving financial inclusion across our footprint to take advantage of these emerging opportunities.

2021-2025 Strategic Cycle Update

The year 2022 was a key strategic milestone being our second year in our journey of implementing our five-year strategic plan for the period 2021-2025. To date we can report significant progress and remain confident that the strategy will achieve and exceed the target expectations.

As highlighted in our earlier engagements, our strategy is anchored on both foundational and customer centric transformation pillars. I am delighted to report that the initiatives undertaken to date on the foundational pillars are already delivering results: -

- Organizing around the customer to drive customer centricity. This is improving customer experience, growing customer numbers and retention.
- Addressing key cost drivers has put the business on a path of operational efficiency with our operating expense ratios improving for the last two years.
- Shifting of investments towards less volatile assets has not only minimized the volatility of our income but also achieved consistent year on year growth especially in our interest and dividend income.
- Leveraging technology remains a key enabler and we continue to optimize our technology platforms to serve our customers better and further raise the efficiency of our teams. In addition, we are procuring new systems in some of our business units where optimizing the current systems may not yield the desired outcomes.

Our Chairman's Report (Continued)

With the positive progress already made on the above initiatives while concurrently stabilizing the business performance, the focus is now shifting more towards the customer centric transformation. This is expected to grow scale in terms of customer numbers and revenue growth. This will be achieved in several ways including partnerships, optimizing our approach to customers, and seeking to address the uninsured or underinsured sections of the population with innovative and affordable propositions.

Investment in Associate – Housing Finance Group

The Group has continued to support our associate - HF Group PLC in its turnaround efforts. I am delighted to report that the investment has maintained the recovery momentum and recorded strong results. In 2022, Britam Group has reported a share of profit of Shs 95 million. This is a significant improvement compared to a share of loss of Shs 286 million in 2021.

The Board and Governance

The Board continues to evolve in line with business needs, stakeholder expectations and other factors including personal commitments of individual Group members. We had a few changes on the Board that I would like to bring to your attention.

Mr. Mohamed Karama and Ms. Marriane Loner both retired at the 26th Annual General Meeting held on 8 June 2022. I sincerely thank Mr. Karama and Ms. Loner for their dedicated service and valuable contribution to the Group during their tenure.

We had three directors appointed to the Board of Directors.

Ms. Celestine Munda joined the Board as an Independent Non – Executive Director on 14 September 2022. Ms. Munda brings vast experience in both Assurance and Consulting Services in the areas of Governance, Risk and Compliance, Financial Management, Strategy, Institutional Reforms, Human Resources Consulting and Board Consulting.

Mr. Julius Mbaya Mungai also joined the Board as an Independent Non – Executive Director on 14 September 2022. Julius brings to the Board a wealth of experience in banking, ICT, and the financial services sector.

Mr. Lotfi Baccouche was appointed to the Board as a Non – Executive Director on 18 January 2023. Lotfi has solid experience in finance, insurance, and risk management across various geographies.

On behalf of the Board, I welcome the above Directors and look forward to their contribution.

The complete list of the directors who held office in 2022 and to the date of this report are listed elsewhere in this report.

Leadership Transition and Succession

Upon the resignation of Mr. Tavaziva Madzinga as the Group Managing Director, The Board appointed Our Finance Director Mr. Charles Njuguna to the role of Acting Group Managing Director on 14 January 2022 and commenced the recruitment of a substantive Group Managing Director.

After a rigorous recruitment process, the Board appointed Mr. Tom Gitogo as the Group Managing Director and Chief Executive Officer. Mr. Gitogo assumed office on 1 September 2022. The Board is confident that the Group will benefit greatly from his skills, knowledge, extensive leadership, and industry experience.

I also take this opportunity to thank and express my appreciation to Mr. Charles Njuguna for his stewardship, leadership and support leading to a successful and seamless transition when he served as a Group Managing Director in an acting capacity.

Looking Forward

Britam Group has a strong foundation which continues to support the delivery of its ambitious strategy. The strong results in last two years have come with critical insights on how to optimize on the Group's resources and capabilities and scale to greater heights. We are confident of achieving the target strategic objectives going forward.

With the operating environment projected to remain fragile due to the anticipated unfavorable macroeconomic trends at the local and global levels, the Board will remain vigilant in monitoring the implications to the business and take necessary steps to support management efforts to grow and protect value for all our stakeholders.

Appreciation

My sincere gratitude to the Board of Directors for their insights, oversight, and stewardship throughout the year and for their consistent engagements, commitment and invaluable knowledge and counsel.

I also acknowledge and appreciate most sincerely the dedication and hard work by the Management, Staff, and Financial advisors. They have diligently driven the delivery of the strategy by serving our customers, partners, and all stakeholders in line with our EPIC^2 promise of …#OneBritam Experience.

Lastly, let me thank our shareholders, investors, and other members of the investment community for their support and confidence in the future of our Company.

Mr. Kuria Muchiru
Chairman
28 March 2023

Taarifa ya Mwenyekiti wa Shirika

Bw. Kuria Muchiru
Mwenyekiti

Wenyehisa watukufu,

Ukiwa ni mwaka wangu wa pili nikihudumu kama Mwenyekiti wa Bodi, nina furaha kuwasilisha kwenu taarifa yangu ambayo ni sehemu ya ripoti ya pamoja ya mwaka. Hii ni nafasi nzuri ya kuwaelezea jinsi biashara imeendelea kukua na hivyo basi kuongezea uwekezaji wenu thamani. Ninawaripotia kwa hakika kwamba juhudi za Shirika kuzingatia kwa dhati shabaha yetu ya kulinda ndoto na matarajio, zimetuwezesha kuleta faida kwa wenyehisa na wadau wote. Isitoshe, maamuzi yetu na hatua tunazochukua zimeendelea kuiimarisha misingi ya biashara yetu kwa ustawi endelevu na ufanisi.

Mwaka wa 2022 ulianza Shirika likiwa na shabaha dhahiri ya kimkakati ya kudumisha kasi iliyowekwa mwaka 2021 kuimarisha matokeo ya kifedha na uendelezaji wa shughuli. Uamuzi huo ulikuwa muhimu kwani ulituweka katika nafasi imara ya kutekeleza mpango wetu mpya wa mkakati licha ya misukosuko ya kiuchumi iliyokabili mazingira ya biashara mwaka huo. Kote katika nchi ambapo tuna biashara, shughuli zetu ziliendelea kukabiliwa na athari za kudorora kwa hali ya uchumi ulimwenguni kutokana na mfumko wa bei, kukazwa kwa sera za fedha katika mataifa makubwa kiuchumi na migogoro ya kimataifa ambayo imeendelea kutatiza uchukuzi wa bidhaa duniani. Kadhalika, masoko mengi yanaripoti kushuka kwa bei za hisa na ongezeko za viwango vya riba.

Hata hivyo, biashara yetu ilikabiliana na hali hiyo ya mazingira ya uchumi mkuu na kuripoti matokeo bora zaidi ya kifedha ya mwaka 2022. Tumeushikilia uzi wa nia yetu ya kutekeleza shabaha za mkakati wa EPIC^2 wa 2021–2025.

Britam ingali kampuni imara na washika dau wake wana imani nayo kama ilivyothibitishwa na nafasi ya uongozi tunayoshikilia katika biashara ya bima ya maisha nchini Kenya ambapo tuna asilimia 20 ya soko. Britam pia ni miongoni mwa kampuni zinazoongoza kutoa huduma za bima ya kawaida katika masoko yote ambapo tunaendesha shughuli.

Juhudi nyingi na kujitolea zimechangia kuijenga biashara yetu na ninaamini kwamba mkondo huo utatuwezesha kuzidisha matarajio ya washika dau wetu, wakiwemo wenyehisa ambao wamedumisha imani yao kwa biashara yetu na hali yake ya baadaye. Washirika wetu wameendelea kutuunga mkono katika kupenya masoko na kuhakikisha kwamba bidhaa zetu zinapatikana kwa urahisi kwa wateja. Washirika hao wetu wanatimiza jukumu muhimu la kuelimisha, kushauri, kuwasaidia wateja na kuuza bidhaa zetu.

Timu zetu kote katika biashara zetu zimeonyesha kiwango cha kujitolea kisicho na kifani. Zimeendeleza azma yetu ya kuwapatia wateja kipa umbele kwa yote tunayoyafanya kulingana na mkakati wetu. Timu hizo zimeendelea kutumikia wateja na washirika wetu kwa kuhisi maono yao na kwa uangalifu. Wamefanya juhudi zaidi kwa kuanzisha bidhaa bunifu, za kubadilisha maisha ya wateja na kutafuta ushirikiano unaotoa nafasi zaidi za kuongeza idadi ya wanaofikiwa na huduma za fedha. Kutokana na juhudi za pamoja na za binafsi za wafanya kazi wetu, Britam imedumisha kwa dhati wito wake wa kupatia wateja wake huduma za kifedha za kila aina katika kila hatua ya safari yetu nao.

Juhudi za pamoja za wafanya kazi wetu zimetambuliwa hata nje ya Shirika. Kwenye sherehe za 2022 AKI Awards zilizofanyika Machi, 2023, Britam

Taarifa ya Mwenyekiti wa Shirika (kuendelea)

ilipata tuzo za kampuni bora zaidi katika bima za kawaida na za maisha. Kwangu na kwa niaba ya Bodi, ninawapongeza wafanya kazi wote na washauri wa wateja kwa juhudi zao zilizowezesha Britam kudumisha nafasi ya uongozi kwa utoaji wa huduma za kifedha.

Bodi yenu ingali imara katika kushirikiana na kuuelekeza usimamizi wa Shirika ili kuhakikisha wadau wanapata thamana ya uwekezaji wao. Bodi inatilia mkazo hatua za kuendeleza shughuli za Shirika za ukuaji endelevu wa faida, kulinda mali ya wenyehisa na kutekeleza kikamilifu mkakati wa Shirika.

Mazingira ya biashara

Uchunguzi wa hali ya kiuchumi, iwe ni kimataifa, kanda au nchini, unabaini kwamba mazingira ya kufanyia biashara ni magumu. Kulingana na Benki ya Dunia, uchumi wa nchi za Afrika za kusini ya Jangwa la Sahara ulikadiriwa kukua kwa asilimia 3.4 mwaka 2022, kiwango ambacho kimeshuka kutoka asilimia 4.1 mwaka 2021. Shirika la Fedha Duniani (IMF) lilikadiria pia ukuaji wa asilimia 3.6, kiwango ambacho ni chini ya ukuaji wa asilimia 4.7 uliopatikana 2021. Hali hii inatokana na kushuka kwa shughuli za biashara katika kanda. Nchi za kanda ambapo tuna biashara zimekumbwa na tatizo la kupanda kwa bei za chakula na nishati, hasa kutokana na migogoro katika ngazi ya siasa za kimataifa, hali iliyosababisha kupanda kasi kwa gharama ya maisha kote katika eneo letu la biashara. Sababu nyingine za hali hiyo ni pamoja na hali mbaya ya anga ambayo imeathiri vibaya shughuli za kilimo na pia hatari ya nchi za kanda kulemewa na mzigo wa madeni.

Uchumi wa Kenya, soko yetu kuu inayotupatia zaidi ya asilimia 75 ya mapato, inakadiriwa kukua kwa jumla ya asilimia 5.1, kiwango kilicho chini kikilinganishwa na asilimia 7.5 mwaka 2021. Kupunguka kwa kasi ya ustawi wa uchumi kumetokana na kuzorota kwa mazingira ya biashara kwa sehemu kubwa ya mwaka unaoangaziwa, hasa kutokana na wasiwasi kuhusu uchaguzi, shughuli ambayo kihistoria, hupunguza imani ya wawekezaji. Kulikuwa pia na tatizo la mfumko mkubwa wa bei kutokana na kupanda kwa bei za mafuta katika masoko ya ulimwengu. Hali mbaya ya hewa nayo ikaathiri kilimo na kuchangia kupungua kwa kasi ya ustawi wa kiuchumi. Uchumi kwingineko katika kanda ambapo tunaendesha biashara umezoroteshwa na matatizo sawa na yanayokumba uchumi wa Kenya.

Thamani ya sarafu nyingi za nchi za Afrika kusini ya Jangwa la Sahara ilishuka ikilinganishwa na dola ya Amerika na sarafu nyingine zinazotumika katika biashara ya kimataifa. Hali hii iliandamana na mfumko wa bei, kiwango kikubwa cha madeni na gharama husika, kupunguka kwa akiba ya pesa za kigeni za kufanyia biashara ya kimataifa na kukazwa kwa sera ya fedha.

Thamani ya shilingi ya Kenya ilishuka kwa asilimia 9.0 na 2022 ikifika mwisho dola moja ya Amerika ilikuwa ikinunuliwa kwa jumla ya Shs 123.4 ikilinganishwa na Shs 113.1 mwishoni mwa 2021. Hali hii ilitokana hasa na bei za mafuta yasiyosafishwa, uhaba wa pesa za kigeni za kufanyia biashara ya kimataifa na madeni ya serikali. Thamani ya sarafu za nchi nyingine za kanda zilishuka kwa kati ya asilimia moja na 25 zikilinganishwa na dola ya Amerika.

Kadhalika, kiwango cha mfumko wa bei kilibaki kuwa juu katika masoko mengi, huku Kenya ikirekodi jumla ya asilimia 7.6 mwaka 2022, kiwango kilichokuwa juu kiasi kikilinganishwa na kilicholengwa na Serikali cha kati ya asilimia 2.5% na 7.5%, hasa kutokana na bei za juu za mafuta kimataifa na kuzorota kwa ukuzaji wa chakula.

Hata matatizo yote hayo yakiwepo, Kampuni yenu iliendelea kuimarika na kupata matokeo mazuri ya kifedha mwaka 2022. Hili ni thibitisho la uthabiti wa kimsingi wa biashara yetu, na huduma na bidhaa za Britam, huku tukiendelea kutalii jinsi ya kutumia ipasavyo nguvu zetu zisizodhihirika ili kufanikisha shabaha kuu za mpango wetu wa mkakati wa 2021-2025.

Sekta ya bima

Ingawa idadi ya uandikishaji wa bima kote katika mataifa ambapo tuna biashara ni ndogo ikilinganishwa na kiwango cha jumla cha kimataifa, shughuli za bima zinaendelea kukua tukitilia maanani bima zinazoandikishwa. Kwa mujibu wa Insurance Regulatory Authority (IRA), thamani ya bima zilizoandikishwa Kenya ilifika Shs 310 bilioni katika kipindi cha miezi 12 hadi Desemba 31, 2022, ongezeko la asilimia 12 ikilinganishwa na kipindi sawa katika 2021. Bima zisizo za maisha ziliongezeka kwa asilimia 11 hadi Shs 169 bilioni, yaani asilimia 54.5% ya fungu la soko. Katika kipindi sawa, biashara ya bima za maisha iliandikisha Shs 141 bilioni, ongezeko la asilimia 14. Hii ni ni asilimia 45.5 ya jumla ya bima zilizoandikishwa katika kipindi hicho.

Data kutoka kwa baadhi ya wanaodhibiti shughuli za bima katika kanda inaonyesha ongezeko la idadi ya wanaoandikisha bima. Hali hii ikijumuishwa na idadi ndogo ya wanaotumia huduma za bima inatia matumaini kwa wote wanaofanya biashara ya bima. Nafasi kubwa katika masoko yetu mengi inashikiliwa na huduma na bidhaa zisizo bunifu za bima, gharama ya juu ya kufanyia biashara kutokana na utumiaji wa mawakala katika usambazaji wa huduma zetu na viwango vya chini vya ubunifu. Hayo yote yanaashiria nafasi zilizopo kwa wale ambao watawapatia wateja kipaumbele katika muundo wao wa biashara, watoe huduma za manufaa binafsi kwa kila mteja na kujiongezea faida kutoka kwa wateja ambao wanazidi kudai thamani zaidi.

Mabadiliko ya kidijitali yanayoendelea kutekelezwa na kuzidi kuimarika kwa kiwango cha ufahamu wa masuala ya kifedha miongoni mwa watu, ni mambo yanayotarajiwa kuongeza idadi ya wanaotumia huduma za bima. Wanaotoa huduma hizo nao wanazidi kuhisi shinikizo za matarajio ya wateja na ndiposa kuwapatia wateja kipaumbele imekuwa nguzo muhimu ya ushindani wa kibiashara. Britam itaendelea kutekeleza jukumu muhimu katika kufikishia wateja huduma za kifedha kote katika mataifa ambapo ina biashara na kujifaidi kikamilifu na nafasi zote hizo zinazotokea.

Utekelezaji wa mpango wa mkakati wa 2021-2025

Mwaka wa 2022 ulikuwa muhimu kimkakati, kwani ni wa pili katika safari ya kutekeleza mkakati wetu kwa kipindi 2021-2025. Kufikia sasa, tunaripoti kuridhishwa na jinsi ulivyotekelezwa na tuna imani kwamba mpango huo utatekelezwa kikamilifu na hata kuzidisha matarajio.

Kama ilivyoelezwa awali, nguzo kuu za mpango wetu wa mikakati ni muundo wa msingi wetu na kuwapatia wateja kipaumbele. Nina furaha kuwaarifu kwamba juhudi za kimsingi zilizotekelezwa kufikia sasa zimeanza kuleta matokeo bora:-

Kufanya mipango kwa kuzingatia kuwapatia wateja kipaumbele. Shughuli hii inaimarisha huduma kwa wateja, inaongeza idadi ya wateja na kudumisha wanaoandikisha bima.

Kuangalia upya shughuli zenye gharama za juu kwa lengo la kurejesha biashara kwenye mfumo wa utendaji bora wa kazi ambao umewezesha gharama zetu kupunguka katika miaka miwili iliyopita.

Kuwekeza kwa vitegauchumi ambavyo mapato yake yanatabirika na wakati huo huo, mapato yetu kuzidi kuongezeka kila mwaka, hasa mapato ya riba na mgawo wa faida.

Kutumia kikamilifu teknolojia ikiwa kiwezeshi cha majukwaa ya kutoa huduma bora zaidi kwa wateja na kuinua kiwango cha utendaji kazi cha timu zetu. Isitoshe, tutanunulia baadhi ya vitengo vyetu vya biashara mitambo mipya, hasa katika vitengo ambavyo mitambo ya sasa haileti matokeo yanayotarajiwa.

Kufuatia mafanikio ya juhudi zilizotajwa na uthabiti wa matokeo ya biashara, mkazo unatiliwa sasa katika kuwapatia wateja kipaumbele. Hatua hii inatarajiwa kukuza idadi ya wateja na mapato. Mabadiliko hayo yatatekelezwa kwa njia mbali mbali ikiwa ni pamoja na ushirikiano, kuboresha zaidi huduma kwa wateja, na kushughulikia watu ambao hawajaandikisha bima au hawana bima za kutosha kwa kutumia ubunifu na kutoza ada nafuu za huduma.

Uwekezaji katika Housing Finance Group

Shirika limeendelea kuunga mshiriki wetu — HF Group PLC — katika juhudi zake za kuinua biashara. Nina furaha kuwaarifu kwamba shirika hilo limeanza mkondo wa kuimarika na kupata matokeo mazuri. Mwaka 2022, Britam Group ilipata fungu la faida la Shs 95 milioni. Hii ni hatua muhimu ikilinganishwa na fungu la hasara la Shs 286 milioni mwaka 2021.

Bodi ya wakurugenzi na udhibiti wa shirika

Bodi imeendelea kubadilika kulingana na mahitaji ya biashara, matarajio ya wadau na masuala mengine ikiwa ni pamoja na shughuli za kibinafsi za kila mkurugenzi binafsi. Kulikuwa na mabadiliko machache katika Bodi na ningependa kuwajulisha kuyahusu.

Bw Mohamed Karama na Bi Marriane Loner walistaafu katika mkutano mkuu wa 26 wa kila mwaka uliofanyika Juni 8, 2022. Ninawashukuru kwa dhati Bw Karama na Bi Loner kwa walivyojitolea kuhudumu na kwa mchango wao mkubwa kwa Shirika kwa muda waliohudumu.

Wakurugenzi watatu waliteuliwa kujiunga na Bodi.

Bi Celestine Munda alijiunga na Bodi yetu Septemba 14, 2022, akiwa mkurugenzi huru ambaye hahusiki moja kwa moja na shughuli za kila siku za shirika. Bi Munda anao uzoefu mkubwa katika masuala ya bima na huduma za ushauri katika nyanja za uthibiti wa mashirika, kudhibiti hatari na uzingatiaji sheria za biashara, usimamizi wa fedha, mabadiliko ya mashirika, masuala ya wafanya kazi na bodi.

Bw Julius Mbaya Mungai ajiunga na Bodi pia Septemba 14, 2022, akiwa mkurugenzi huru ambaye hahusiki moja kwa moja na shughuli za kila siku za shirika. Julius ana tajriba kubwa katika shughuli za benki, ICT na maswala ya sekta ya fedha.

Bw Lotfi Baccouche aliteuliwa kujiunga na Bodi Januari 18, 2023, akiwa mkurugenzi huru ambaye hatahusika moja kwa moja na shughuli za kila siku za shirika. Bw Lotfi ana tajriba thabiti katika masuala ya fedha, bima na udhibiti wa hatari za biashara katika maeneo tofauti ya ulimwengu.

Kwa niaba ya Bodi, ninawakaribisha wakurugenzi hao watatu.

Orodha kamili ya wakurugenzi waliohudumu mwaka 2022 na mpaka wakati taarifa hii ilitayarishwa, inapatikana kwingineko katika ripoti hii.

Mabadiliko ya uongozi

Kufuatia kujiuzulu kwa Bw Tavaziva Madzinga kama Meneja Mkurugenzi wa Shirika, Bodi ilimteua Mkurugenzi wa Fedha, Bw Charles Njuguna, kuwa kaimu Meneja Mkurugenzi wa Shirika mnamo Januari 14, 2022, na tukaanza utaratibu wa kutafuta Meneja Mkurugenzi wa Shirika na Afisa Mkuu Mtendaji.

Baada ya utaratibu wa kina wa uajiri, Bodi ilimteua Bw Tom Gitogo kuwa Meneja Mkurugenzi wa Shirika na Afisa Mkuu Mtendaji. Bw Gitogo alianza kazi Septemba 1, 2022. Bodi ina imani kwamba Shirika litanufaika pakubwa na ustadi, maarifa na tajriba pana alizonazo za uongozi na shughuli za bima.

Ninachukua nafasi hii kumshukuru na kuonyesha furaha yangu kwa usimamizi, uongozi na jitihada za Bw Charles Njuguna zilizofanikisha mabadiliko ya uongozi katika muda aliohudumu kama kaimu Meneja Mkurugenzi wa Shirika.

Matarajio

Shirika la Britam lina msingi thabiti ambao umeendelea kusaidia utekelezaji wa mkakati wake wenye malengo makuu wa 2021-2025. Matokeo thabiti ya miaka miwili iliyopita yameambatana na utambuzi muhimu wa jinsi ya kutumia kikamilifu rasilmali na vipaji vya Shirika ili kupata ufanisi zaidi. Tuna imani tutatimiza shabaha za kimkakati zilizowekwa.

Taarifa ya Mwenyekiti wa Shirika (kuendelea)

Huku ikitarajiwa kwamba mazingira ya kufanyia biashara yataendelea kuwa dhaifu kutokana na changamoto za ya uchumi mkuu zinazotabiriwa katika ngazi za nchi zetu na ulimwenguni, Bodi itabaki kuwa macho kukabiliana na athari zozote kwa biashara na kuchukua hatua zifaazo kusaidia juhudi za wasimamizi kukuza na kulinda thamani ya wadau wote.

Shukrani

Ninaishukuru kwa dhati Bodi ya Wakurugenzi kwa utambuzi wao, usimamizi na uongozi kwa mwaka huo wote na kwa kushauriana kila mara, kujitolea, kutoa maarifa na mashauri.

Ninatambua na kushukuru kikamilifu wasimamizi, wafanya kazi na washauri wa wateja kuhusu masuala ya fedha kwa kujitolea na kufanya kazi kwa bidii. Wote wamejitahidi kwa ari na moyo ili kuutekeleza mpango wa mkakati kwa kuhudumia wateja, washirika wetu wa biashara na washika dau wakizingatia ahadi yetu ya EPIC^2 ya …**#OneBritam Experience**.

Ninamalizia kwa kuwashukuru wenyehisa, wawekezaji na wengine wote katika sekta ya fedha kwa kuiunga mkono na kuwa na imani na hali ya baadaye ya Kampuni yetu.

Bw. Kuria Muchiru

Mwenyekiti

Machi 28, 2023

Our Group Managing Director's Report

Mr. Tom Gitogo

Group Managing Director & CEO

Dear Shareholders

It is my pleasure to present my first report on the progress of our company to you our esteemed shareholders. We have shown resilience as a Group and have worked hard to tick off certain milestones and achievements that we had set for ourselves for the year. We are committed to maintaining the momentum towards strong performance as we implement our strategy.

It was a great honour for me to rejoin Britam on 1 September 2022, a company with a strong brand built over decades and a rich legacy in Kenya. We plan to continue building on this strong foundation as we continue to safeguard the dreams and aspirations of our various stakeholders.

The year 2022 was a challenging one, both regionally and globally. Businesses had to strike a balance between optimizing the economic recovery after the impact of Covid-19 in 2021, and successfully navigating through new headwinds occasioned by an adverse macro-economic environment. Globally, businesses have had to operate in economies depressed by persistent inflationary pressures, a strengthening dollar and persistent drought.

As a Group we remained deliberately focused on the execution of our strategy to deliver value and growth for our customers, our shareholders and indeed all our other stakeholders. We are happy with the Group's financial performance in 2022 which is a notable improvement from the previous financial year.

Our loyal customer base across our footprint continues to show remarkable confidence in our brand. We do not take this loyalty for granted and will continue to enhance our products and services to meet our customers evolving needs. This is in line with our Brand Promise "With You Every Step of the Way".

Remaining True and Deliberate to Our Purpose

During the year, we unveiled the Britam purpose statement 'Safeguarding Dreams and Aspirations'. Our purpose statement aligns with the original intentions of the Britam founders those many years ago. Their goal then as is the case today, was to make our clients dreams and aspirations a reality.

EPIC^2 …#OneBritam Strategy: A Delivering Strategy

The year under review was the second year of our current strategy. Despite a tough and largely unpredictable operating environment, we can confidently confirm that the strategy is working and generating value for our stakeholders.

Our efforts to embed customer-centricity across the organization is bearing fruits. We are better placed to serve our different customer segments guided by deeper insights on their needs and aspirations. The impact of this is growing revenues, less volatile investment income, and containment of operating costs.

The restructuring of our investments to achieve stable and competitive returns from our investment assets is working well and is expected to continue reducing volatility. Additionally, we are now witnessing better occupancy levels in our investment properties, including our hotel - Somerset Westview Nairobi in Kilimani which had an occupancy level of 65% as at 31 December 2022. Britam Tower currently has an occupancy of 94%.

Our overall Group operating efficiency has also improved from 44% in 2021 to 32% in 2022 pointing to prudent cost management initiatives. We expect this trend to continue.

Technology remains a key transformational pillar redefining not only how our people work and deliver but also how our customers experience Britam. We continue to support our clients through our multiple technology channels such as the Britam App, Customer and Financial Advisor portals, the website, and social media platforms. We will continue to commit more resources to further optimize the existing platforms, adopt new solutions, and seek customer experience enhancing partnerships.

Improving Financial Performance

The execution of our EPIC² strategy continues to drive the Group's operational resilience and improved performance. We have reported growth in revenue and profitability both in Kenya which is our biggest market and the regional countries as well.

Our life insurance business retained its market leadership with a market share of over 20 Percent supported by our vibrant, extensive, and dedicated agency network and loyal customers.

The Group's revenues in terms of gross earned premiums and fund management fees grew by 2.7% to Shs 33.4 billion in 2022 compared to Shs 32.5 billion in 2021. In line with our geographical diversification strategy, our international business units continued to increase their contribution to the Group's profitability with gross earned premiums of Shs 7.6 billion. This represents 23 Percent of the Group's overall gross earned premiums.

Our investment income which is mainly composed of interest and dividends earned from our investments grew by 19.6% to Shs 13.0 billion from Shs 10.9 billion in 2021. This was supported by deliberately reducing the level of volatile investments mainly equities and increasing investments in fixed income instruments. However, we still experienced adverse impact from fair value losses due to upward shifts in the yield curve experienced in the year.

Efforts to turn around our General Insurance Business in Kenya are also yielding positive results. The business gross earned premiums increased by 5.3% to 10.0 billion from Shs 9.5 billion recorded in 2021. Profit before tax was Shs 532 million up from Shs 33 million in the previous year. The improvement has been supported by automation, risk-based pricing, and increased focus on profitable business segments.

The Life Business also reported improved results with gross earned premiums at Shs 15.2 billion, 6.5% growth from Shs 14.2 billion recorded in 2021. The unit reported a profit before tax of Shs 2.2 billion down 7% from Shs 2.4 billion in 2021 as a result of fair value losses on our long-term bonds caused by an upward shift in the yield curve.

Overall, the Group's total shareholders' equity as at 31 December 2022 stood at Shs 20.8 billion. This is an 8.8% increase from 31 December 2021 reflecting the improved financial results.

Empowering our People

As a Group, we have a strong commitment towards our employees' development and welfare. They are critical in our journey of delivering value to all our stakeholders. Our goal is to build success from within the organization and embed a culture of excellence at a personal and corporate level. It is very important that our staff find their career with Britam both fulfilling and rewarding. This is a journey we are committed to, and we place a lot of emphasis on our engagements with our staff through channels such as staff surveys, townhalls, and one-on-one sessions.

Partnering for mutual success

Partnerships hold great potential in democratizing and deepening access to financial services across all segments of the population. The future of businesses is in mutually rewarding partnerships that offer the partners more opportunities to deliver unmatched and superior experience to their respective customers. In the year, we continued to partner with players from different industries as part of our strategy to expand the reach of our insurance and investment solutions.

As an example, we joined hands with Bonfire adventures and digital innovation lab Qhala in an exciting partnership to offer travel insurance. Under this arrangement, Bonfire domestic travel customers will enjoy travel insurance at no additional cost. This is an opportunity to offer our insurance propositions to the largely untapped tourism and travel sectors.

To drive travel insurance services in the public transport space, we partnered with Voltic Kenya which is an online ticketing company. Travelers buying tickets through Voltic's iABIRI booking platform will also have access to travel insurance services.

In the telecommunications sector, we partnered with Telkom to provide a low-cost insurance package dubbed "Life Bila Noma" bundle priced at between US$ 2 – US$ 3. This is targeted at Boda Boda riders and Mama Mbogas. We are excited about these partnerships that are making it possible to avail affordable insurance solutions to segments of the population that have traditionally been secluded.

Embedding Sustainability

As a leading integrated financial services provider in Kenya and the region we have a privileged position to make a positive contribution to the welfare of humanity. Globally, the adverse effects of climate change continue to pose a challenge to the lives and livelihoods of many communities. We have taken a bold step to champion sustainability agenda across our footprint and beyond. We are already putting in place the foundations required to drive positive impact including starting to work with other like-minded partners.

In November 2022, Britam became a member of the United Nations Global Compact (UNGC) program, joining thousands of leading companies across the Globe that have committed to advance the principles of responsible and sustainable business. We have committed to actively support the Sustainable Development Goals (SDGs), which are central to our Customer-Centric agenda and strategy for the future, in all our operations.

We also participated in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), that took place in the Egyptian coastal city of Sharm el-Sheikh. This was an opportunity for me to join other world leaders with a mission towards achieving the world's collective climate goals. This gave us an opportunity to seek partners we can work with in the sustainability journey.

2023 Outlook

Economic growth at the global level is expected to remain modest in 2023, owing to heightened headwinds, including slower global growth and domestic interest-rate increases. This is expected to be more or less reflected in the regional and local economies as well. We are cautiously optimistic of a favorable operating environment and business performance in the coming year, given the resilience muscle that we have built over time.

With our EPIC^2 strategy having delivered an encouraging performance two years in a row, we will continue to focus on sustaining the momentum to grow revenues, profitability and value for all our stakeholders.

We have already laid out our focus areas for the year 2023 and beyond. We will continue to embed customer centricity and expand our distribution, further shift and optimize our investment strategy to streamline our investment returns, complete the first phase of our digitization journey and continue to seek opportunities for geographical expansion.

Appreciation

The steady progress we are making in executing the new strategy and the strong financial results achieved would not have been possible without the support of our key stakeholders especially our customers, partners, and regulators.

We are also very grateful for the Board's invaluable guidance and counsel as we forge ahead determinedly and confidently. On behalf of our leadership team, Britam employees and Financial Advisors, we thank you all for your trust and ongoing support.

Thank you.

Mr. Tom Gitogo

Group Managing Director & CEO

28 March 2023

Ripoti ya Meneja Mkurugenzi wa Shirika

Bw. Tom Gitogo
Meneja Mkurugenzi wa Shirika

Wenyehisa wapendwa

Wenyehisa waheshimika, ni furaha yangu kuu kuwasilisha kwenu ripoti yangu ya kwanza ya hatua za maendeleo ambazo kampuni imepiga. Tukiwa Shirika, tumeonyesha uthabiti na kujitahidi kutekeleza mambo muhimu na kupata mafanikio tuliyoyalenga katika mwaka tunaouangazia. Tumeazimia kudumisha kasi ya kupata matokeo bora zaidi tunapoendelea kuutekeleza mpango wetu wa mikakati.

Ilikuwa ni heshima kubwa kwangu kujiunga tena na Britam mnamo Septemba mosi, 2022, kampuni thabiti inayotambulika kwa ubora wa huduma na bidhaa zake iliyojengwa kwa miongo mingi na inayoheshimika pakubwa katika Kenya. Tunapanga kuendelea kuutumia msingi huo imara kuijenga kampuni, huku tukilinda ndoto na matarajio ya wadau wetu mbali mbali.

Mwaka 2022 ulikuwa na changamoto nyingi katika kanda hii yetu na kote ulimwenguni. Biashara zililazimika kupatanisha juhudi za kuendelea kuchukua hatua za kujiimarisha kufuatia kufufuka kwa uchumi kutokana na athari za janga la Covid-19, na kwa upande mwingine kupambana na misukosuko iliyotokana na hali mbaya ya kiuchumi ulimwenguni. Biashara kote duniani zimelazimika kuendesha shughuli zake katika hali za kiuchumi ambazo zimezoroteshwa na mfumko wa bei, thamani ya dola inayoendelea kupanda na ukame wa muda mrefu.

Tukiwa Shirika, tuliangazia juhudi zetu zote katika kuutekeleza mkakati wetu wa kuzalisha mali na kuwanufaisha wateja wetu, wenyehisa na wadau wetu wote. Tunafurahia matokeo ya kifedha ya Shirika ya mwaka wa 2022 ambayo yameimarika kwa kiwango cha kuridhisha yakilinganishwa na ya mwaka wa kifedha uliotangulia.

Wateja wetu waaminifu kote katika nchi ambamo tuna biashara wameendelea kuonyesha kiwango cha kuridhisha cha imani kwa kampuni yetu. Hatuwezi kamwe kuupuza uaminifu huo kwani ni muhimu sana kwetu na tutaendelea kuimarisha bidhaa na huduma zetu ili kutosheleza mahitaji yanayozidi kubadilika ya wateja wetu. Kauli hii inafungamana na ile ya kampuni yetu thabiti na inayotambulikana kwa ubora wa bidhaa na huduma zake ikizingatia wito: “Nanyi katika kila hatua”.

Kudumisha kwa dhati kusudio letu

Katika mwaka tunaouangazia, tulizindua kauli mbiu: “Kulinda ndoto na matarajio”. Kauli hiyo ya azma yetu inalingana na shabaha ya mwanzo kabisa ya waanzilishi wa Britam miaka mingi iliyopita. Lengo lao wakati huo na kama ilivyo hata sasa, lilikuwa ni kufanikisha na kutimiza ndoto za wateja wetu.

Mkakati wa EPIC2 …#OneBritam

Mwaka tunaouangazia ni wa pili wa mpango wetu wa mkakati wa kipindi hiki. Ingawa mazingira ya biashara yamekuwa magumu na yasiyotabirika pakubwa, tunaweza kuwathibitishia kwamba mikakati yetu inafanya kazi na kuzalisha manufaa kwa wadau wetu.

Juhudi zetu za kuwapatia wateja kipaumbele kote katika shirika zinazaa matunda. Tupo katika nafasi bora zaidi sasa ya kuwahudumia wateja wetu tofauti katika sehemu zote tukiongozwa na ufahamu wa kina wa mahitaji na matarajio yao. Matokeo ya hatua hiyo ni kuongeza mapato, kuimarika kwa mapato ya uwekezaji na kudhibiti gharama ya uendeshaji biashara.

Shughuli za kuweka taratibu mpya za uwekezaji wetu ili kupata mapato thabiti na bora zaidi kutokana na mali tulizowekeza zinafanikiwa na inatarajiwa zitaendelea kupunguza mabadiliko ya ghafla ya mapato na kuleta uthabiti. Kadhalika, tunashuhudia ongezeko la wanaokodisha nyumba zetu, ikiwa ni pamoja na vyumba vya Somerset Westview Nairobi Hotel ambavyo vilipata wateja kufikia kiwango cha asilimia 65 kufikia Desemba 2022. Nayo asilimia 94 ya jumba letu muhimu zaidi la kiwango cha Gredi A la Britam Tower lililoko Upper Hill, Nairobi, imepata wamilikaji.

Ubora wa uendeshaji wa shughuli zetu umeimarika na kusababisha kupunguka kwa gharama kutoka asilimia 44 mnamo 2021 hadi asilimia 32 mwaka 2022, ushahidi kwamba juhudi za kudhibiti gharama za usimamizi zinazaa matunda. Tunatarajia kuendelea na mkondo huo.

Teknolojia ingali nguzo muhimu ya mageuzi kwa lengo la kuendelea kubadilisha sio tu jinsi watu wetu wanafanya kazi na kutekeleza majukumu yao, lakini pia vile wateja wanafikiwa na bidhaa na huduma za Britam. Tunaendelea kuwasaidia wateja wetu kupitia kwa mifumo yetu tofauti ya kiteknolojia kama vile Britam App, kurasa za tovuti za wateja na washauri wetu wa masuala ya fedha, tovuti, na mitandao ya kijamii. Tutaendelea kutenga rasilmali ili kuimarisha huduma za majukwaa yaliyopo, kuendelea kujenga njia mpya za huduma na kutafuta ushirikiano utakaowanufaisha wateja wetu.

Kuimarisha matokeo ya kifedha

Utekelezaji wa mkakati wetu wa EPIC[2] umeendeleza uthabiti wa shughuli za Shirika na kuimarisha matokeo yake ya kifedha. Tumepata ongezeko la mapato na faida nchini Kenya ambayo ni soko letu kubwa, na katika mataifa mengine ya kanda.

Biashara yetu ya bima ya maisha bado imedumisha nafasi yake ya uongozi katika soko ikishikilia asilimia 20 ya soko ikitegemea mtandao wetu dhati wa maajenti na wateja waaminifu.

Mapato yetu ya jumla kutokana uandikishaji wa bima na ada za usimamizi wa pesa zinazowekezwa na wateja yaliongezeka kwa asilimia 2.7 hadi Shs 33.4 bilioni mwaka 2022 yakilinganishwa na Shs 32.5 bilioni mwaka uliotangulia wa 2021. Kuzingatia upanuzi wa biashara yetu katika nchi mbalimbali, vitengo vyetu vya biashara ya kimataifa viliendelea kuchangia ongezeko la mapato ya Shirika na kuleta Shs 7.6 bilioni kutokana na uandikishaji wa bima. Kiasi hicho kinawakilisha asilimia 23 ya jumla ya mapato ya shirika kutokana na uandikishaji wa bima.

Mapato yetu ya uwekezaji ambayo kiasi kikubwa ni riba na mgawo wa faida yaliongezeka kwa asilimia 19.6 hadi Shs 13.0 bilioni kutoka Shs 10.9 bilioni za 2021. Mapato hayo yalitokana na hatua za dhati za kupunguza kiasi cha vitegauchumi ambavyo mapato yake hayatabiriki na hasa hisa, na kuongeza uwekezaji wa thamana ambayo mapato yake hayabadiliki kwa muda wa uwekezaji. Hata hivyo, tuliathiriwa na kupunguka kwa thamani ya mapato kutokana na kupanda kwa viwango vya riba katika masoko.

Juhudi za kuleta mabadiliko katika biashara yetu ya bima za kawaida nchini Kenya zinaendelea kuleta manufaa. Mapato ya uandikishaji wa bima yaliongezeka kwa asilimia 5.3 hadi Shs 10.0 bilioni kutoka Shs 9.5 bilioni zilizopatikana 2021. Faida kabla ya kutozwa ushuru ilikuwa Shs 532 milioni, kiasi ambacho ni ongezeko kutoka Shs 33 milioni za mwaka uliotangulia. Kuimarika kwa mapato katika shughuli hiyo kulitiwa nguvu na utumiaji wa teknolojia, kuweka viwango vya ada kukitilia maanani uwezo wa wateja kulipa bila tatizo na kusisitiza sehemu za biashara zinazoleta faida.

Matokeo ya biashara ya bima ya maisha yaliimarika pia, huku mapato ya jumla ya uandikishaji bima yakiwa Shs 15.2 bilioni, ongezeko la asilimia saba kutoka Shs 13.2 bilioni zilizopatikana 2021. Kitengo hiki kiliripoti faida kabla ya kutozwa ushuru ya Shs 2.2 bilioni, kiasi ambacho kilishuka kwa asilimia saba kutoka Shs 2.4 bilioni za 2021 kutokana na kupanda kwa viwango vya riba za hati za dhamana za muda mrefu.

Thamani ya jumla ya mali za wenyehisa mnamo Desemba 31, 2022, ilikuwa Shs 20.8 bilioni, ongezeko la asilimia 8.8 ikilinganishwa na Desemba 31, 2021, hii ikiashiria kuimarika kwa matokeo ya kifedha.

Kuwaongezea uwezo wafanya kazi wetu

Shirika linasisitiza kwa dhati ustawi na maslahi ya wafanya kazi wetu. Wafanya kazi ni muhimu katika safari yetu ya kuhakikisha wadau wetu wanapata thamani ifaayo. Lengo letu ni kuleta ufanisi kutoka ndani ya Shirika na kuhakikisha ubora unakuwa ni kawaida katika ngazi za binafsi na Shirika. Ni muhimu kwa wafanya kazi wetu kuridhika na kunufaika ipasavyo wakati wakitumikia Britam. Tumejitolea kwa dhati kwa safari ya kutekeleza hilo na tunasisitiza mawasiliano ya kila mara na wafanya kazi wetu kwa mifumo kama vile mahojiano ya masuala mbali mbali ya wafanya kazi, mikutano ya wote pamoja na vikao vya ana kwa ana.

Ushirikiano wa manufaa kwa pande zote husika

Shughuli za ushirikiano zinatoa uwezekano mkubwa wa uhuru wa wateja kuamua kuhusu huduma na bidhaa zetu zinazowafaa, na kueneza huduma za kifedha katika kila ngazi za watu. Hali ya baadaye ya biashara inategemea ushirikiano unaofaidi pande zote na kuwapatia wote wanaochangia nafasi zaidi za kutoa huduma na bidhaa bora zaidi kwa wateja wao mbali mbali.

Katika 2022, tuliendelea kushirikiana na wahusika wa shughuli tofauti za biashara, ikiwa ni sehemu ya mkakati wetu kuongeza wanaofikiwa na huduma na bidhaa zetu za bima na nafasi za uwekezaji. Kwa mfano, tuliungana na Bonfire Adventures na wabunifu wa kidijitali wa Qhala kutoa bima ya usafiri. Chini ya mpango huu, wateja wa Bonfire wanaofunga safari za ndani ya nchi watapata bima bila malipo yoyote. Hii ni nafasi muafaka ya kuwafikia wahusika katika utalii na usafiri, sekta ambayo bado haijahudumiwa kikamilifu, kuandikisha bima.

Tuliungana na Voltic Kenya kuimarisha huduma za bima katika magari ya uchukuzi wa umma. Voltic ni kampuni inayouza tikiti za usafiri katika mtandao kupitia

Ripoti ya Meneja Mkurugenzi wa Shirika (kuendelea)

kwa jukwaa la 'iABIRI' na wote wanaolitumia watapata huduma ya bima ya usafiri.

Katika sekta ya mawasiliano ya simu, tulishirikiana na Telkom Kenya kutoa bima ya gharama ya chini kwa jina "Life Bila Noma" kwa bei ya kati ya dola mbili na tatu za Amerika. Wanaolengwa ni waendeshaji "Boda Boda" na "Mama Mboga". Tunafurahishwa na ushirikiano huo unaotuwezesha kutoa huduma nafuu za bima kwa makundi ya watu ambao awali hawakufikiwa na huduma hii.

Uendelevu katika shughuli zetu zote

Tukiwa shirika linaloongoza kutoa huduma mbali mbali za kifedha katika Kenya na nchi za kanda, tuna nafasi nzuri ya kutoa mchango wa manufaa ya wanadamu. Duniani, madhara ya mabadiliko ya hali ya hewa yanatoa changamoto kwa maisha na riziki za jamii nyingi. Tumechukua hatua jasiri kuongoza kampeni ya uhifadhi endelevu wa mazingira kote katika nchi ambapo tunafanyia biashara na zaidi. Tayari tunaweka misingi inayohitajika kuleta matokeo ya manufaa, ikiwa ni pamoja na kushirikiana na wengine walio na mawazo na nia sawa na zetu.

Mnamo Novemba 2022, Britam ilijiunga na Shirika la United Nations Global Compact (UNGC) na kuungana na maelfu ya kampuni tajika kutoka kote ulimwenguni ambazo zimejitolea kuendeleza kanuni za biashara zinazozingatia uwajibikaji na uendelevu. Tumejitolea kuunga mkono kikamilifu malengo ya ustawi endelevu (SDGs) yaliyowekwa na Umoja wa Mataifa na ambayo yanashika nafasi muhimu katika ajenda yetu ya kuwapa wateja wetu kipaumbele na pia mkakati wa hali ya baadaye katika shughuli zetu zote.

Tulishiriki pia mkutano wa 27 wa Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), uliofanyika jijini la Sharm el-Sheikh katika pwani ya Misri. Hii ilikuwa fursa nzuri kwangu kuungana na viongozi wengine wa ulimwengu walio na nia ya kutimiza malengo ya pamoja ya kuimarisha hali ya anga duniani. Kikao hiki kilitupatia nafasi ya kutafuta wale tunaoweza kushirikiana nao katika safari hii ya uendelevu.

Matarajio ya 2023

Inakadiriwa kwamba uchumi wa ulimwengu utakua kwa kiwango cha wastani katika 2023 kutokana na kuongezeka kwa misukosuko, ikiwa ni pamoja na kupunguka kwa kasi ya ustawi duniani na riba kupanda. Inatarajiwa hali hiyo itakuwepo pia katika uchumi wa kanda na nchini. Tuna matumaini, huku tukiwa waangalifu, kwamba mazingira ya uendeshaji biashara na matokeo yake yatakuwa bora zaidi, ikitiliwa maanani kwamba tumefanikiwa kujenga msingi thabiti katika muda mrefu uliopita.

Kwa vile mkakati wetu wa EPIC^2 umetupatia matokeo ya kuridhisha kwa miaka miwili mfululizo, tutaendelea kuendeleza kasi ya ukuaji wa mapato, faida na thamani kwa washika dau wetu.

Tayari tumepanga mambo yanayohitaji kuangaziwa mwaka 2023 na baadaye. Tutaendelea kusisitiza kuwapa wateja kipaumbele, tupanue huduma na bidhaa zetu, tuendelee kuubadilisha mkakati wetu wa uwekezaji na kufaidi shirika kikamilifu kwa lengo la kuimarisha mapato yetu kutokana na vitegauchumi vyetu vyote. Tutakamilisha pia awamu ya kwanza ya mabadiliko ya kidijitali na kutafuta nafasi za kupanua shughuli zetu katika nchi zaidi.

Shukrani

Hatua tulizopiga katika kuutekeleza mkakati wetu mpya na matokeo thabiti ya kifedha hazingewezekana pasina ushirikiano wa wadau wetu wakuu, hasa wateja, washirika na wadhibiti.

Tunashukuru pia Bodi kwa uongozi na mashauri yao ya thamani tunapoendeleza mbele shughuli za Shirika kwa ari na imani kuu. Kwa niaba ya timu ya mameneja wa Shirika, wafanya kazi wa Britam na washauri wa wateja, tunawashukuru nyote kwa imani mliyo nayo kwetu na kwa kuendelea kutuunga mkono.

Ahsanteni.

Bw. Tom Gitogo

Meneja Mkurugenzi wa Shirika

Machi 28, 2023

Britam
With you every step of the way

Britam Retirement Scheme

List of Products

- Individual Pension Plans
- Income Drawdown
- Annuity
- Umbrella Pension Schemes
- Stand Alone Schemes
- Post Retirement Medical

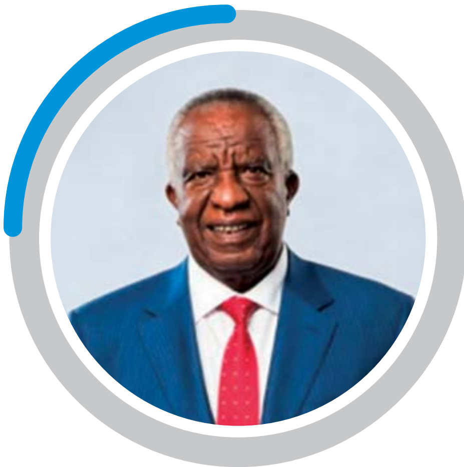
With over 50 years of experience in insurance and investments, and backed by a highly professional and qualified team, you can trust that Britam is the ideal retirement planning partner for your business.

Regulated by the Insurance Regulatory Authority

Our Leadership

Our Group Board of Directors

Mr. Kuria Muchiru
Chairman
Year of Appointment to Board: 2021



Dr. Peter K. Munga, EGH
Non-Executive Director
Year of Appointment to Board: 1982

Mr. George Odo
Representative of AfricInvest III SPV 1 (Corporate Director)
Year of Appointment to Board: 2019

Mrs. Caroline Kigen
Independent Non-Executive Director
Year of Appointment to Board: 2017

Mr. Edouard Schmid
Non-Executive Director
Year of Appointment to Board: 2021

Ms. Celestine Munda
Independent Non-Executive Director
Year of Appointment to Board: 2022

Mr. Jimnah M. Mbaru, EBS
Non-Executive Director
Year of Appointment to Board: 1984

Ms. Josephine Ossiya
Independent Non-Executive Director
Year of Appointment to Board: 2019

Mr. Julius Mbaya
Independent Non-Executive Director
Year of Appointment to Board: 2022

Mr. Lotfi Baccouche
Non-Executive Director
Year of Appointment to Board: 2023

Ms.Hilda Njeru
Company Secretary(Ag.)
Year of Appointment to Board: 2023

Our Executive Management Team

Mr. Tom Gitogo
Group Managing Director and CEO

Mr. Charles Njuguna
Finance Director

Mr. Ambrose Dabani
CEO/ Principal Officer
Britam Life Assurance

Mr. Jackson Theuri
CEO/ Principal Officer
Britam General Insurance

Ms. Diane Korir
Customer Experience Director

Mr. Kennedy Aosa
International Business Director

Ms. Evelyne Munyoki
Human Resources Director

Ms. Catherine Karita
Strategy and Investor Relations Director

Mr. Saurabh Sharma
Emerging Consumers
Business Director

Ms. Evah Kimani
Partnerships and
Digital Director

Ms. Hilda Njeru
Director - Legal and
Company Secretary(Ag.)

Mr. John Kiugi
Risk & Compliance
Director (Ag.)

Mr. Tom Juma
Head of IT and
Operations

Ms. Evelyne Agola
Head of Internal Audit

Our Group Board of Directors Profiles

Mr. Kuria Muchiru
62 Years
Chairman
Date of Appointment: 17/12/2021

Mr. Muchiru holds a Bachelor of Science (Mathematics and Statistics) from the University of Nairobi and is a Certified Public Accountant (CPA-K). He has had a career at PwC spanning 35 years which has given him wide ranging but also deep experience in Operations and the Public sector. This experience has been in Kenya, East Africa, sub-Sahara Africa, and the UK.

Other Directorships

Mr. Muchiru is the Chairman of Kenya Wine Agencies Limited (KWAL) and three associated companies.

Mrs. Caroline Kigen
49 Years
Independent Non-Executive Director
Date of Appointment to Board-25/4/2017

Mrs. Kigen holds a Bachelor of Commerce (Accounting) Degree and a Master of Business Administration Degree from the University of Nairobi. She is a Certified Public Accountant (CPA, K) and a Member and Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). She has wide experience in accounting, financial management and corporate governance. She has been the CEO of ICPAK during which the Institute participated in policy making in Kenya and beyond. She has also worked as an accounting lecturer at both the University of Nairobi and Strathmore University and at PricewaterhouseCoopers in audit and assurance. Mrs. Kigen has extensive Board experience having served in various boards and committees locally and internationally including at the International Federation Of Accountant's (IFAC).

Other Directorship

Mrs. Kigen is a Director of Britam Life Assurance Company (Kenya) Limited, a subsidiary of Britam Holdings Plc.

Mr. George Odo
56 Years
Representative of AfricInvest III SPV 1 (Corporate Director)
Date of Appointment to Board-04/07/2019

AfricInvest is registered in the Republic of Mauritius and is a consortium of AfricInvest Fund III LLC, Deutsche Investitions-und Entwicklungsgesellschaft mbH, (DEG), a German development finance corporation, The Nederlandse Financierings-Maatschappij voor Ontwickkelingslanden N.V. (FMO), a Netherlands-based bilateral development bank, and Societe de Promotion et de Participation pour la Cooperation Economique, (Proparco), a France registered development finance corporation.

Mr. Edouard Schmid
58 Years
Non-Executive Director
Date of Appointment – 5/08/2021

Mr. Schmid holds a Masters degree in Physics, Swiss Federal Institute of Technology. He is an Underwriting Advisor to Swiss Re's Group Executive Committee and until 31 August 2020, he was the Group Chief Underwriting Officer and member of the Group Executive Committee of Swiss Re Ltd, overseeing Swiss Re's underwriting activities across its Reinsurance, Commercial Insurance and Primary Life & Health businesses. He was a Member of the Board of Directors of New China Life Insurance Company Ltd until December 2022.

Other directorships

He is a Member of the Board of Directors of Definity Financial Corporation, Canada.

Ms. Josephine Ossiya

50 Years

Independent Non-Executive Director

Date of Appointment to Board-15/05/2019

Ms. Ossiya holds a Bachelor of Commerce degree from Makerere University, Uganda and a Master of Business Administration degree in international business from Liverpool University, UK. She is a member of the Institute of Certified Public Accountants of Uganda (ICPAU), a Fellow of the Association of Chartered Certified Accountants UK (ACCA, a Member of Institute of Internal Auditors Inc US (IIA) and a member of the Institute of Corporate Governance of Uganda. She has over 20 years' experience in financial services, strategic planning, audit and treasury. She has worked in various sectors including energy, oil and gas, pension, financial services, real estate and telecommunication. Her work has been extensively within Africa, in Uganda, Ghana, Kenya, DR Congo, Zambia, and South Africa.

Other Directorships

Ms. Ossiya is a director of the following subsidiaries of Britam Holdings Plc-Britam Insurance Company (Uganda) Limited and Britam asset Mangers (Uganda) Limited. She is also a board member of the Bank of Uganda.

Dr. Peter K. Munga, E G H

79 years

Non-Executive Director

Date of Appointment to Board-1982

Dr. Peter K. Munga, EGH is a Certified Public Secretary with vast experience in both public and private sector management. He holds two honorary doctorates, Doctor of Letters (Honoris Causa) from The University of Nairobi, and Entrepreneurship (Honoris Causa) from Kenya Methodist University. He has a diploma in Human Resources and Financial Management. He has received the highest presidential award to a civilian, the First-class Chief of the Order of the Burning Spear (CBS) and also the Second-Class Elder of the Golden Heart of Kenya (EGH) national decoration, for his outstanding contributions in economic development. Dr. Munga is the Chairman of Pioneer Group of Schools, Equatorial Nut Processors Ltd, Freshco Seeds Ltd and Murang'a Water and Sewerage Company (MWASCO). He is the current Chancellor of Pioneer International University.

He also holds the Yara Prize for Green Revolution in Africa Laureate 2009 award. He is a retired Deputy Secretary in the Government of Kenya. He is the founder and former Chairman of Equity Bank Limited and former Chairman of National Oil Corporation of Kenya (NOCK).

Other Directorships

Dr. Munga is a director of the following subsidiaries of Britam Holdings Plc; Britam Life Assurance Company (Kenya) Limited, Britam Asset Managers (Kenya) Limited, Britam Insurance Company (Tanzania) Limited and Britam Properties (Kenya) Limited. He is also a Director of HF Group Plc.

Mr. Jimnah M. Mbaru, EBS

74 Years

Non-Executive Director

Date of Appointment to Board- 1984

Mr. Mbaru holds a Master of Business Administration Degree from IMD in Lausanne, Switzerland, a Bachelor of Commerce Degree and a Bachelor of Laws Degree both from the University of Nairobi. He is a fellow of the Kenya Institute of Management. Mr. Mbaru is the Chairman of Dyer and Blair Investment Bank Limited and a former chairman of the African Stock Exchanges and is a former member of the National Economic and Social Council.

Other Directorships

Mr. Mbaru is a director of Occidental Insurance Limited and Sanlam Africa Core Real Estate Investors Limited.

Our Group Board of Directors Profiles (continued)

Mr. Julius Mungai

61 Years

Independent Non-Executive Director

Date of Appointment – 14/09/2022

Mr. Julius is a seasoned professional with over 30 years of experience in the C-Level Executive Leadership covering multiple disciplines in Banking and Financial Services Sector. He holds a Bachelor in Education Science degree Major in Mathematics and a Post Graduate Diploma in Computer science.

Other Directorships

Mr. Julius is a director of Beyond Eleven Nine Seventeen Holdings Limited and Ace Turbo Technologies Limited.

Ms. Celestine Munda

62 Years

Independent Non-Executive Director

Date of Appointment to Board-14/09/2022

Ms. Celestine holds a Bachelor of Commerce degree in Accounting (Hons), is a Certified Public Accountant of Kenya, a member of the Institute of Directors (IOD) South Africa; and a member of the Institute of Internal Auditors (IIA) South Africa and Kenya. She has over thirty years' experience in assurance and advisory services.

Other directorships

She is a Director of Jim McFie Education Fund.

Mr. Lotfi Baccouche

60 Years

Independent Non-Executive Director

Date of Appointment – 19/01/2023

Mr. Lotfi is a financial services executive with solid experience in both developed and emerging markets with over 35 years of experience in finance, insurance and risk management. He holds a Bachelor of Science (BSc) in Industrial and operations Engineering from University of Michigan and a Master of Science (MSc) in Operations Research and Industrial Engineering from Cornell University. Mr. Lotfi is currently the Vice President - Insurance practice lead in Capgemini Invent in the UK.

Other Directorships

He is a member of the Board of Directors of Royal Exchange General Insurance Company (Nigeria).

Ms. Hilda Njeru

40 Years

Company Secretary (Ag.)

Date of Appointment: 8/03/2023

Hilda holds a Master of Science degree in International Business Administration from the University of London; a Master of Laws degree, LL.M, and a Bachelor of Laws degree, LL. B, both from the University of Nairobi. Hilda is also a certified public accountant, CPA(K), a certified secretary, CS (K), an accredited Governance Auditor and an Advocate of the High Court of Kenya.

OUR VALUE CREATION

Our Stakeholders

The sustainability of the Group depends on positive relationships with our stakeholders. Cognizant of this, at Britam Holdings Plc, we pursue stakeholder engagement systematically.

This allows us to understand those risks that could impact our business. We believe that an open exchange with and between diverse stakeholder Groups has a significant potential and contribution in our EPIC[2] ...#OneBritam Strategy and ultimately our value creation.

Our Key Stakeholders Groups

- Customers
- Employees
- Wider Community
- Suppliers and Partners
- Government and Regulators
- Investors and shareholders

As a Group we place a great value to our stakeholders. The interactions with and management of our engagements with our stakeholders form a key part of our social capital. We are interested in their concerns from which we derive key insights as they provide us with feedback regarding our creation of value to them including through products and services. The insights and feedback inform our strategy, business model, sustainability and ultimately value creation.

The Group remains committed to understanding the needs of our stakeholders and responding appropriately so that we can consistently and sustainably create value in the short, medium and long term. We continue to engage with all our stakeholders and take measures to address mutual concerns through meaningful channels of engagement.

Our key stakeholders

Our Stakeholders (continued)

The table below summarize our key stakeholders and our engagement with them.

Stakeholder	Why we engage	How we Engage
Customers	As a financial services provider, Britam's purpose is customer centric and aimed at safeguarding their dreams and aspirations. The focus is to offer them solutions that support them to create and protect their wealth. Customers remains our largest stakeholder group and the reason why we exist.	We maintain constant engagement with our customers through the following: Identifying new ways to serve them better through our financial intermediaries, brokers, and by hosting customer events where we meet them. Responding to their concerns through online and face to face channels. Developing relevant investment products and review of existing ones to support them with more sustainable ways to grow their savings and pensions. Through our digital channels and new distribution opportunities to serve them in a way that is more convenient to them including online self-service portals. Systematically listening to customers through our net promoter score (NPS) program throughout all customer touchpoints and acting on feedback to improve their experience.
Employees	Our employees are at the core of our business. We esteem our employees – their knowledge, expertise, and dedication to our business, customers, and intermediaries. They are core drivers of our success and competitive edge.	We are deliberate in the way we engage with our employees to inspire and motivate them to deliver their best. Measuring engagement and advocacy with the employee net promoter score (ENPS) program. In-person interactions through company-wide townhalls, ad hoc employee events, and workplace forums. Online interactions through regular email updates, social collaboration tools, and anonymous feedback platforms.
Investors and shareholders	We have a rich and diverse base of shareholders. They have trusted us to generate sustainable returns exceeding our cost of capital over the short, medium, and long term. We are committed to providing regular and transparent disclosures to allow investors to track business progress.	We maintain dialogue with our investors across the year through the following: - Communication through in-person and on-line platforms. The key engagement forums are Annual General Meetings (AGMs). Shareholder calls and meetings, conference calls, results announcements and presentations, investor roadshows and conferences. We also have a dedicated email address for general investor queries, a dedicated email address for AGM feedback, and regular updates and reports on our website.

Suppliers and Partners

We aim to ensure that sustainability is an integral part of our sourcing, procurement and supplier management activities. That extends to the products and services we purchase, contractual agreements we enter into, and partners we work with.

We continue to identify new opportunities for collaboration and innovation through ongoing dialogue with our suppliers.

We strive to have meaningful engagements with our suppliers and partners and aim to make it easy for them to do business with us.

Through our procurement practices, we aim to generate positive environmental, social and ethical impact by:

- Setting clear expectations and standards for our suppliers in our Supplier Code of Conduct.
- Having robust supplier self-assessment, due diligence and supplier monitoring and performance evaluation processes.
- Using communication channels such as portals, emails, conference calls, and face-to-face meetings to attend to their queries and concerns.

Government and Regulators

We take pride in being a responsible corporate citizen.

We continue to work with governments and regulators to support a stable and flourishing insurance and the wider financial services industry.

We comply with country-specific legislation and regulations.

We promptly pay taxes.

We make presentations about legislative and regulatory processes and directly engage key government regulatory and industry stakeholders.

Our engagement with governments and regulators focuses on constructive participation to ensure the best outcomes for our customers, intermediaries, industry, and the countries in which we operate in.

The wider community

Our purpose of safeguarding dreams and aspirations goes beyond our business priorities.

We strive to make a lasting impact on the environment and the communities in which we operate.

Our initiatives aim to enrich lives beyond the value provided by our products and services.

We engage with the wider community through our corporate social investment initiatives to uplift communities, strengthen our industry and share our experience and expertise for the common good.

Our interactions include meetings, events, workshops, training, industry forums, donations, and sponsorships.

The business deliberately allocates funds to corporate social investments.

Our Strategy & Financial Highlights

Summary Strategy Review

The year 2022 was our second one in our 2021 – 2025 strategic cycle. In this two-year period the Group has delivered strong results with excellent outcomes achieved on all key performance indicators. The Group's profitability has taken a positive trajectory buoyed by growing revenues, investment income and an improving operating expenses efficiency.

Our strategy is anchored on two core themes: -

1. Re-grounding the business supported by the following key pillars.
    a) Organizing around the customer
    b) Leveraging technology
    c) Turning key cost drivers
    d) Shifting investment strategy
2. Driving Customer Centric Transformation by embedding customer centricity supported by the key following pillars.
    a) Forging strategic partnerships
    b) Optimizing approach to customers
    c) Unlocking the next tier of customers
    d) Drive international growth

The two-year period has seen the Group make significant strides in setting a strong foundation to support and sustain a customer centric transformation. Having successfully reorganized the business around the customer in 2021 and restructured the organization to control costs and raise efficiency, 2022 was a turning point in reviewing and re-shifting the investment strategy.

The business deliberately re-aligned its investments to reduce earnings volatility and stabilize growth in investment income. Deliberate actions aimed at reducing exposure to equities and the associated volatility in their valuation were taken.

Further we have continuously increased efforts to achieve full occupancy of our property investments. As at the close of the year Britam Tower had an occupancy level of 94 percent with our anchor tenant taking up over 30 percent. Britam Center our Grade B building also in Upper Hill - Nairobi commands an occupancy level of 91 percent.

Our Service apartments operated by Ascott as Somerset Westview Hotel - Nairobi closed the year with an occupancy level of 65 percent.

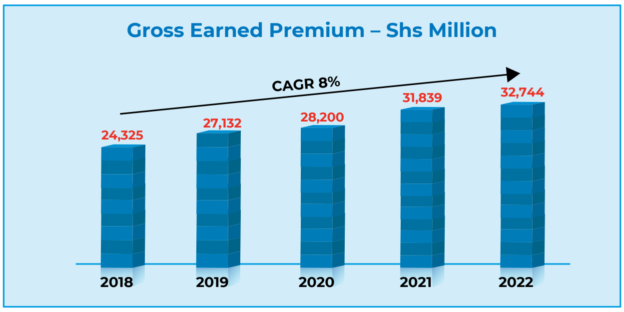
Our current focus is on leveraging technology to unlock more value. We are in the process of revamping our technology platforms. This is expected to further increase our operating efficiency and offer our customers unmatched experience as they interact with us across our different touch points. The revamped platforms are also aimed at supporting the delivery of innovative and superior products and services to our customers by our staff and intermediaries.

Summary Financial Review

The business has exhibited an exceptional level of resilience in the year and managed to sustain the growth momentum both in its local and international businesses with growth in profitability.

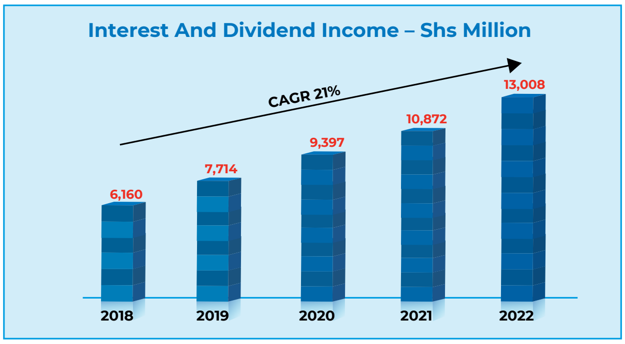
Gross Earned Premiums

The insurance business revenue recorded a growth of 3% with the Kenya Insurance business registering 6%. The international businesses registered a 6% decline and contributed to insurance business revenue of Shs 7.6 billion (2021: Shs 8.1 billion), which accounted for 23% (2021: 26%) of the total insurance business revenue.



Investments and Other Income

Dividends and interest income increased by 20% from Shs 10.9 billion in 2021 to Shs 13.0 billion.



Net loss from investment property - which comprises rental income and fair value movements in investment properties recorded a gain of Shs 643 million (2021: loss of Shs 206 million) in the year on the background of growth in occupany levels and improved property market.

The Group's investment in equities and government secuties returned unrealised fair value loss amounting to Shs 3.9 billion compared to gains of Shs 1.8 billion in 2021 and fair value gains on disposal of shares of Shs 31.1 million (2021: Gain of Shs 36.8 million).

These have been accounted for in the consolidated statement of profit or loss. In addition, Shs Nil (2021: Gains of Shs 1.8 billion) revaluation gain were recognised in the statement of comprehensive income.

Significant fair value losses of Shs 3.4 billion were recorded in government securities compared to a loss of Shs 1.0 billion in 2021 impacted by shifts in the yield curve upwards across different maturities in which the Group entities hold significant investments.

The share of loss of the associates accounts for Shs 2.8 million (2021: Shs 286.1 million) in the Group profit before tax, mainly arising from loss recorded by Kilimani Hotel Suites Limited associate, an associate fully owned by Britam Life Assurance Company. HF Group Plc– Associate contributed a profit of Shs 95 million.

Net Insurance Benefits and Claims

Net insurance benefits increased marginally by 1% to Shs 17.9 billion from Shs 17.8 billion in 2021.

Operating Expenses

The Group's total operating costs were down 26.4 % to Shs 8.4 billion. This after the business incurring a one-off business transformation expense in 2021 as part of implementing its new transformational strategy.

Profitability

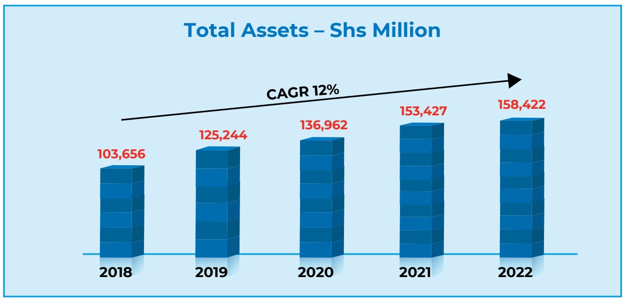
The Group has reported a profit before tax of Shs 2.95 billion compared to a profit before tax of Shs 1.0 billion in 2021 and a total comprehensive income of Shs 1.8 billion compared to a total comprehensive income of Shs 2.0 billion in 2021.

Capital Adequacy and Solvency Margins

The Group ensures that its available resources are allocated in a way that is capital efficient, meets the Group's risk appetite and ensures that optimal returns are made while ensuring compliance with various regulations that govern most of its businesses; out of its 13 entities, 11 are regulated. Details of these are disclosed in Note 52 (e).

Consolidated Statement of Financial Position

We have reported an increase of 3% in total assets during the year.



Outlook

The Group is focused on implementing the new strategy by embedding customer-centricity across the business and optimizing returns from our investments.

Materiality Assessment

The Group defines a matter as material if it could substantively affect its ability to create value in the short, medium, or long term. Britam's material matters have a direct or indirect impact on the ability to create economic, environmental, and social value for the Group and its stakeholders.

Through our Materiality assessment we determine the Environmental, Social and Governance (ESG) issues that matter most to our business and our stakeholders.

Material matters will be managed strategically to maintain our ability to create value for our stakeholders in the short, medium, and long term.

The determination and assessment of materiality to the business is an ongoing process driven by both external and internal reviews. This is defined through a four-step process of identifying, validating, applying, and continuously assessing materiality.

In 2022 the Group reviewed its material topics. In the process, we created an internal expert pool with representatives from across the Group's main functions including Risk & Compliance, Brand and Communications, Actuarial, Emerging Market Consumers, and Finance, as well as Strategy & Investor and Stakeholder Relations.

The following material matters were identified for the financial year 2022.

5. Customer focus
6. Access to financial solutions
7. Access to health care
8. Human capital development
9. Climate change action

Progressively the Group will report on these topics in its sustainability reports

Customer Focus

Embedding Customer Centricity for EPIC² Customer Experience

Our purpose of Safeguarding Dreams and Aspirations has never been alive than in our quest to give our customers the best experience. We continue with initiatives solely focused on ensuring our customers remain at the center of everything we do. In the year, a number of initiatives were undertaken to create opportunities to offer our customers unmatched experience. These were undertaken by either utilizing internal platforms and channels or in partnerships.

Supporting our Partners and Intermediaries for Success

We owe a lot of our success to the support and loyalty of our intermediaries especially our brokers and financial advisors. They support our product distribution and are key customer touch points. We continue to not only support them but also provide opportunities for them to excel and grow in their work. In the year under review a number of initiatives were undertaken to support our network of intermediaries in a number of select markets.

The Blue Eagles Program Launch

In September 2022, our Retail business officially launched the #BritamBlueEagles program. The program appreciates our award winning Financial Advisors and aims to refresh the role of a Britam Financial Advisor to a more defined career and professional growth journey.

The Blue Eagle Program recognizes, appreciates and rewards the Advisors with a well-defined 5 tier program. The objective is to support and drive a highly productive and professional financial advisory network.

The five levels are: -

- Sales Executive
- Financial Advisor
- Senioir Financial Advisor
- Executive Financial Advisor
- Premier Financial Consultant

Official Launch of the Blue Eagles Program for a our Financial Advisors

Emerging Market Consumers Unit, awards 2022 Top Performing Financial Advisors

The Emerging Market Consumers (EMC) Unit grew the number of the financial advisors by 80% in 2022, which saw them penetrate their product offering further to the underserved customers. This was announced by the Unit's Director, Saurabh Sharma, while recognizing the top financial advisors in 2022, at a ceremony held on 24 January 2023 at Sarova Panafric Hotel in Nairobi.

Congratulations to the FAs who got recognized, and we encourage all to put their best foot forward as we strive to achieve the targets for the financial year 2023!

Mr. Richard Kiyondi receives the top financial advisor Nairobi region award, from our Group Managing Director (GMD) & CEO, Mr. Tom Gitogo.

Britam Uganda Leadership Engages Ugandan Corporate Clients, and Intermediaries

Our Group Managing Director, Mr. Tom Gitogo accompanied by the Director of International Business, Mr. Kennedy Aosa, hosted the Ugandan corporate clients, brokers and partners to a cocktail party at the Kampala Serena Hotel in January 2023. This was an opportunity for the Group Managing Director to outline Britam's strategic plans in the Ugandan market.

Britam Uganda entered the market in November 2010 and remains a key player in the financial services industry in Uganda, 13 years later. This is the perfect time to partner with Britam. The General Insurance business has grown quickly from near bottom of the pack to the top four in market share. Similarly, the Asset Management business is the fastest growing, reaching the top 3 position in Assets Under Management in just a few years. Britam Uganda is now looking at growing its revenue streams even further by considering additional product offerings. During the visit, our GMD also acquainted himself with staff and financial advisors at the subsidiary.

Our GMD at a cocktail party at Kampala Serena hotel interacting with staff and intermediaries

Access to financial solutions

As part of our strategic vision, we are leveraging our People, Technology and Culture and enabling our Partners to deliver meaningful interactions, satisfying experiences, all the time.

Our intermediaries and partners remain key links to the customer. In many engagements they are in fact the face of Britam to our clients and customers. When our Partners Win, our Customers Win, and We all Win.

Our new Partnerships and Digital Segment reinforces our determination to forge strategic partnerships that will drive future scale, delighting the customer with integrated digital experiences, enhance our partners experience, and help them achieve their goals in strategic alignment to our EPIC² ...#OneBritam strategy.

We are already strategically aligning our partner selection process with the objective of creating solutions and digital experiences that are transformative to our customers. For existing partners, our focus is on increased collaboration in our go to market initiatives, enhanced customer journeys, and value propositions.

To position the company in a rapidly changing financial services landscape, we plan to launch with other partners a digital accelerator program that will nurture transformative, disruptive and customer centric solutions in the fintech and insurtech spaces.

In the year under review, we partnered with a number of entities. Below we highlight some of the key partnerships.

Britam and HFC Launch HF Elimu Partnership

Education is one of the key areas where Britam has been transforming lives of current and future generations with relevant products that has made it possible for parents to empower their children with quality education. To further consolidate these gains, Britam partnered with HFC Kenya through it's banc-assurance intermediary and launched a new, convenient and flexible education policy dubbed #HFElimu. The product is set to enable parents provide an uninterrupted quality education for their children and comes with high returns, flexible terms and guaranteed payouts.

The education plan is exclusively available from HFC Kenya and underwritten by Britam Life. This is also a part of the HFC's diversification strategy that has seen it provide customers with full-service banking offerings.

HF Managing Director and Britam Life Assurance CEO and Principal Officer during the launch of HF Elimu partnership.

Britam and Voltic Launch a digital personal Accident Cover for PSV travellers

Britam Holdings Plc partnered with Voltic Kenya, a technology company offering ticket automation and parcel management solutions within the transport sector to offer a trip insurance service.

This partnership will see passengers who buy tickets though the Voltic's platform access a personal accident cover in the duration of their trip at no extra charge. Some of the bus companies in this partnership are ENA Coach, Dreamline, Tahmeed, Randa among others.

Some of our staff teams up with the Voltic Kenya officials during the launch of the digital personal Accident Cover for PSV travelers.

Britam Mozambique Taps into partnerships.

Britam Mozambique is taking leveraging on strategic partnerships to a new level to drive scale and grow customers. The business has partnered with petrol stations, bookstores, car wash stations, and grocery stores to sell our products.

The initiative continues to demonstrate our commitment to continue building a customer-centric brand that tailor makes solutions to customers' actual needs in a convenient way.

Our Mozambique team doing ground sales activations.

Partnership with Bonfire Travelers to offer Travel Insurance

Through Our Subsidiary, Britam General Insurance – Kenya, we launched a new travel insurance plan in partnership with a Kenya's leading tour and travel company, Bonfire Adventures and a digital innovation lab, Qhala.

Under this partnership, Bonfire will offer all their domestic travel customers, a free travel insurance cover. The cover insures them against accidental injuries, illnesses, and death during their travel. Customers are covered up to Shs 40,000 for medical expenses resulting from an accident during their trip. Additionally, in the unfortunate case of an accident resulting in death, an amount of Shs 100,000 will be paid to the beneficiaries of the covered, while a similar amount will be paid to the person covered in the event of permanent disability arising from an accident during the trip.

Travelers can also opt into an enhanced package at a premium of Shs 600, which covers evacuation and hospitalization during their trip. The benefits of this enhanced cover include Shs 100,000 for inpatient medical treatment and Shs 40,000 for emergency medical evacuation during the trip. In addition, Shs 100,000 will be paid to the beneficiary in case of permanent disability. A similar amount of Shs 100,000 will be paid in case of death arising from an accident during the trip.

L-R Dr. Shikoh Gitau, CEO and Co-founder of Qhala, Evah Kimani, Our Director for Partnerships and Digital, Sarah Kabu, MD Bonfire Adventures and Simon Kabu, CEO Bonfire Adventures, during the launch of Travel Insurance Plan.

Actuarial, Partnerships and Digital host Product Development Competition

The Actuarial team recently hosted a number of students from the Actuarial Students Society of Kenya (ASSK) at our Innovation and learning Centre in Upper Hill. This is part of our strategic partnership with educational Institutions, so as to build students' innovative capacity in product development in the dynamic insurance industry. We delight in strategic partnerships such as these that help us build long term and mutually beneficial relationships with the different stakeholders across our footprint.

Access to health care

At Britam we remain passionate about democratizing access to quality and affordable health care. We have forged partnerships with organizations that will bring together previously under insured or un-insured sections of the population. This has given us opportunities to offer heath covers that cost as low as 1 US$ per month.

Britam is supporting farmers by insuring them against life's shocks such as hospital admission and death of loved ones, so they do not resort to selling their income generating assets such as land and live-stock. This includes insuring over 1 million customers through partnerships to insure mainly small-scale tea, dairy and tea farmers.

Britam Rwanda partners with Tele-Medicine Service Provider – Babyl Rwanda

Britam Rwanda entered into a partnership with Babyl Rwanda, a Tele-Medicine service provider to make it possible for our health clients access medical services conveniently. This strategic partnership is part of our customer centric transformative strategy where we seek to leverage on technology and innovative partnerships for the benefit of our customers. To access the service, our clients in our Rwanda will need to dial *811# and follow the prompts.

Launch of Bima Ya Mwananchi Health Cover by Britam Tanzania

As part of Britam's strategy to drive financial inclusion especially to traditionally excluded sections of the population, our Britam's Emerging Consumers (EMC) business unit launched a new innovative and affordable medical cover, the Bima Ya Mwanainchi Health Cover.

This is an affordable inpatient cover that can be taken up by a principal member or a member of their family. Inpatient care is provided in a hospital and other types of inpatient facilities.

Partnership with Carepay and Mtiba

To deepen access to medical care by empowering customers with health insurance knowledge Britam rolled out a campaign in Nairobi and its environs. The objective was to showcase the importance and the affordability of accessible health care to the public. The campaign aimed at empowering the target customers with health information and therefore help them to make better health decisions.

Britam partners with The Nairobi Hospital's Mommy & Baby Fair

Britam participated in Nairobi Hospital's Mommy & Baby Fair held in October 2022, where over 100 parents with children under 5 years, expectant mothers, as well as their nannies were trained on basic family health care.

The interactive sessions covered several topics, including toddler nutrition, lactation and immunization. The expectant mothers were also provided with key information to support them. It was an opportunity to advise the participants on the different solutions the company offers and how these can be beneficial to them.

A clown entertains children during The Nairobi Hospital's Mommy & Baby Fair.

Human Capital Development

The insurance industry is one of the most dynamic one and continue to experience major shifts from a number of angles. The regulations that govern the industry are changing even as innovations continue to shift the way players interact with customers as well as how they price and sell their services. Customer expectations continue to shift raising the bar for the players to offer even higher-quality customer service experience.

These and other forces demand that players in the insurance industry prepare their human resources to support their business in adapting their business models and thriving even as these changes continue.

As a Group, we have a strong commitment towards our employees' development and welfare. We are deliberate on ensuring that our employees thrive not only in Britam but also in the industry.

Our GMD's take on Our People

We are pleased to report that 2022 was another successful year for our organization. The impressive results achieved are a testament to the hard work and dedication of our employees and partners. They have gone above and beyond to ensure that we continue to deliver on our commitments to clients and stakeholders. Their efforts have been instrumental in driving growth and enabling us to achieve our strategic objectives. Their commitment to excellence and passion for delivering exceptional service to our clients is truly inspiring.

At our core, we believe in a purpose-driven culture that values our people and their contributions. We remain committed to enabling our employees achieve their aspirations while delivering on our organizational mandate. We understand that our people are our most valuable asset, and we will continue to invest in their development and growth. As we move forward, we remain focused on building a culture that is inclusive, collaborative, and results-oriented. We believe that by working together, we can achieve even greater success.

Empowering our People

Our EPIC^2 …#OneBritam Strategy is about transformation driven by embedding customer centricity. The business places heavy emphasis on our employees, a transformational culture, and technology to deliver meaningful interactions and satisfying experiences to our customers.

What we do as Britam is great and we must see this based on the impact on our people, our families, customers, and the communities we live in. The difference we create every day and the active legacy we are building should outlast us all. We must continue the meaningful journey to be obsessed with our purpose and live the Britam mantra, "With you every step of the way"

The 2021-2025 strategy is about Delighting the Customer. Britam will be deliberate in creating a culture and environment where our people can thrive and succeed. It is also about focusing on our people and building an employee brand to deliver our customer and brand promise.

Our people will through empathy and care consistently deliver an EPIC experience to our customers through meaningful interactions and satisfying experiences.

We are keen on creating experiences that are relevant to our staff, that will help them unlock their potential at work and support their aspirations. We will achieve this by understanding what is important to them, getting their feedback and involvement as we co-create Britam's Employee agenda initiatives. We are keen on ensuring even when they come to work, they have the right mindset, environment, and resources to deliver superior performance.

We continue to offer our employees with opportunities for learning the appropriate skills to offer our customers and other internal and external stakeholders an EPIC^2 experience.

Driving staff cohesiveness: All fun and games at the 2022 sports day

Britam held its first sports day post covid-19 in September 2022 at the Public Service Club in Upper Hill. The sports day aimed to create cohesion amongst staff after being away from the office since the beginning of the pandemic. The day saw staff take part in a number of sports activities such as football, swimming and table tennis amongst others.

Members of Staff engaging in Fun activities during the sports day event.

Giving our People Voice through the Learning Needs Survey

The company recently launched a group wide **Learning Needs Survey**, whose aim is to gather feedback, vital for the creation of a learning culture that will enable us to transform our overall service quality and ensure the success of our business. This new culture will be inculcated by equipping our team members with the requisite technical and leadership skills.

Human Capital Development (continued)

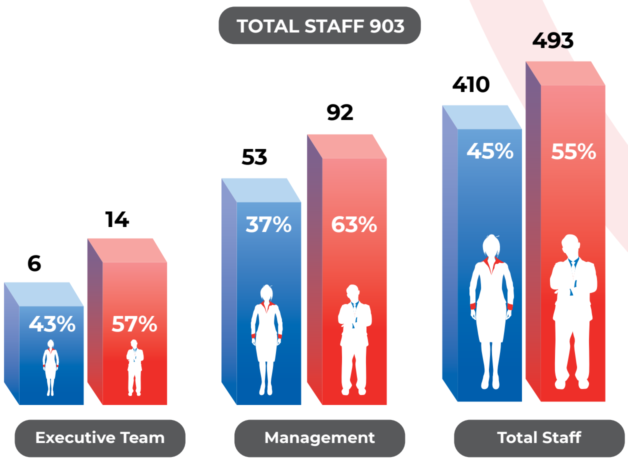
HR Team launch the Employee Engagement and Culture Survey

In line with our EPIC² OneBritam Strategy and with our People agenda in mind, the HR Team rolled out the Employee Engagement and Culture Survey that aims to gain insights on our employee engagement and satisfaction levels as well as perceptions about our culture as Britam. The survey theme for the year was "Re-imagining our future together - OneBritam."

Embracing Diversity & Inclusion

The Group places a great value to the uniqueness of its people and diversity particularly in relation to generational, gender, and geographical differences. Embracing diversity comes with opportunities relating to ideas, skills, competencies, experience and work ethic across the Group.

We build a diverse, equitable and inclusive environment where everyone's ideas and opinions matter. We are focused on creating an inclusive culture while creating an environment where all employees believe they belong and are empowered to be themselves, which is essential in serving our customers now and in the future.



Nurturing Talent

To provide the best services and superior customer experience for our customers, we need top talent. Britam focuses on sourcing, developing and keeping the best talent in the business.

We aspire to be an employer of choice and work to attract, retain and build our employees' strengths and capabilities. Our learning and development stance is based on business outcomes and guided by our strategic objectives.

It guides the Group in investing in employee learning and development to build and enhance technical and leadership competencies in a manner that enables the Group to attain its strategy whilst supporting employees to attain their career goals and aspirations.

We have supported our employees by allowing them to take up professional courses.

Remuneration & Reward

We develop dynamic, sustainable, market-driven, and strategic programs with the goal of providing a highly differentiated portfolio to attract, reward, and retain top talent and enable our employees to thrive.

We monitor pay equity and the staff remuneration policy guides us to compete effectively in the labor market and to recruit and retain high caliber employees. Britam seeks to remunerate its staff members in a manner that supports the achievement of the vision, mission and strategic objectives whilst attracting and retaining scarce skills and motivating high levels of performance.

Through our recognition policy, we acknowledge employees for their valuable contributions and achievements and for excelling in living the One Britam Way and supporting the company in delivering superior business performance.

It is our intention to create an engaged working environment where we celebrate our people by recognizing outstanding work, accomplishments and contributions. Our Pinnacle award programme has been instrumental in this regard.

Rewarding some of our winners during 2022 Pinnacle awards ceremony

Employee Wellness, Health & Safety

Britam is committed to supporting our employees' well-being and safety while they are at work and in their personal lives.

We have invested significantly in holistic wellbeing and offer a differentiated benefits package which includes many physical, emotional and financial wellness programs including counseling through the Employee Assistance Program, mental wellbeing support and flexible fitness benefits. Finally, our Occupational Health and Safety program helps ensure employees can stay safe while they are working.

All employees are also encouraged to take their annual leave from work to rejuvenate and build a healthy work-life balance. Effective management of COVID-19 and ensuring employees' health and safety was at the forefront of our interventions for our staff. We ensured that sitting arrangements met the social distancing requirements and enforced COVID-19 containment measures across all our premises.

Embedding sustainability in People

Our people are a significant component of the Britam's strategy and a key differentiator. To enable us to execute our strategy, we have a team of slightly over 900 people from different backgrounds serving our customers across the Group. We have a robust human resource development program that covers training, employee wellness, employee appreciation, competitive salaries, career promotion, talent attraction, retention, motivation, development and innovation that aspires to provide a gratifying experience for our staff.

The most significant ingredient in generating exceptional results from all other capitals remains our people who carry Britam's vision, mission & values. Britam's industry reputation and track record of great performance contributes to attracting personnel from the market. Our employee compensation and benefit plans are benchmarked to ensure that we remain competitive in the market.

Annual Staff Get-Together: Britam Rwanda coming together to celebrate and honor the contributions of its employees.

Alignment with the corporate strategy and driving a high-performance culture

Upholding a high performing culture in an organization is essential to achieving success and maintaining a competitive edge. However, it is equally important to ensure that the culture aligns with the corporate strategy. This requires a coordinated effort between leadership, management, and employees. To uphold a high performing culture, Britam establishes clear expectations for employees, providing them with the necessary resources as well as recognizing and rewarding outstanding performance. These efforts help to create a positive work environment where employees feel valued and motivated to excel.

Britam thrives to deliver clear communication and regular feedback. Managers are encouraged to communicate the organization's goals and objectives to employees and provide regular feedback on their performance.

Our company has a performance incentive policy which motivates employees to be performers who seek to continuously improve.

Engagement Session with Uganda Staff: Our GMD & CEO, Tom Gitogo, connecting and engaging with our team in Uganda.

Climate Change Action

The impacts of climate change are a reality both at the global and local levels: sea level rise, severe heat waves, drought, extreme rainfall, more powerful storms. These continue to impact adversely on lives and livelihoods.

In our key market Kenya and across the region impacts of flooding and droughts have not only affected our communities but in some cases our own customers and staff.

Globally, there is a growing recognition about the impact of climate change on the insurance industry due to its role in risk management. This challenge exists both in terms of liabilities (possible losses due to climate events) and assets (investment profile) for the industry. Research by McKinsey, a global consulting firm, shows that the value at stake from climate risks will double by 2050. To some extent, it is already happening as the World Property & Casualty (P&C) Insurance Report 2022, found that the insured losses from natural catastrophes have increased 250% in the last 30 years. Developing countries like Kenya are especially vulnerable due to their low-income population and lack of resources.

As a key player in the insurance industry, we are determined to play our role in raising the resilience of individuals and businesses to withstand these climate change related shocks across our footprint and beyond.

We are embedding sustainability in our processes and actively seeking partnerships to work with and amplify our impact and to provide leadership in our spheres of influence.

Supporting adaptation through parametric Insurance

Britam partnered with global reinsurer Swiss Re to offer an index-based flood insurance solution to cushion small-scale farmers living along the banks of the Tana River from frequent floods.

Partnering with Oxfam in Kenya, the solution was developed using data modeling and satellite imagery to predetermine flood thresholds and provide coverage at an affordable cost. The solution uses water level data to determine historical patterns of flooding along the Tana River. It determines the likelihood of floods using these patterns and analyzes them with socio-economic information to assess the impacts of flooding on households.

The insurance scheme will initially be piloted in Tana River County.

This innovative solution has been designed using long-term data on the rainfall and water levels in the Tana River as parameters to pay.

As these parameters can be monitored remotely, Britam will be able to pay flood related claims swiftly, thereby supporting the local government & other organizations in their flood mitigation efforts.

The index-based flood insurance was also jointly designed by AB Consultants, an independent market driver in the inclusive insurance space, and Risk Shield, an actuarial firm specializing in designing index-based insurance solutions.

Oxfam will provide the initial premium financing and Swiss Re will provide reinsurance support to Britam for underwriting the insurance solution.

Mr. Saurabh Sharma (extreme right), Director of Emerging Consumers at Britam with the representatives of the partnering organizations during the launch of an index-based flood insurance solution.

Britam Officially Becomes a Member of The UN Global Compact

In November 2022 Britam took a bold step towards sustainability and became a member of the United Nations Global Compact (UNGC) program, joining thousands of leading companies across the Globe that have committed to advance the principles of responsible and sustainable business. The UN Global Compact is the largest corporate sustainability initiative.

By becoming a signatory to the UN Global Compact, we will continue to actively support the Sustainable Development Goals (SDGs), which are central to our Customer-Centric agenda and strategy for the future, in all our operations across our footprint. Additionally, we are recommitting to align our business strategy and operations with the universal principles on human rights, labour, environment, and anti-corruption and take actions that advance societal goals.

Official Welcome Ceremony of Britam Holdings PLC to the UN Global Compact

L-R: The Global Compact Network Kenya Participant Engagement Manager, Harun Mukiiri, The Global Compact Network Kenya Executive Director, Judy Njino, issue the UN Global Compact certificate to Britam's Group Managing Director Tom Gitogo accompanied by the company's Strategy and Investor Relations Director -Catherine Karita.

On the 8th November 2022 Global Compact Network Kenya officially welcomed Britam Holdings PLC into the UN Global Compact. As one of the leading financial services providers in Kenya, Britam is committed to scaling up its contribution to the SDGs and driving partnerships that will deliver impact at scale. Britam is among 15 leading companies in Kenya and amongst 56 other African companies that have signed the Africa Business Leaders' Climate Statement that was presented at COP27 in Egypt.

Britam GMD and CEO at COP 27

At the sideline event Climate Action Now: A Critical Priority for Business Leaders at COP27 in Sharm El Sheikh, over 50 leading CEOs from across the African continent who are part of the Africa Business Leaders Coalition (ABLC) presented the Africa Business Leaders' Climate Statement outlining credible corporate commitments and actions anchored in the goals of the Paris Agreement, the SDGs and the Ten Principles of the UN Global Compact.

The ABLC is a CEO-led initiative arising from the UN Global Compact Africa Strategy 2021–2023. It aims to create a stronger partnership between Africa's private sector and the UN, in order to advance the 2030 Agenda for Sustainable Development and the African Union Agenda 2063.

Corporate Social Investments

The Group's Corporate Social Investing takes a center stage in our strategy. It is one of our key vehicles for driving our Sustainability Agenda. It gives us a platform to actualize our commitment to good corporate leadership, governance, and sustainable operations and profitability.

It is also a key channel for our stakeholder engagement where we get to engage with our stakeholders. Giving us opportunities to understand and appreciate their expectations and areas we can work together to create more value. In the year under review, the Group participated in different forms of Corporate Social Investment initiatives some of which are highlighted below:-

Corporate Business Division Golf Tournaments

This was undertaken as part of engaging with our corporate customers which also gave us an opportunity talk and engage with our customers. Over 600 golfers, most of them potential and current corporate clients. This was sponsored by our Corporate Business Division in the following clubs; Thika Sports Club, Karen Country Club and Limuru Country Club. It was a good opportunity for our corporate customer teams to build and strengthen our relationship with existing clients and meet potential ones.

L-R Tom Gitogo, Our Group Managing Director, Mwaniki Kamau, Director Enterprise Data Foundry Ltd, Sam Waweru, an Executive Managing Director at Housing Finance, and Godwin Wangong'u, a senior partner at Mboya Wangong'u & Waiyaki Advocates at the Karen Country Club

Our Group Managing Director Tom Gitogo presenting the Gross winner award to Colm Halley during the Karen Day Trophy golf event, held recently at the Karen Country Club

Our General Manager Corporate Business, Mr. Edward Kuria, on the left awarding the caddy winner at the Chairman's Golf Prize event held at Muthaiga Golf Club.

Estee Lauder Partners with Britam Foundation to kick off the Breast Cancer Awareness Month by lighting up Britam Tower – Pink

Estee Lauder Company (ELC) in partnership with Britam Foundation kicked off the 2022 Breast Cancer Awareness month by lighting up Britam Tower - Pink, as part of the Estee Lauder Breast Cancer Awareness Campaign. Our Group Managing Director (GMD), Mr. Tom Gitogo noted that Britam has been in support of Breast Cancer Campaigns over the years and the partnership with ELC will generate a positive outcome for our society that will go beyond financial returns.

ELC, one of the largest players in the beauty industry globally, has been running the Breast Cancer Campaign for the last 30 years, as part of their vision to create a Breast Cancer free world.

Britam encourages its staff to be proactive in getting regular screening for Breast Cancer, as well as encourage their family and friends to do the same.

Our Group Managing Director, Tom Gitogo interacts with guests during the Estee Lauder Breast Cancer Awareness Month Campaign launch.

Our Group Managing Director, Tom Gitogo interacts with staff during the Estee Lauder Breast Cancer Awareness Month Campaign launch.

Britam Foundation donates Dry Foods and Diapers to Vulnerable in Society.

In October 2022, our colleagues drawn from several of our branches in Nairobi, donated milk, dry foods, sanitary pads and diapers to two children's homes sheltering vulnerable children.

These homes included, The Agape Home, which looks after physically challenged children and those with special needs and The Wings of Compassion Rescue Home, which looks after vulnerable and orphaned children.

Wheels of Hope Charity Auto Show, Uganda

Britam Uganda sponsored 2022 Wheels of Hope Charity Auto Show event. The event took place on 2 to 3 July. This started back in 2015 and aspires to deliver hope to the sick, the suffering & struggling in society. The Proceeds from the event were targeted towards aiding Ngetta Babies Home, Lira, and Mama Edith's Home in Wakitaka, Jinja.

Britam Takes Part in 2022 Mater Heart Run

Britam was honoured to be part of this noble initiative as we joined thousands of Kenyans in this year's #MaterHeartRun. Every year, this initiative aims to raise funds to support many children cater for heart surgeries. Britam is proud to be associated with this noble undertaking.

Britam Tanzania Sponsor Annual Dhow Race in Zanzibar

In its efforts to promote sporting, Britam Tanzania sponsored the annual Dhow Race competition (Mashindano ya Ngalawa) in Zanzibar on 6 July 2022. Britam Tanzania supported the event to the tune of Tzs 2,000,000.

Some of the participants during the annual Dhow Race competition (Mashindano ya Ngalawa) in Zanzibar.

Our Corporate Division in Kenya sponsors the Association of Insurance Brokers of Kenya's (AIBK) 16th Annual Regional Conference

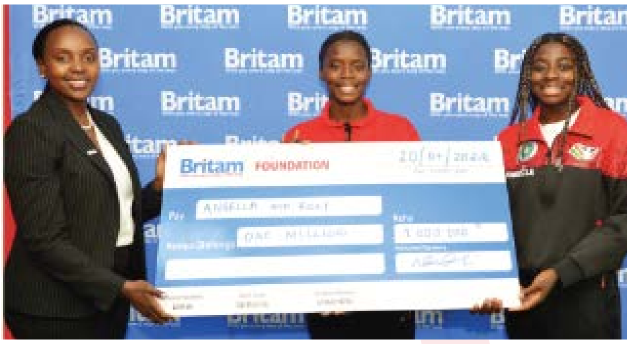
Our Corporate Division in Kenya was a Platinum sponsor at Association of Insurance Brokers of Kenya's (AIBK) 16th Annual Regional Conference held on the 9 to 12 November 2022 at the Leisure Lodge and Gold Resort in Diani. The conference brought together over 400 insurance stakeholders from across East Africa under the theme ***Innovate, Evolve and Thrive.*** Our Corporate Division team took this opportunity to interact with the different brokers from across the region and exchange ideas on the evolving

Corporate Social Investments (Continued)

and innovative nature of the business and how they should continue to support customers to thrive.

R-L: Our Group Managing Director, Mr. Tom Gitogo hands over the AIBK 16th Annual Regional Conference sponsorship cheque to the AIBK Chief Executive Officer, Mr. Eliud Adiedo and the AIBK Chairman, Mr. Anthony Mwangi.

Britam Fetes Tennis Players Angella Okutoyi (Wimbledon Grand Slam Winner) and Roselida Asumwa



Britam's Strategy and Investor Relations Director Catherine Karita presenting sponsorship of Kshs 1 million to tennis players Angella Orkutoyi and Roselida Asumwa.

To support sports and emerging talented players Britam sponsorsed tennis players Angella Orkutoyi and Roselida Asumwa with a support worth Kshs 1 million. This was to aid them in their training and travel expenses. We believe they are part of many young athletes who represent the next generation of tennis greatness, and we are thrilled to support their quest to become the best tennis players in the world.

These are talented tennis players that truly embody Britam's core values of respect and integrity and their embodiment of resilience, unwavering drive and determination. They are truly an inspiration to the next generation of tennis players in Kenya.

It is worth noting that one of Angela's breakout moments, was when she won the Britam Kenya Open in 2018, and it is for this reason we are keen to support her, as part of our commitment to expand access to the game of tennis, especially among underrepresented communities and youth.

Britam Malawi sponsors the 2022 Malawi Insurance Conference

Britam Malawi donated MK 2.5 million towards 2022's Malawi Insurance Conference, held on 11 October 2022 at Nkopola Sunbird Hotel. The participants had an opportunity to discuss the future of the industry, post the Covid pandemic.

L-R: Britam Malawi's Acting CEO, Mr. Wales Meja presents the sponsorship cheque to the Vice president of Insurance Institute of Malawi, Mr. Reuben Kawelele.

CORPORATE GOVERNANCE

Statement of Corporate Governance

The Board and Management of Britam Holdings Plc is committed to the highest standards and practices of corporate governance and business ethics and recognizes that good corporate governance is key to the enhancement of business performance. The Company's corporate values and ethics are entrenched in the strategic and business objectives which are aimed towards achieving sustainable and profitable growth for the Company.

The Board of Directors of Britam Holdings Plc recognizes that it has responsibilities to its shareholders, customers, employees, business partners as well as to the communities in which the entities it controls operates. The Board and management of the Company continues to comply with various Corporate Governance Guidelines as prescribed by regulatory authorities that govern its operations and those of its subsidiaries.

This statement details key corporate governance practices of Britam Holdings Plc and its affiliate companies.

Statement of Compliance

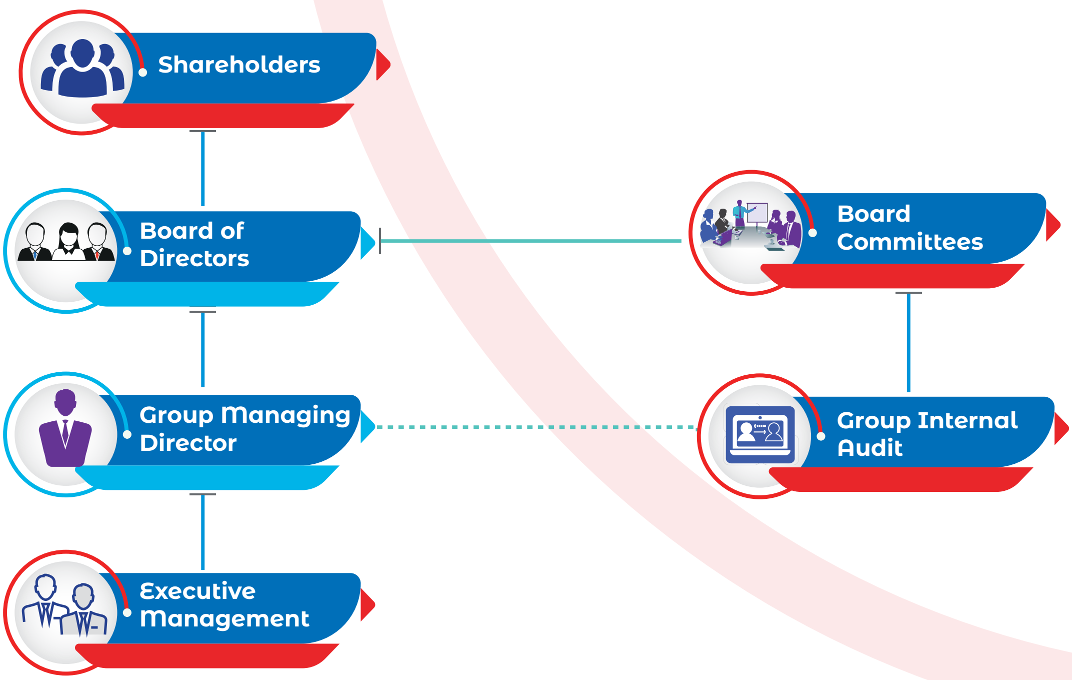
As a limited liability company, Britam Holdings Plc duly observes the various provisions of the Companies Act 2015 and the Companies Regulations issued thereunder

Britam Holdings Plc adheres to its continuing obligations as a listed company in compliance with the Capital Markets Act, the Capital Markets (Public Offers, Listing and Disclosure) Regulations, the Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (The CMA Corporate Governance Code) and other applicable CMA regulations. The Company remains compliant with the Insurance Regulatory Authority (IRA) Groupwide Supervision Regulations and the Corporate Governance Guidelines for Insurance and Reinsurance Companies The Company also abides by the applicable laws in all the areas and jurisdictions where it operates, and to the ethical standards prescribed in the Company's Code of Conduct. The Company also complies with the provisions of its Articles of Association.

Governance Structure

The governance structure of Britam Holdings Plc comprises of several governance bodies with well-defined roles and responsibilities, greater accountability and clear reporting lines. These include the Board, Board Committees, Management and Management Committees. The Board is responsible for setting the strategy, risk appetite and oversight. The Board has delegated the day-to-day operations of the Company to Management. The Management is responsible for executing strategy and driving performance. Strategic business units and support functions are responsible and accountable for conducting operations and assuming risk under the purview of Management.

The fundamental relationship between the Shareholders, Board and Executive Management is illustrated below:



Board Operations Charter

The Board is guided by a Board Charter which documents the constitution, roles and responsibilities of the Board. The Board Charter, which is regularly reviewed by the Board, provides a clear definition of the roles and responsibilities of the Chairman, Directors, Group Managing Director and CEO as well as the Company Secretary. The roles and responsibilities of the Chairman and the Group Managing Director are separate and distinct with a clear separation of their responsibilities.

The Board Charter was reviewed in the course of the year 2022 in compliance with the requirement to review the Charter every three years. The review was aimed towards updating the Charter in line with legislation informing the Company's governance. The provisions of the Board Charter are:

- The appointment of Directors shall be recommended by the Group Board Nomination and Governance Committee, approved by the Board and appointed by the shareholders.
- The number of Directors shall not be less than five (5), and not more than eleven (11);
- The Board's primary responsibilities include determining the Company's purpose and values, providing governance, and adopting strategic plans.
- At least one-third of the board shall be Independent. The Chairman shall be a Non-Executive Director and the roles of the Chairman, and the Group Managing Director shall be separated.
- The Board shall ensure that the Company complies with all relevant laws, regulations and codes of business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly.
- Meetings of the Board will be held as frequently as the Board considers appropriate, but not less than four times a year;
- Board committees will assist the Board and its Directors in discharging the duties and responsibilities, however the Board remains accountable.
- The Board, in carrying out its tasks under the charter, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The Company Secretary

The Company Secretary is appointed by the Board and is responsible for ensuring adherence to the proper governance of the Company, proper and effective functioning of the Board and integrity of the Board governance process. In addition to the statutory duties of the Company Secretary, she/he provides the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be discharged. The Company Secretary is also responsible for facilitating good information flow within the Board and its committees and between the Directors and management. as the Company Secretary facilitates the induction of new Board members and the ongoing professional development of Directors. The performance of the Company Secretary is assessed by the Board as part of the annual Board evaluation process.

The Board

The Board of Directors meets at least once every quarter and operates within a formal schedule based on the agreed board work plan and board calendar. The Chairman is responsible for managing the Board and providing leadership to the Group, while the Group Managing Director is responsible to the Board for strategically overseeing and managing the business units of the Britam Group in accordance with the Board instructions.

The Directors are given appropriate and timely information on key activities of the business, regularly, and on request. Information on agenda items is provided prior to meetings as well as through additional presentations to the Board. Board members have open access to management through the Chairman, Group Managing Director and Company Secretary. Directors may seek briefing from management on specific matters as well as seek independent professional advice.

The Company Secretary is responsible for ensuring that meeting procedures are followed, facilitating the induction of new directors and the improvement and monitoring of corporate governance processes.

Board Composition

The Board of Directors is comprised of nine (9) members as at the end of the reporting year. Three (3) of the Non-Executive Directors are independent as defined by the CMA Corporate Governance Code. Three (3) members of the Board are female. The directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

The Board of Directors meets at least once per quarter and operates within a formal schedule based on the approved Board work plan and Board calendar. The Chairman is responsible for steering the Board and providing leadership to the Group, while the

Group Managing Director is responsible for implementation of the strategy and managing the business units of the Britam Group in accordance with the Board's guidance.

The directors are given appropriate and timely information on key activities of the business, regularly, and on request. Board papers on all substantive agenda items are circulated to the Board prior to Board meetings as well as through additional presentations to the Board as and when requested. Members of Management are invited to attend Board meetings as deemed necessary to make presentations on various matters. Board members have open access to Management through the

Board Composition (continued)

Chairman, Group Managing Director and Company Secretary. In ensuring that the Board has insight to the operations of the business, the directors may seek briefing from management on specific matters as well as seek independent professional advice.

The Company Secretary is responsible for ensuring that meeting procedures are followed and acts as an advisor to the Board on matters governance.

Separation of the Roles of the Board Chair and Group Managing Director

In line with best practice in Corporate Governance, the positions of Chairman and Group Managing Director are separate, facilitating balance of power and authority. Further, the Chairman of the Board and the Group Managing Director are different individuals each having their distinct duties and responsibilities thus ensuring independence of the Board and Management. The Board Charter, which is reviewed thrice annually, also provides for a clear definition of the roles and responsibilities of the Board Chairman, Directors, Group Managing director and the Company Secretary

The Chairman is responsible for leadership of the Board and ensuring its effectiveness. The Chairman is also responsible for ensuring that the interests of the Company's shareholders, including minority shareholders, are safeguarded. The Chairman promotes good corporate governance and the highest standards of integrity and probity.

The Group Managing Director has overall responsibility for the performance of the business and provides leadership to management in day-to-day operations and implements strategies, plans, objectives and budget approved by the Board. The Chairman and the Group Managing Director, meet from time to time in between Board meetings to set Board agenda, to discuss current and future developments and any material issue impacting the Company.

The Non-Executive Directors contribute to the development of the Company's strategy by bringing an objective and independent view on matters, challenging management constructively using their expertise. The directors ensure that the Company has in place internal controls as well as a robust system of risk management, and that the information released to the market and shareholders is accurate. They are bound by the statutory fiduciary duties and duties of care and skill.

The Company Secretary plays a critical role in facilitating good corporate governance practices and has the responsibilities which include ensuring conduct of the Board and general meetings in accordance with the Company's Articles of Association, the Board charter and relevant legislation, maintaining statutory registers, assisting directors with respect to their duties and responsibilities by ensuring good information flow between the Board and Management and ensuring compliance with all relevant statutory and regulatory requirements.

Board Induction and Development

Upon appointment to the Board, each new director is provided with a comprehensive and tailored induction covering the Group's business and operations and their legal and regulatory obligations. The induction program provides a foundation of knowledge and understanding which aids Board members to effectively carry out their role. The new Non-Executive Directors also receive a full induction program which consists of a series of meetings with senior executives and members of the Board to enable new directors familiarize themselves with the business. They also receive comprehensive guidance from the Company Secretary on Directors' duties and responsibilities.

An induction pack which comprises Appointment Letters, Articles of Association, Board Charter, Committees Terms of reference (ToRs), Directors' guide, organizational structure and information on the overview of the organization and its strategy is availed to the director.

The Company as part of the requirement to continuously develop knowledge and skills, ensures that the directors undergo training on corporate governance and other trainings that are relevant and useful in performance of their roles. The trainings are aimed towards broadening their knowledge of the Group's business and Governance matters. In addition, during board meetings, the board is regularly updated on the latest industry related developments.

During the year under review the Directors attended development programs facilitated by corporate governance and industry specific experts i.e. the Strathmore Business School and Carol Musyoka Consulting.

Conflicts of Interest

All Directors are required to disclose on appointment, annually and at the beginning of each Board and Board Committee meeting, any circumstance which may give rise to any actual or potential conflict of interest with their roles as Directors. Any business transacted with Britam must be at arm's length and fully disclosed to the Board, which must consider and approve it. A director must recuse him/herself from discussing or voting on matters of real and with the potential conflict of interest. Directors are guided by a Board Conflict of Interest Policy which formally codifies the procedures adopted by the Board in respect of declaration and monitoring of interests.

The Board has developed the Insider Trading Policy Manual which defines the circumstances when members of the Board, management, staff and advisors can deal in the Company's shares though the NSE without being in contravention of any statutory requirements. The Board complied with all the policies herein.

Board and Executive changes in the year

Mr. Tavaziva Madzinga resigned as Group managing Director and Executive Director on 14 January 2022.

Mr. Charles Njuguna was appointed as Acting Group Managing Director on 14 January 2022 upto 1 September 2022 when Mr. Tom Gitogo joined as Group Managing Director.

Mr. Mohamed Karama retired as a Director during the Company's Annual General Meeting (AGM) on 8 June 2022.

Ms. Marianne Loner retired as Director during the Company's Annual General Meeting (AGM) on 8 June 2022.

Mr. Julius Mbaya Mungai was appointed to the Board on 14 September 2022.

Ms. Celestine Munda was appointed to the Board on 14 September 2022.

Mr. Lotfi Baccouche was appointed to the Board on 18 January 2023.

Board Activities

The Board defines the purpose of the Group, its strategic intent, objectives and its values. It holds responsibility for the Group's strategic direction, financial performance, compliance with laws and regulations, as well as ensuring the competent management of the business. It further ensures that procedures and practices are in place to protect the Group's assets and reputation.

Board Evaluation

The Board reviews its performance and that of the Board Committees, individual directors, the Group Managing Director and the Company secretary annually. The evaluation is conducted by an external consultant electronically and in a confidential manner. The 2022 Board Evaluation was conducted by an external consultant, the Leadership Group. The evaluation examined the balance of skills of the directors, the operation of the Board practice, including governance issues, and the content of the Board meetings.

Board Skills Matrix

The Nominations, Governance and Remuneration Committee has developed a Board matrix setting out the mix of skills and diversity of the Board. The matrix is used to evaluate whether the collective skills and experience of the Directors meet the Group's current and future requirements.

If the Board determines that new or additional skills are required based on analysis of existing skill gaps, appropriate training is conducted to empower the Board meet its obligations. The Board, through the Nominations, Governance and Remuneration Committee, strives to ensure that the Company has the right mix of skills and experience for the Company to achieve its strategic aim of enabling people achieve financial security.

Engagement with stakeholders

Britam Holdings Plc is committed to giving its shareholders appropriate information and facilities to enable them to exercise their rights effectively. As a result, the Company seeks to provide shareholders with information that is timely, of high quality and relevant to their investment and listens and respond to shareholders' feedback. The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all shareholders are treated equitably, and their rights are protected.

Communication with the shareholders is through the Annual report and investor briefings where the full year and half yearly financial results are announced. Material information is also posted on the Company's website www.britam.com and published through the local dailies.

The shareholders are encouraged to visit the website for general information about the Company and to be able to view the Annual Report. The Company additionally releases material information to the Capital Markets Authority and the Nairobi Securities Exchange in line with all disclosure requirements in the Capital Markets Act as well as all other relevant regulations.

The Shareholders are facilitated and strongly encouraged to attend and participate in the Annual General Meeting. At the meeting, reasonable opportunity is provided for shareholders to ask questions or make comments on the management and performance of the Company.

All shareholders queries, application for registration of transfer of shares of the company, immobilization of shares and dividend queries as well as the collection of share certificates and dividend cheques are handled by the company's appointed share Registrar; Image Registrars Limited.

The Registrar can be reached at their offices 5th Floor, Absa Plaza, Loita Street, P.O Box 9287- 00100 Nairobi or
E-mail address info@image.co.ke and through their telephone numbers 0709170000, 0735565666.

Business Management

The Group's business is conducted guided by a carefully formulated strategy, annual business plans and budgets that set out clear objectives. Roles and responsibilities are clearly defined with approved authority delegated. Performance against the objectives is reviewed and discussed monthly and quarterly by the management teams in the Group.

The Board recognizes that employees form an integral part of the internal control system of the corporate structure. Each year every employee commits to adhere to the code of business conduct.

In order to carry out its responsibilities in an independent and objective manner, the Board seeks professional counsel from among others.

Actuaries

The Group engages independent and external actuaries to examine the financial soundness of the various entities in the Group. The actuary reports independently and directly to the Board. The following actuaries provided services to the Group in the year under review: -

Long term business - Xander Faure of QED Actuaries and consultants

Short term business - Lance Moroney of QED Actuaries and Consultants

Britam Group employee pension scheme - Mr. R. Leiser - Banks of Triangle Actuarial Services

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board appointed The Leadership Group to conduct the Company's Governance Audit for the financial year 2021. The Governance Audit Report was adopted by the Board of Directors on 22 March 2022. The Company was issued with an unqualified opinion.

Legal Audit

A legal audit was conducted and prepared by the firm of Mboya Wang'ong'u and Waiyaki for the period ended 31 December 2022 in compliance to the CMA Code of Corporate Governance which requires that a legal audit is carried at least once every two (2) years. The scope of the legal audit was as follows:

To ascertain the current legal status of the Group;

To confirm compliance with the relevant statutes; and

To ascertain steps required to complete or remedy any incomplete actions or non-compliance.

The Company was issued with a unqualified opinion.

Statutory Audit

Appointment of Auditors

The Group's policy on appointment and rotation of statutory auditors provides for rotation of auditors in line with the applicable regulations for each subsidiary and the CMA Code of Corporate Governance. The appointment process follows the procurement process as approved by the Group Board with the final approval of auditors by the Company's shareholders at the AGM. At every AGM, the shareholders approve the re-appointment of auditors.

Independence of Statutory Auditors

Britam has measures in place to ensure the auditors maintain their independence at all times. This is achieved through oversight by the Board Audit Committee whose charter includes;Reviewing the independence, objectivity and effectiveness of the external auditor including their quality control procedures; Reviewing the scope and extent of both audit and non-audit services provided to the company by the external auditors and any associated fees and terms of engagement, including the assessment of the non-impairment of the auditor's judgement and independence; and ensuring that the external auditor submits a formal written statement delineating all relationships between themselves and the Company (confirming their independence).

Board Members Attendance

A summary of Board meetings and attendance in the year under review is indicated below:

Meeting date	Mr. Kuria Muchiru	Mr. Tavaziva Madzinga	Mr. Tom Gitogo	Mr. Mohamed Karama	Dr. Peter K Munga	Mr. Jimnah Mbaru	Mrs. Caroline Kigen	Ms. Marianne Loner	Africinvest II SPV 1 – Represented by Mr. George Odo	Ms. Josephine Ossiya	Ms. Celestine Munda	Mr. Julius Mbaya	Mr. Edouard Schmid
14th January 2022	√	√	-	√	√	√	√	√	√	x	-	-	√
29th March 2022	√	-	-	√	x	√	√	√	√	√	-	-	√
6th June 2022	√	-	-	√	√	x	√	√	√	√	-	-	√
15th July 2022	√	-	-	-	√	√	√	-	√	√	-	-	√
1st August 2022	√	-	-	-	√	√	√	-	√	√	-	-	√
30th August 2022	√	-	-	-	√	√	√	-	√	√	-	-	√
5th December 2022	√	-	√	x	√	√	√	√	√	√	√	√	√

*√ -present *x- Absent *- - Not Applicable

Committees of the Board

The Board is responsible for the management of the Group. It has delegated the detailed roles and responsibilities to five committees, each of which meets at least four times annually. The Information Technology (IT) Committee was setup in Quarter 3 of the financial year 2022 and commenced its operations in August 2022. Each of the Committee is guided by specific Terms of Reference which are reviewed regularly, and a work plan drawn from the Terms of Reference.

Audit, Risk and Compliance Committee

The Audit Committee ensures the integrity of the Group's financial statements, reviews the Group's internal control systems, monitors and reviews the effectiveness of the internal audit function, monitors and reviews the performance, independence and objectivity of the external auditors, makes recommendations to the Board on the appointment of the external auditor, and ensures the Group's compliance with legal and regulatory requirements.

During the period, the Committee substantively discussed the following matters:

a) Risk and Compliance reports

b) Forensic update reports

c) Schedule of Delegated Authorities

d) Management accounts and financial results.

e) Internal Audit Reports

f) Subsidiaries and Special Purpose Vehicles Audit Reports

g) Internal and External Audit Plans

h) Incident Reports

i) Risk and Compliance Reports

j) Policy Reviews

The current members of the Committee are as follows:

a) Mrs. Caroline Kigen

b) Ms. Josephine Ossiya

c) Ms. Celestine Munda

A summary of the Audit, Risk and Compliance Committee meeting attendances in the year under review is indicated below:

Meeting date	Mrs. Caroline Kigen	Ms. Josephine Ossiya	Ms. Celestine Munda
22nd March 2022	√	√	-
24th March 2022	√	√	-
24th August 2022	√	√	-
24th November 2022	√	√	√

Investment and Strategy Committee

The Investments and Strategy Committee determines the Group's investment strategy and policy and considers the proposed strategic investments and makes recommendation to the Board. It also maintains an interactive strategic planning, implementation and monitoring process with management. As at 31st December 2022, the Committee was comprised of four (4) Non-Executive Directors.

During the period, the Committee substantively discussed the following matters:

- Mergers, acquisitions and disposals
- Capital Raising Updates
- Strategy updates
- Performance Updates
- Properties / Assets Updates
- International Business
- Investment updates
- Capital Management

The current members of the Committee are as follows:

a) Mr. George Odo - Representing AfricInvest III SPV 1
b) Dr. Peter K. Munga
c) Mr. Jimnah Mbaru
d) Mr. Kuria Muchiru

A summary of the Investment and Strategy Committee meeting attendances in the year under review is indicated below:

Meeting date	Mr. George Odo	Dr. Peter K. Munga	Jimnah Mbaru	Kuria Muchiru
20th January 2022	√	√	√	√
11th March 2022	√	√	√	√
17th March 2022	√	√	√	√
27th April 2022	√	√	√	√
27th May 2022	√	√	√	√
26th August 2022	√	√	√	√
30th November 2022	√	√	√	√

Customer Experience and Innovation Committee

The Customer Experience Committee consists of three (3) Non-executive Directors, the Group Managing Director, the Customer Experience Director, Strategy and Investor Relations Director and Head of ICT and Operations. The Committee may co-opt members who are not directors of the Company. These may include employees and consultants.

The Committee is tasked with developing the client centric vision, overseeing key strategic client selected initiatives, providing oversight and guidance on innovation projects and ideas aimed at delighting customers.

Some of the key issues substantively discussed during the period included:

- Customer centric vision implementation
- Customer experience report: innovative solutions and information technology updates

Customer Experience and Innovation Committee (continued)

- Policy development on customer experience
- People, skills and culture
- Customer centricity strategic plans and initiatives;

The current members of the Committee are as follows:

a) Ms. Barbra Chesire (Co-opted member)

b) Mr. Edouard Schmid

c) Mr. Julius Mbaya*

* Mr. Julius Mbaya joined the Committee in Q4 2022

A summary of the Customer Experience and Innovation Committee meeting attendances in the year under review is indicated below:

Meeting date	Ms. Marianne Loner	Ms. Barbara Chesire -Co-opted member	Mr. Julius Mbaya	Mr. Edouard Schmid
23rd March 2022	√	√	-	√
23rd May 2022	√	√	-	√
26th August 2022	-	√	-	√
21st November 2022	-	√	√	√

Nominations, Governance and Remuneration Committee

The Nominations, Governance and Remuneration Committee is mandated with setting out an appropriate formal and documented selection, interview and recruitment criteria for directors and senior management. It ensures succession planning and Board and committees continuity. Further, it is also mandated to ensure that principles of good governance are adhered to at all times, and these include accountability, efficiency, effectiveness, integrity and fairness, responsibility and accountability.

During the year under review, the Committee discussed the following matters:

- Group Managing Director (GMD) Transition
- 2022 AGM preparations
- Review of the Board and Committee structure at subsidiary level
- Recruitment of Independent Non-executive directors
- Senior management appointments and changes
- Human Resource Reports
- Human Resource and Board Governance Policies
- 2021 Governance Audit findings
- 2021 Group Board Evaluation

Nominations, Governance and Remuneration Committee (continued)

- Implementation of the 2021 Board Evaluation recommendations and action plan
- Review of the performance management framework and the staff bonus policy
- Governance Compliance Risks

The current members of the Committee are as follows:

a) Mr. Kuria Muchiru
b) Dr. Peter K. Munga
c) Mr. Jimnah M. Mbaru
d) Mr. George Odo – Representing Africinvest II SPV 1

A summary of the Nominations, Governance and Remuneration Committee meetings held in the year under review include:

Meeting date	Mr. Kuria Muchiru	Dr. Peter K. Munga	Mr. Jimnah Mbaru	Mr. George Odo
7th January 2022	√	√	√	√
11th March 2022	√	√	√	√
17th March 2022	√	√	√	√
14th April 2022	√	√	√	√
10th May 2022	√	√	x	√
25th May 2022	√	√	√	√
12th July 2022	√	√	√	√
25th August 2022	√	√	√	√
2nd December 2022	√	√	√	√

Information and Technology Committee

The Information and Technology Committee was established in quarter 4, 2022. The Committee is mandated to develop and sustain the IT plan for the Group, develop ICT policies, development of IT project plans, co-ordinate main IT operations across the Group and prioritizing IT related strategic projects and transformation agenda.

The Committee consists of three (3) Non-executive Directors, Head of IT and Operations, Customer Experience Director, Retail Director, Corporate Director, International Business Director, Human Resource director and Risk and Internal Audit Director.

During the year under review, the Committee discussed the following matters:

- Information Technology updates
- ICT projects updates
- Strategic IT updates
- Audit Issues: Resolutions and action plan

The current members of the Committee are as follows:

a) Mr. Julius Mbaya
b) Mr. Kuria Muchiru
c) Mr. Edouard Schmid
d) Mrs. Caroline Kigen

Information and Technology Committee (Continued)

A summary of the Information and Technology Committee meetings held in the year under review include:

Meeting date	Mr. Julius Mbaya	Mr. Kuria Muchiru	Mr. Edouard Schmid	Mrs. Caroline Kigen
29th August 2022	-	√	√	√
25th November 2022	√	-	√	√

Policies

Britam Holdings Plc as part of implementation of best corporate governance practices and in compliance with the regulatory requirements, has in place policies and practices to promote a culture of compliance, honesty and ethical behavior. The policies stipulate the obligations of the organization to different stakeholders. The Policies apply to all employees, directors, contractors and consultants working for the Group.

The board in carrying out its mandate is also guided by the policies in place which include but are not limited to the following:

- Board Dispute Resolution Policy
- Board Diversity Policy
- Insider Trading Policy
- Board Succession Planning Policy
- Board Conflict of Interest Policy

Procurement Policy

The Group has put in place a procurement policy that encourages and promotes fair and transparent procurement processes. The focus is to build and support mutually beneficial relationships with our suppliers. A management tender committee oversees award of tenders and there is sufficient assurance for procurement processes.

Insider Trading Policy

The Company has a policy on insider trading. Directors and staff are made aware that they ought not to trade in the Company's shares while in possession of any material insider information that is not available to the public or during a closed period. To ensure compliance with the Companies Act, 2015 the Company communicates 'closed' periods for trading in its shares.

Code of Conduct

The code of conduct which is available on the Company's website covers areas of transparency, accountability, confidentiality, equitable and fair treatment fairness, misuse of position and information and prevention of corruption. The Company has adopted a zero-tolerance approach to corruption, bribery and unethical business practices.

The code sets out clear behavioral requirements and where these are not met, there are consequences.

Whistle Blowing Policy

Britam Holdings Plc ("the Group") directors, employees and stakeholders are expected to carry out their duties as required and conduct themselves in a professional manner at all times and in ways that bring credit to themselves and the company.

Employees are required to observe high standards of business and personal ethics, honesty and with integrity in fulfilling our responsibilities within all applicable laws and regulations. The Whistleblowing Policy which is available in the Company's website, is intended to help all stakeholders who have major concerns over any wrongdoing within the Group and its subsidiaries relating to unlawful conduct, financial malpractice or dangers to the public or the environment.

Policies (continued)

The policy provides for confidential and anonymous communication channels to raise concerns. The confidential and anonymous communications channels are supported and monitored independently through the following channels; **Email: britam@whistleblowing.co.za Website: www.whistleblowing.co.za Fax: + 27 86 522 2816 Postal Address: P.O. Box 51006 Musgrave 4062**

Related Party Policy

The purpose of this policy is to define dealings within the Britam Group between the related parties. The policy defines and identifies the related parties and related party transaction. It also provides for the necessary controls to ensure that related party transactions are purely at arms-length basis.

Stakeholder Engagement Policy

In its diverse business operations, Britam engages with stakeholders on important decisions, whether it is providing information on our financial and non-financial performance, its products, prospects, or even on regulatory compliance.

The Company purposes to be deliberate in practicing open, honest, two-way communication and recognizing the mutual benefits for both the business and our stakeholders that result from genuine engagement. The policy sets out Britam's approach to engaging with its stakeholders.

Britam appreciates that a sound stakeholder engagement is important for developing and maintaining strong relationships that enable the company to understand and effectively attend to stakeholders' needs, perceptions, and concerns.

Corporate Communication Policy

As a publicly owned company, Britam has an obligation to make available and disclose "material" information to its shareholders and other public stakeholders. The policy underlines the priority Britam sets on communication. It establishes the framework procedures that define all communication activities occurring at Britam. The policy defines the disclosures required and allocates areas of responsibility and requirements for material and non-material communication.

Policy On Appointment Of New Directors

The Board Nomination, Governance and Remuneration Committee (NGR) reviews and assesses Board composition and recommends the appointment of new Directors. Proposed candidates for the role of non-executive Director undergo a formal screening process conducted by the NGR Committee before they are formally appointed.

In evaluating the suitability of a new Board member, the NGR takes into account the following criteria regarding qualifications, positive attributes and independence of a director:

1. All Board appointments are based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to remain effective.
2. Ability of the candidates to devote sufficient time and attention to their professional obligations as Directors for informed and balanced decision making.
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NGR, the Board evaluates the candidate(s) and decides on the selection of the appropriate member. The Board through the Chairman interacts with the new member to obtain his/her consent for joining the Board.

Upon receipt of the consent, the new Director is co-opted into the Board in accordance with the applicable provisions of the Companies Act, the Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public, the IRA Code of Corporate Governance as well as the company's Articles of Association and other governance documents. The Company ensures that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or in such other manner as may be permitted under the law.

Directors’ shareholding as at 31 December 2022

No.	Names	Roles	Shares
1	Mr. Kuria Muchiru	Chairman	-
2	Mr. Jimnah M. Mbaru	Director	130,000,000
3	Dr. Peter K. Munga	Director	75,000,000
4	Mrs. Caroline J. Kigen	Director	-
5	Africinvest III SPV	Director	442,779,881
6	Mr. Edouard Schmid	Director	-
7	Ms. Josephine Ossiya	Director	-
8	Ms. Celestine Munda	Director	-
9	Mr. Julius Mbaya	Director	-

Share Capital

The authorized and issued share capital of Britam consists of 3,000 million and 2,523 million ordinary shares respectively as disclosed on Note 16 in the financial statements. The holders of the ordinary shares are entitled to attend the Company’s General Meetings in person or through proxies.

Shareholders Rights

The rights and restrictions attaching to the shares are set out in the Articles of Association which can only be amended at the Company’s General Meetings. All shareholders are entitled to receive the Annual Report and the Audited Financial Statements and such distributions from the Company as may lawfully be declared.

All shareholders are also entitled to attend, speak and vote at the General Meetings including the appointment of proxies. On a poll, shareholders are entitled to one vote for each share held. There are no shares carrying special rights.

Shareholding Information

Distribution of shareholding

The table below provides details of the number of shareholders and shares held within each of the bands/ranges stated in the register of members as at 31st December 2022.

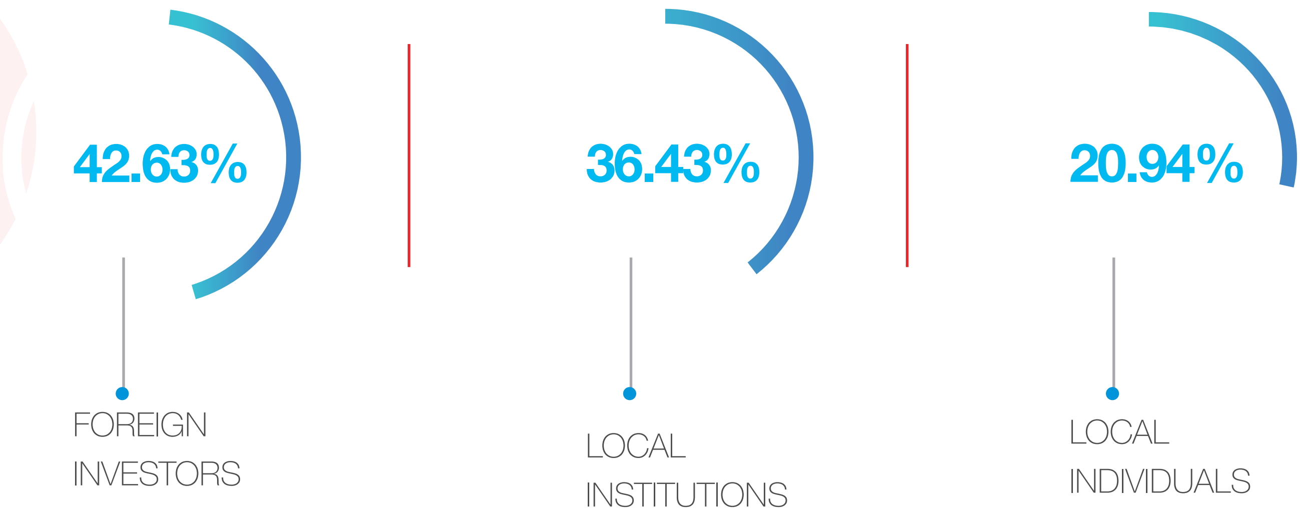
Shareholder Volume analysis

No.	Shareholding	No. of Shareholders	No. of Shares held	% Shareholding
1	1 to 500	3,980	932,332	0.04%
2	501 to 5000	15,234	35,644,342	1.41%
3	5001 to 10000	2,160	16,920,589	0.67%
4	10001 to 100000	1,894	48,963,145	1.94%
5	100001 to 1000000	155	41,266,958	1.64%
6	1000001 and above	32	2,379,759,450	94.30%
	Grand totals	**23,455**	**2,523,486,816**	**100.00%**

Top Ten Shareholders

No.	Names	Shares	Percentage
1	AfricInvest III-SPV-1	442,779,881	17.55%
2	EH Venture Capital Kenya Limited	405,000,000	16.05%
3	Standard Chartered Nominees Resd A/C KE003819	398,504,000	15.79%
4	Standard Chartered Nominees Non-Resd. A/C Ke11396	230,564,205	9.14%
5	Standard Chartered Nominees Non-Resd. A/C Ke11752	224,187,697	8.88%
6	Mr. Jimnah M. Mbaru	130,000,000	7.72%
7	Dr. Benson I. Wairegi	101,685,400	4.02%
8	Dr. Peter Kahara Munga	75,000,000	2.97%
9	Dr. James N. Mwangi	75,000,000	2.97%
10	Genghis Nominees Limited A/C Ke038	49,903,100	1.98%
11	Others	390,862,533	12.93%
	Grand totals	**2,523,486,816**	**100.00%**

Shareholders by Category



Investor Pool	Records	Shares	Percentage
Foreign Investors	93	1,075,766,278	42.63%
Local Institutions	722	919,356,832	36.43%
Local Individuals	22,640	528,363,706	20.94%
Grand Totals:	**23,455**	**2,523,486,816**	**100.00%**

Mr Kuria Muchiru

Chairman

28 March 2023

Directors' Remuneration Report

Annual Statement by the Chairman of the Board Nominations, Governance and Remuneration Committee

Dear Shareholder

As the Chairman of the Board Nominations, Governance and Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2022.

This Report complies with regulations contained in the tenth schedule of the Companies Act 2015 ("the Act") in relation to quoted companies Directors' Remuneration Report and the Capital Markets Code of Corporate Governance for Issuers of Securities ("The CMA Code").

This report contains:

- The background information on the Committee's members and role,
- A highlight of the current directors' remuneration policy and
- The annual remuneration report, describing how the remuneration policy has been put in practice during the year ended 31 December 2022 and how it will be implemented in the year ending 31 December 2023.

Role of the Committee

The members of the Committee during the year were Mr. Kuria Muchiru (Chairman), Dr. Peter K. Munga, Mr. Jimnah Mbaru and Mr. George Odo. Mr Kuria Muchiru was appointed Chairman of the Committee following his appointment as substantive Board Chairman on 17 December 2021.

Details of attendance at meetings by Committee members are shown in the Corporate Governance section.

The Committee has specific Terms of Reference (ToRs) which are placed on the Group's website. It considers and recommends to the Board the Group's remuneration policy and agrees the individual remuneration packages of the Group Managing Director.

Our remuneration principles

The Committee was guided by the Group's remuneration principles in decision making during the reporting year. This was mainly geared towards ensuring that the remuneration structures are designed in a way that enables the right outcomes for the business in line with its long-term strategy, making sure that we have the best people in place to deliver the strategy and ensuring that its executive pay is appropriate in the wider context in which the business operates.

Value creation and pay for performance is at the center of our remuneration policy and practices. The success of the Group depends upon the performance and commitment of talented employees. The Group's reward programs support and drive its business strategy and reinforce its values. The principles for setting executive remuneration are outlined below in more detail.

Target remuneration levels for the executive directors are set with reference to individual experience as well as the pay levels in the Group's competitors with business characteristics similar to the Group such as scope of operations, complexity and size.

The Group considers the remuneration policy in the context of all Group Directors and employees.

Executive Directors

Contracts of Service and Remuneration

Executive directors are paid as per negotiated employment contracts and are eligible for staff benefits. They also participate in the Company's performance schemes. They do not receive sitting allowances.

According to the Human Resource (HR) Policy, salary increments are based on the achievement of Key Performance Indicators agreed at the beginning of every year between the Company and the employee. Salary reviews are therefore performance based and are also adjusted for inflation. The Company also ensures that remuneration is aligned to the market and are competitive to attract and retain skilled staff.

There is also a performance-based bonus which is paid from the Company's profit. A percentage of the Company's profit is shared amongst employees according to their individual performance. The bonus pool is approved by the Board upon recommendation by the Board Nomination, Governance and Remuneration Committee. The Committee approved a new bonus structure during the year.

Directors' Remuneration Report (Continued)

Executive Directors (Continued)

Executive Directors who had individual contracts in the year under review are detailed below:

Mr Tavaziva Madzinga – Immediate Former Group Managing Director

Mr. Tavaziva's period of service as Group Managing Director commenced on 1 February 2021 and ended on 14 February 2022 upon his resignation as Group Managing Director.

	2022	2021
Salary and allowances	10,000,000	55,000,000
Bonus	-	54,000,000
Non-cash benefits	2,500,000	5,658,473
Gratuity	1,125,000	12,375,000
Total Pay	13,625,000	127,033,473

Mr Tom Gitogo – Group Managing Director

Mr. Tom Gitogo was appointed as the Group Managing Director on 1 September 2022.

	2022	2021
Salary and allowances	22,180,000	-
Non-cash benefits	5,545,000	-
Gratuity	5,000,000	-
Total Pay	32,725,000	-

Service contracts and policy on payment for loss of office

Executives have rolling employment contracts. The contracts provide for payment of outstanding pay and bonus, or termination following changes in the Group.

Commentary on Significant Changes to Directors Remuneration

During the year, the Committee's work was centred on overseeing the implementation of the policy.

The Board undertakes a review on the adequacy of the policy each year to ensure that it supports the Company's Strategy. The Board's compensation scale was reviewed during the year.

The Board is satisfied that the current remuneration policy continues to be appropriate for the Company and will support the implementation of the Group's short term and long-term objectives.

Directors’ Remuneration Report (Continued)

Statement of Voting on the Directors Remuneration Report at the previous Annual General Meeting.

During the Annual General Meeting held on 8th June 2022, the shareholders in attendance approved the Directors’ Remuneration policy and Directors’ Remuneration Report for the year ended 31 December 2021.

The results on voting were as follows:

RESOLUTION	FOR	%	AGAINST	%	ABSTAINED	VERDICT
To receive, consider and, if deemed fit approve the Directors’ Remuneration Report for the year ended 31st December 2021 and to authorise the Board to fix the remuneration of Directors.	1,307,676,441	99.9941%	77,000	0.0058%	224,279,997	PASSED

At the Annual General Meeting to be held on 28th June 2023, the shareholders will also consider the Directors’ Remuneration Report for the year ended 31 December 2022.

The Current Directors’ Remuneration Policy and Strategy

Current Policy

The current Directors’ Remuneration Policy was tabled and approved by the shareholders at the Company’s Annual General Meeting held on 8th June 2022 and has remained unchanged.

The principles which underpin the remuneration of the Non-Executive Directors (NEDs) are as follows: -

a) The Company should remunerate its directors fairly and responsibly.

b) The remuneration should be sufficient to attract, motivate and retain directors to run the Company effectively.

c) The remuneration should be consistent with recognised best practice standards and is competitive in line with remuneration for other directors in competing sectors.

d) The remuneration should reflect the Directors’ responsibilities, expertise, and the complexity of the Company’s activities.

Payments to past Directors

There was no payment of Directors’ fees to past directors during the year.

Approval by shareholders

As per section 681 (4) of the Companies Act, 2015, the Directors Remuneration Report has been presented to the members for approval.

Directors’ Remuneration Report (Continued)

Directors’ Remuneration Report 2022

Information subject to audit

Board Member	Position	Annual Retainer	Sitting Allowance	Other Allowances	Salaries and Other Benefits	Total
Mr. Kuria Muchiru	Chairman	1,000,000	4,675,000	10,180,000	-	15,855,000
Mr. Mohamed Karama	Former Chairman	600,000	462,500	-	-	1,062,500
Dr. Peter K. Munga	NED	1,000,000	2,225,000	-	-	3,225,000
Mr. Jimnah M. Mbaru	NED	1,000,000	2,362,500	-	-	3,362,500
Mrs. Caroline Kigen	NED	1,000,000	1,500,000	-	-	2,500,000
IFC/Ms. Marianne Loner	NED	500,000	475,000	-	-	975,000
Africinvest III SPV-Represented by Mr. George Odo	NED	1,000,000	3,012,500	-	-	4,012,500
Mr. Edouard Schmid	NED					
Ms. Josephine Ossiya	NED	1,000,000	1,050,000	-	-	2,050,000
Mr. Julius Mbaya	NED	250,000	425,000	-	-	675,000
Ms. Celestine Munda	NED	250,000	362,500	-	-	612,500
Mr. Tavaziva Madzinga	ED	-	-	-	13,625,000	13,625,000
Ms. Barbara Chesire (Co-opted Member)	NED	-	187,500	-	-	187,500
Total		**7,600,000**	**16,737,500**	**10,180,000**	**13,625,000**	**48,142,500**

NED - Non-Executive Director   ED - Executive Director

Directors' Remuneration Report (Continued)

Directors' Remuneration Report 2021

Board Member	Position	Annual Retainer	Sitting Allowances	Other Allowances	Salaries & Other Benefits	Total
Mr. W. Andrew Hollas	Former Chairman	-	450,000	315,000	-	765,000
Dr. Peter K. Munga	NED	1,000,000	3,637,500	-	-	4,637,500
Mr. Jimnah M. Mbaru	NED	1,000,000	3,912,500	-	-	4,912,500
Mr. Mohamed S. Karama	Former Ag. Chairman	1,050,000	5,512,500	3,465,000	-	10,027,500
Mrs. Caroline J. Kigen	NED	1,000,000	2,750,000	-	-	3,750,000
Ms. Marianne Loner/IFC	NED	1,000,000	2,925,000	-	-	3,925,000
Mr. George Odo/AfricInvest III SPV 1	NED	1,000,000	4,275,000	-	-	5,275,000
Ms. Josephine Ossiya	NED	1,000,000	2,750,000	-	-	3,750,000
Mr. Kuria Muchiru	Chairman	500,000	1,225,000	-	-	1,725,000
Mr. Edouard Schmid	NED	-	-	-	-	-
Mr. Tavaziva Madzinga	ED	-	-	-	127,033,472	127,033,472
Dr. Benson Wairegi	ED	-	-	-	8,171,640	8,171,640
Ms. Barbara Chesire (Co-opted Member)		-	925,000	-	-	925,000
Total		**7,550,000**	**28,362,500**	**3,780,000**	**135,205,112**	**174,897,612**

The remuneration of all directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate. Aggregated amounts of emoluments and fees paid to directors are disclosed in Note 51 (iv)of the Audited Financial Statements.

The Annual Remuneration Report will be put forward for your consideration and approval by vote at the AGM to be held on or about 9 June 2023.

We highly value the engagement from our shareholders and look forward to welcoming you and receiving your support again at the AGM this year.

Mr. Kuria Muchiru

Chairman

28 March 2023

Lex Chambers,
739 Maji Mazuri Road,
off James Gichuru Road,
Lavington,
P. O. Box 74041 – 00200,
Nairobi, Kenya.
Dropping Zone No. 214,
Basement, Embassy House.

mboya wangong'u & waiyaki

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COMMISSIONERS FOR OATHS
NOTARIES PUBLIC
COMPANY SECRETARIES
PATENT & TRADEMARK AGENTS

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Our Ref: B046/020/M/2022/K **Your Ref: T.B.A**

May 4, 2023

Directors
Britam Holdings PLC
Britam Tower
Hospital Road, Upperhill
P.O. Box 30375-00100
Nairobi.

Dear Sirs/Madam,

RE: BRITAM HOLDINGS PLC - LEGAL AND COMPLIANCE AUDITORS' REPORT 2022

The Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the "**Code**"), requires the Board of an issuer of securities to ensure that a comprehensive independent legal audit is carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya and that the findings from the audits are acted upon and any non-compliance issues arising corrected as necessary.

In line with the Code and to ensure that Britam Holdings PLC and its regulated Subsidiaries in Kenya ("**the Group**") identifies major risks in respect of legal and compliance matters, the law firm of Mboya Wangongu and Waiyaki Advocates was engaged to carry out a comprehensive independent legal audit on the Group.

The scope and objective of the legal audit exercise was as follows:

(i) To identify and analyze the current legal and regulatory framework and policies under which the Group operates;

(ii) To confirm compliance with applicable laws, regulations and standards; and

(iii) To ascertain steps required to complete or remedy any incomplete actions or non-compliance.

Accordingly, we reviewed the Group's Corporate Structure, Licensing and Regulatory Compliance, Borrowings and Lendings, Assets, Contracts, Employment and Litigation aspects of the Group and have comprehensively set out our findings in the respective Legal Audit Reports. The Reports detail our findings on the areas above; regulatory requirements for various material corporate and business actions that took place in the years 2021 and 2022 and our recommendations and remedial actions.

Legal Auditors’ Report 2022 Continued

Opinion

Subject to our comments, observations and recommendations and to our assumptions and limitations as set out in the Legal Audit Reports, we issue our unqualified opinion that there were no material instances of non-compliance with the applicable laws, regulations and standards by the Group as at 31st December 2022.

Yours faithfully,
MBOYA WANGONG'U & WAIYAKI

KIMANI NJANE
knjane@lexgroupafrica.com
PARTNER

Independent Governance Auditor's Report

THE LEADERSHIP GROUP
Leadership Journeys

Western Heights, 2nd Floor,
Karuna Road, Westlands.
P.O. Box 50649, 00200 Nairobi, Kenya

Tel: 020 2313240/+254 715 313 2
Email: info@leadershipgroup.co.ke
Website: www.leadershipgroup.co.ke

OPINION OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC FOR THE YEAR ENDED 31ST DECEMBER 2021

Introduction

We have performed the Governance Audit for Britam Holdings PLC covering the year ended 31st December 2021 which comprises assessment of governance practices, structures and systems put in place by the Board.

Board Responsibility

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationships; compliance with laws and regulations; and sustainability and performance management.

Governance Auditor's Responsibility

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with ICS Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organizations policies, systems, practices and processes. We believe that our governance audits provide a reasonable basis for our opinion.

The governance auditor has reviewed the governance practices in 2021 and provided observations and recommendations in the management letter to the board.

OPINION

In our opinion, the Board has put in place effective governance structures and working systems in the organization, which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders.

____

FCS. Dr. Martin Oduor-Otieno, CBS
Accredited Governance Auditor, ICPSK GA No. 00110
The Leadership Group Limited,
Western Heights, 2nd Floor,
Karuna Road, Westlands
P.O. Box 50649, 00200, Nairobi
Tel. No. +254 20 231 3240
Mobile: +254 715 313 244 / +254 722 314 986

Britam
With you every step of the way

We are available for you round the clock with our 24/7 rescue service.

If you are under our comprehensive motor insurance cover, you have access to our road rescue service in Nairobi and Nakuru for FREE!

We will assist by;

- Towing your vehicle (where required)
- Obtaining a police abstract
- Guiding on the motor insurance claim process

Call **0705100100** for queries or if need of assistance.

24/7 RESCUE
FREE WITH COMPREHENSIVE
MOTOR COVER

OUR CONTROL ENVIRONMENT

Our Enterprise Risk Management (ERM) Framework

Britam Holdings Plc's long-term resilience and stability are the goal of our risk management initiatives. We accept the risks that come with our primary insurance and asset management businesses. Even as we embrace these inherent risks, we strive to diversify them through our size, geographic spread, range of products and services offered, and sales channels.

We invest the premiums and fees we receive from our customers to maximize risk-adjusted returns so that we can keep our promises to our consumers while also generating a profit for our shareholders.

Because of our responsibility to our customers and shareholders, we prefer to keep those risks that we believe we can manage to generate a return.

Our Risk Management Principles

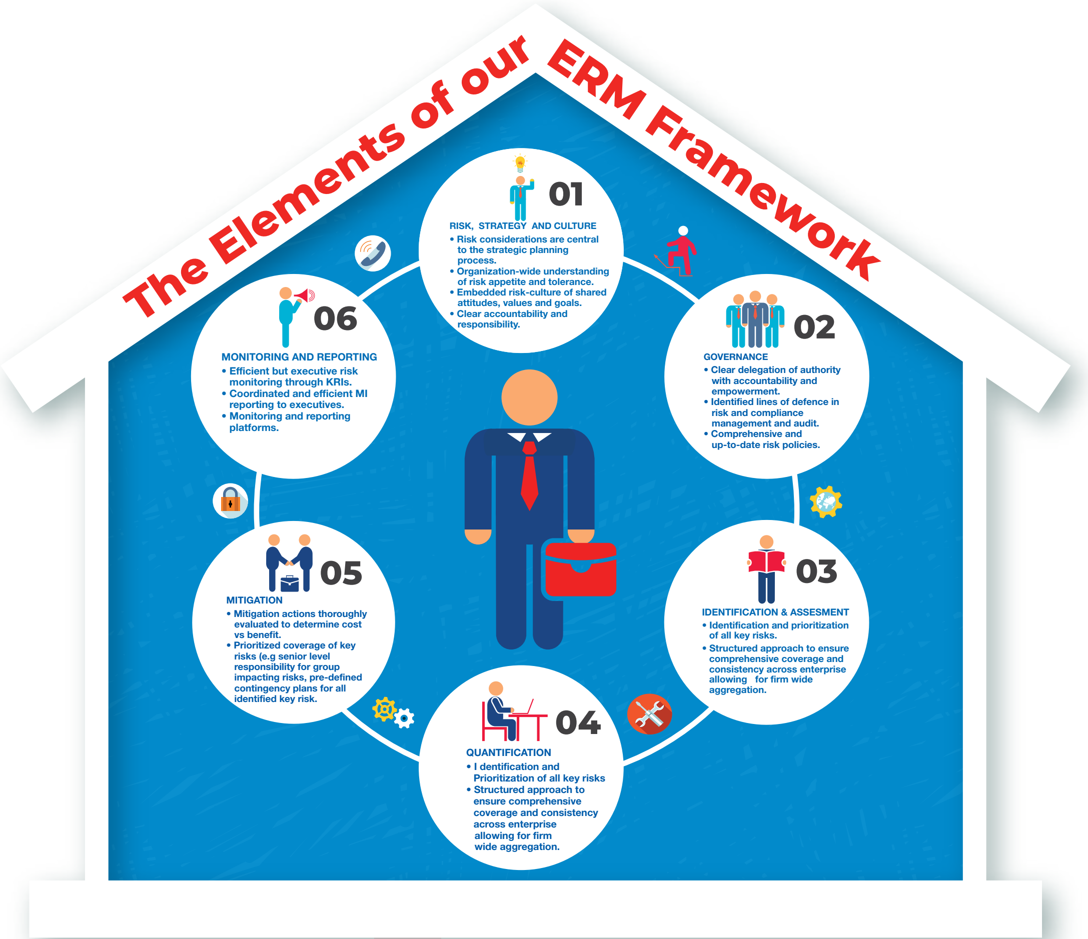
Britam Holdings Plc's and its Subsidiaries risk management and control approach is based on the following principles, which are aligned with the Group's strategy and consider regulatory and supervisory requirements, as well as best market practices:

1. An advanced and comprehensive risk management policy with a forward-looking approach allows the Group to maintain an appropriate risk profile through a risk appetite approved by Britam's Board of Directors.
2. A model predicated on autonomous subsidiaries with robust governance based on a delegation of authority and organisational structure that separates the risk management and control functions from the business operations. This clearly defined delegation of authority ensures that subsidiaries are accountable for their risk and their incentives are aligned with the overall business objectives.
3. Information and technology-driven processes allow risks to be identified, developed, managed and reported at appropriate levels.
4. A risk culture integrated throughout the Group comprises a series of attitudes, values, skills and action guidelines to deal with all risks.
5. All risks are managed by the units that generate them.

These principles, combined with a series of relevant interrelated tools and processes in the Group's strategy planning (risk-based capital management, risk appetite, risk identification, assessment, analysis of scenarios, risk reporting framework, budgetary processes, etc.), make up our risk management and control framework.

The Elements of Our ERM Framework

Britam Holdings Plc has a robust and comprehensive enterprise risk management framework comprising a governance system, risk management processes, and a risk appetite framework.



Types of Risks Inherent in Our Business Model

As a diversified financial services group, Britam Holdings has three (3) types of risk that are inherent to its business model

Risk Customers transfer to us:

1. Life insurance risk, which includes:
    - i. *Longevity Risk*: the risk that our annuity customers will live longer than we expect
    - ii. *Mortality Risk*: the risk that our customers with life protection may not reach there expected lifespans.
    - iii. *Expense Risk*: the risk that costs to administer policies exceed our expectation
    - iv. *Persistency Risk*: the risk that customers lapse or surrender their policies prematurely
2. General insurance risk: This is the risk of loss events such as fire, flooding, theft or accidents.
3. Accident and Health Insurance risk: This risk covers healthcare costs and loss of earnings from the customer failing ill or facing injuries.

Risk Arising from our Investments and other core activities:

1. Credit / Counterparty risk: The risk that money lent, or contracts entered into with third parties not being honoured is referred to as credit and counterparty risk. As a result, we are at risk of losing our principal and interest, as well as our capacity to take on substantial insurance risks.

Types of Risks Inherent in Our Business Model (Continued)

2. Liquidity risk: This is the risk of not being able to make payments when they are due because of insufficient cash and near-cash assets.

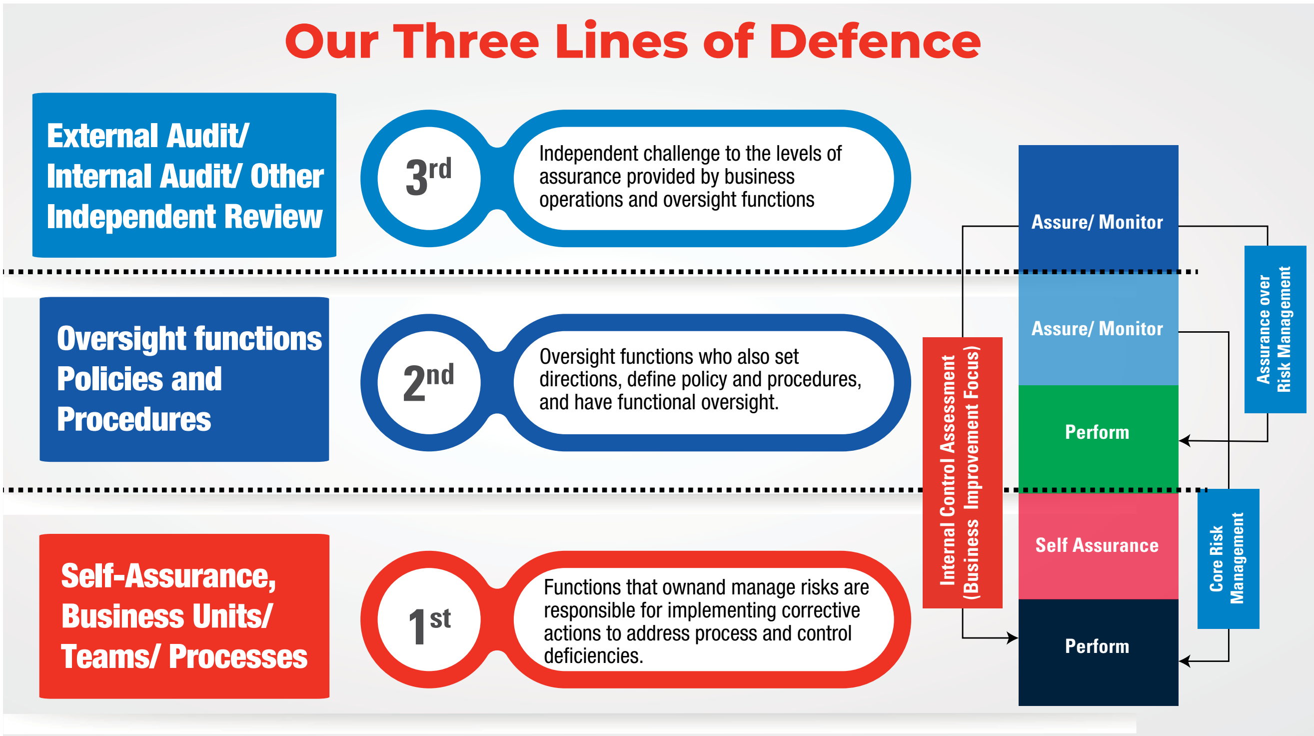
3. Market risk: This is the risk that arises from changes in asset prices, such as equity prices, real estate prices, foreign exchange rates, inflation, and interest rates.

The risk from our operations and other business risks:

1. Operational risk: This is the risk of direct or indirect losses resulting from insufficient or failed internal processes, people, and systems, as well as external events such as legislative or regulatory changes.

2. Strategic risk: This is a risk that can occur as a result of poor business decisions, poor decision execution, insufficient resource allocation, or a failure to respond effectively to changes in the business environment.

How We Share Our Risk Management Responsibilities



The First Line of Defence - Executive Management

The Risk-Taking Function

In terms of strategy, performance measurement, and the formation and maintenance of internal control and risk management, the executive and management are the first line of defence.

They are responsible for:

1. Managing daily risk exposures through the use of suitable procedures, internal controls, and adherence to Group-wide specified policies.

2. Ensuring that sufficient resources are allocated for the effective execution of risk management initiatives and activities.

3. Tracking risk incidents and losses, identifying issues and taking remedial action to resolve these issues, and reporting and escalating material risks and issues to the appropriate governing bodies.

The Second Line of Defence - The Risk Management Function

The Risk Oversight Function

The second line of defence is in charge of maintaining a formal risk management framework within which the Britam Group's policies and minimum requirements are established, as well as objective risk management monitoring across the Britam Group.

The second line of defence includes the Board Audit, Risk & Compliance Committee supported by various management risk committees.

The Third Line of Defence - The Internal Audit Function

The Risk Assurance Function

Internal Audit, the third line of defence, ensures the effectiveness of Britam's internal control mechanisms established by the first and second lines of defence in an independent and objective manner.

Internal Audit is also in charge of providing management and the Board of Directors with independent and objective assurance on the Group's risk management, governance, business processes, and controls.

External auditors have a statutory duty to report to the Board Audit, Risk and Compliance Committee any accounting and operational controls weaknesses discovered during their audits.

Overview of Our Principal Risks

The types of risk to which the Group is exposed to, described in the table above, have not changed significantly over the year. The impact of the emerging Global and Regional risks has been considered below:-

Insurance Risk

Risk Description	Source of Risk	Mitigation
The risk that the claims and premium liabilities estimated are lower than the actual claims that the company ends up settling.	Life Insurance • Longevity • Persistency • Mortality and Morbidity • Expenses We take measured amounts of life insurance risk provided we have the appropriate core skills in underwriting and pricing. General Insurance • Underwriting • Expenses • Catastrophe • Reserving We take general insurance risk in measured amounts for explicit reward, in line with our core skills in underwriting and pricing. We have a preference for those risks that we under-stand well, that are intrinsically well managed and where there is a spread of risks in the same category.	• A framework for product development and management that ensures products and propositions match the customers' needs • Risk selection and underwriting for new business acceptance • Adequate pricing, underwriting, claims management and frequent profit testing. • Use of reinsurance to reduce the financial impact of a catastrophe and manage earnings volatility. • Using a rigorous and consistent reserving methodology to derive the best estimate, with the results subject to internal and external scrutiny, including independent and audit reviews. • Extensive use of data, financial models and analysis to improve pricing and risk selection • Underwriting appetite framework linked to delegations of authority that govern underwriting decisions and underwriting limits • Additional capital is retained in accordance with the Risk-Based Capital rule to protect the company against this risk.

Market Risk

Risk Description	Source of Risk	Mitigation
The risk that the financial assets held reduce in value below what the current value is. This risk impacts equities, bonds, property, and any foreign currency, denominated exposures, including liabilities.	• Equity Price • Property • Interest Rate • Foreign Exchange • Inflation We actively seek some market risks as part of our investment and product strategy. We have a limited appetite for interest rate and property risks as we do not believe that these are adequately rewarded. The current strategy is therefore, to minimize interest rate risks, reduce property exposure and also, optimize the property returns for the portfolio that is retained.	• Risk appetites set to limit exposures to key market risks. • Asset and liability duration matching which limits impact of interest rate changes and actions taken to manage guarantee risk, through product design • Gradual reduction of equities to total investible assets over time for the regulated business units • Limiting business written to local currency to avoid FX risk. • Hedging of FX transaction risk through holding matching currency assets • Operating within the risk appetite limits for property to avoid over-exposure

Counterparty Risk

Risk Description	Source of Risk	Mitigation
The risk that a counterparty defaults on a promise/ obligations, and therefore, the company loses some of its assets.	• Premium receivables – i.e., outstanding premium/ funds from clients • Reinsurance exposures – i.e., reinsurers share of liabilities and any outstanding commissions and claims. • Bank deposits • Corporate bonds and commercial paper • Staff mortgages, car loans, and other credit facilities	• Internal credit policy of cash and carry for retail business with a maximum of 60 days for corporate credit. Provisions are made for premium/funds receivables as per IFRS 9 guidelines. • Risk appetite requirement that all the reinsurance cessions made to third parties that have a credit rating of at last A- (by GCR or equivalent from an internationally recognized rating agency) • Meeting of risk appetite for bank deposits in terms of maximum limit in a single bank and maximum exposure limits to Tier I, Tier II and Tier III banks. • Risk appetite limits for exposure to corporate bonds and commercial paper in terms of limits to a single entity. • Guidelines on internal lending – There are strict internal guidelines for advancing credit to staff in terms of mortgages, car loans, and other facilities. There is a rigorous underwriting process. • An investment credit risk management policy is in place to govern credit underwriting on investments assets as well as monitoring in order to limit financial losses to the Group.

Overview of Our Principal Risks (Continued)

Liquidity Risk

Risk Description	Source of Risk	Mitigation
The risk that the business cannot meet its obligations or liabilities as and when they fall due.	• Mismatch of assets and liabilities, usually by duration • Low cash flow generation, e.g., due to reduced inflows and higher withdrawals	• Asset Liability Management (ALM) and Investment policies that ensures that assets and liabilities are matched by amounts, currency, duration, and nature. • Documented procedures for the treasury and investment team that ensure liquidity is monitored daily. • Implementation of a Liquidity management and Protection Policy • Contingency funding plan in place to address liquidity funding requirements in a significant stress scenario. • Maintaining committed borrowing facilities from banks

Asset Risk

Risk Description	Source of Risk	Mitigation
Risks arising from the products, pre-trade investment decisions, trade implementation, asset allocation and post-trade analysis and monitoring.	• Fund Liquidity • Performance and margin • Product • Retention risks • Compliance Risks specific to asset management should generally be reduced to as low a level as is commercially sensible, on the basis that taking on these risks will rarely provide us with an upside.	• Product development and review process • Investment performance and risk management oversight and review process • Propositions based on customer needs. • Client relationship teams managing client retention risk. • Adherence to trust deeds and regulations while undertaking investment decisions on behalf of clients.

Operational Risk

Risk Description	Source of Risk	Mitigation
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events.	• Conduct • Legal & regulatory • People • Process • Data security • Technology • Brand and Reputation • Business continuity capability Operational risk should generally be reduced to as low a level as is commercially sensible. Operational risk will rarely provide us with an upside.	• Application of enhanced business standards covering key processes. • Our Operational Risk & Control Management Framework which includes the tools, processes and standardized reporting necessary to identify, measure, manage, monitor and report on the operational risks and the controls in place to mitigate those risks within centrally set tolerances. • Enhanced scenario-based approach to determine appropriate level of capital to be held in respect of operational risks. • Ongoing investment in simplifying our technology to improve the resilience and reliability of our systems and in IT security to protect ours and our customers' data. • The ongoing investment is also focused to provide sufficient redundancies and hence, lead to minimal customer and business disruptions.

Overview of Our Principal Risks (Continued)

Focus: Global Instability and Related Contagion Risks

The Global macro-economic environment remains unstable at best, on the back of the on-going geo-political instabilities, China's management of its zero-covid policy and rising inflationary tendencies across the Globe. Inflation and response policies generally defined the 2022 macro environment, but 2023 is expected to translate into a more transitionary period. It is expected that policies such as interest rate hikes, initiated in 2022 to manage inflation will largely be felt within 2023, with a slower pace expected in 2023 globally. These policies are however at the risk of driving a global recession as consumption declines.

Risks to the global economy remain two sided, namely, potential upsides and downsides, but also a high number of "gray swans" with less predictable outcomes. With these developments together with the fact that the investment opportunities are becoming more limited in mature economies, a business focus on emerging economies can be a potential growth strategy. Sub-Saharan Africa and Emerging Asian economies seem poised to outperform the global average pace of growth.

With the view and amid elevated economic uncertainty, the Company is focussing on:

i. Strengthening internal operations,

ii. Improving external communication to all stakeholders,

iii. Shoring up long-term growth and

iv. Securing operational and data safety procedures

Principal Emerging Risks

Funding Risk

- In 2021, the Board sought support from the Holding Company to resolve the significant mismatch between the assets and liabilities in one of its funds. The mismatch was mainly a result of the underperformance of the property portfolio in which the fund had invested.
- As part of the Board's fiduciary duty to the clients, a decision was made to cushion the clients against the financial losses through the injection of capital into the affected fund.
- The Group has also put in place additional remedial actions to de-risk the fund through exiting the property class and increasing the proportion of the risk-free assets within the fund.
- Additionally, as part of de-risking the fund, the Group authorized the transition of the fund structure to adopt a unitized product. This entailed a review of the investment strategy to ensure that fund assets match client expectations and are in line with the Group risk management strategies.

Limited Capital and Liquidity to Support Strategic Growth

The main strategic objective of the Group is transforming the organization to be customer centric and hence, translating to increased customer numbers within the current establishment and an expansion of the regional footprint.

- In this regard, the Group has increased capital needs as a critical enabler to support the 2021 to 2025 strategic initiatives that range from: technology re-platforming, meeting regulatory capital requirements as the business grows and support international business expansion.
- The Board and Management have opted to initially fund these initiatives from internally generated funds as the initiatives will be implemented in phases based on the order of priority.
- Additionally, other internally driven capital optimization initiatives are currently being implemented including: Balance Sheet Optimization and improving Operational Efficiency.

Principal Emerging Risks (Continued)

IFRS 17 Standard

- The financial services industry has continued to experience increased regulatory changes intended to improve the stability of the sector, improve transparency and protect the consumers.
- A key highlight that is expected to impact the insurance sector globally is the International Financial Reporting Standard (IFRS) 17 which is effective from 1 January 2023.
- The new standard is expected to replace IFRS 4 with the objective of improving comparability of financials across different Companies.
- The Company has in the past three years being preparing to roll out this standard through an elaborate project Plan and Team. This is to ensure that the Company is in full Compliance with the standard by the effective date.

Third Party Risks

- One of Britam strategic pillars is enhancing partnerships to grow the insurance and asset management business by exploring opportunities in the emerging markets and consumers space.
- This approach not only unlocks new growth opportunities but also exposes the business to new third party related risks e.g. cyber, fraud, business continuity, legal, reputational, contagion, regulatory etc.
- Britam has put in place measures to ensure that these risks are well mitigated. Emerging Market and Consumers and the Partnerships and Digital segments headed by Director level executives have been created and well-resourced to ensure that this space has sufficient governance structures, policies and processes to mitigate any potential risks.
- A third party risk management policy also provides guidelines on how to manage these potential risks.

East African and Regional Risks

- **Talent Risk** - The competitive environment for talent has never been greater. Britam has been challenged with retention, attraction, and compensation of employees hence high attrition levels across the regions. Given this foregoing, the Group has adopted a couple of initiatives driven towards retention and attraction of potential and current staff. Key among them is:
    - A hybrid way of working where there is a mix of remote working and in-person office set-up.
    - Reskilling of current employees.
    - Improvement and communication of employee benefits.
    - Co-created solutions to HR related pain points.
    - Providing equal opportunities for current staff to competitively interview for positions that fall vacant with external candidates.

There are incremental efforts to build a solid, people-centered culture.

- **Geo-political Related Risk (Conflict / unrests)** - With the onset of the Russia-Ukraine war, there has been a cost push inflation across the region. Political instability and violent social unrest may result from geopolitical conflicts, especially in the case of e.g., high food and energy prices, water scarcity, high unemployment, income inequality and degraded public services. We take extra precaution in underwriting business in conflict areas for example North Mozambique. In areas where there is high susceptibility to geopolitical conflicts (e.g., South Sudan), it is more often than not coupled with high currency volatility. Therefore, to mitigate the currency risk, assets and liabilities are held in USD and Kenya Shillings which is a more stable currency.

Climate Change

Climate risk is likely to stress local economies and, more grimly, cause market failures that affect both consumers and insurers due to its systemic effects. More frequent catastrophic events, combined with the need to meet evolving regulatory requirements, can jeopardize company business models, making insuring some risks unaffordable for customers or impossible for insurers.

Customers, shareholders, and regulators are likely to demand that insurance solutions go beyond traditional risk transfer to explicitly address risk mitigation. These risks can be physical, affecting the insurance business directly, or transitional, affecting insurers' portfolios as assets are repriced. Insurers should take advantage of this opportunity to stress-test and rebalance their portfolios' exposure to climate risk. Perhaps more importantly, insurers should use their risk understanding to assist organizations in mitigating and adapting, thereby protecting a larger portion of the global economy. In particular, the industry should develop products that specifically cover climate-related risk and reconsider its (potentially carbon-intensive) investment strategies. Climate change is already having an impact, and large-scale responses will take time. With the industry's long-term viability at stake, insurers must act quickly.

In response to this emerging risk, Britam's focus is on:

- Undertaking an assessment of climate-related risks while taking long-term actions to alleviate and mitigate such exposures.

Principal Emerging Risks (Continued)

- Using a holistic approach toward managing climate-related risks by integrating them as a part of their enterprise risk management efforts.
- Taking steps to better demonstrate their climate readiness to regulators, analysts, and customers.

Cyber Security Risks

- The post pandemic period has caused many organizations, Britam included to transition into a hybrid working arrangement and accelerated adoption of digital channels in their interactions with customers and stakeholders. This has caused heightened exposure to cyber related risks. However, our IT Security infrastructure has continued to ensure that our IT assets remain well protected even as there is heightened cyber security risk.
- Britam continues to comply with Global IT Security standards. We also undertake independent cyber risk assessment and penetration testing and ensure that any issue raised is quickly and comprehensively addressed. In addition, frequent staff training and awareness are conducted to ensure staff are well versed with their responsibilities in managing cyber risk. Activities such as employee phishing exercises and tests are done to further enhance cyber awareness culture.

Regulatory Compliance Risks

- Our businesses are subject to extensive governmental regulation, which could reduce our profitability, limit our growth, or subject us to regulatory actions.
- Our businesses are subject to extensive legal and regulatory oversight throughout the region addressing, among other things, licensing, data privacy and protection, trade sanctions laws, restrictions and export controls, anti-money laundering, employment and labor relations, anti-competition, anti-corruption, government contracting, and the amount of local investment with respect to our operations in certain countries.
- This legal and regulatory oversight could reduce our profitability or limit our growth by:
    - i. increasing the costs of legal and regulatory compliance; limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the overall structure of our business units, the type of services and prices we can charge for our services, or the form of compensation we can accept from our clients, carriers, and third parties; or by subjecting our businesses to the possibility of legal and regulatory actions, proceedings, or fines.
    - ii. The global nature of our operations increases the complexity and cost of compliance with laws and regulations adding to our cost of doing business.
    - iii. In addition, many of these laws and regulations may have differing or conflicting legal standards across jurisdictions, increasing the complexity and cost of compliance. In addition to the complexity of the laws and regulations themselves, the development of new laws and regulations or changes in application or interpretation of current laws and regulations or conflict between them also increases our legal and regulatory compliance complexity.
- To mitigate the regulatory compliance risks, we are:
    - i. Closely monitoring the regulatory developments to ensure that the new regulatory requirements, laws or regulations are implemented in a timely way.
    - ii. Scanning our local, regional, and global environment to keep abreast of emerging regulatory agenda to ensure adequate preparedness for appropriate response.
    - iii. Investing significant resources to improve our compliance systems and controls and enhance capabilities of continually comply with new requirements.
    - iv. Embed a strong compliance culture and desired behaviors through training and awareness to both internal and external stakeholders as appropriate.
    - v. Regularly update compliance programs with remedial actions where any gaps are noted.
    - vi. Ensure that regulatory ratios and limits are adhered to.

Data Protection

- Improper disclosure of confidential, personal, or proprietary data could result in regulatory scrutiny, legal liability, or harm to our reputation.
- One of our significant responsibilities is to maintain the security and privacy of our employees' and clients' confidential and proprietary information, including confidential information about our clients' and employees' compensation, medical information, and other personally identifiable information.
- We maintain policies, procedures, and technological safeguards designed to protect the security and privacy of this information.
- Staff and partners training and awareness drives remain critical in driving this agenda.

BRITAM HOLDINGS PLC
FINANCIAL STATEMENTS 2022

REPORT OF THE DIRECTORS

The Board of Directors have the pleasure in presenting the annual report together with the audited financial statements of Britam Holdings Plc ("the Company") and its subsidiaries (together "the Group" or "Britam Group") for the year ended 31 December 2022, which disclose the state of financial affairs of the Company and the Group.

INCORPORATION

The Company is a public limited liability company domiciled in Kenya operating under certificate of incorporation number C. 5/2012. Refer to Note 1 for details of incorporation.

PRINCIPAL ACTIVITIES

Britam Group is a diversified financial services group. Currently consisting of 12 entities as listed under Note 1 to the financial statements, the Group carries out activities in insurance, investment management, property businesses and private equity. The Company is an investments holding entity.

RESULTS AND DIVIDEND

Profit after tax of Shs 1,691,299,000 (2021: Shs 72,124,000) has been added to the accumulated losses.

The Directors do not recommend the payment of a dividend (2021: Nil).

ENHANCED BUSINESS REVIEW

Financial Performance

The Group has maintained its revenue growth with its gross earned premium growing by 3 percent to Shs 32.7 billion. The Kenya Insurance entities recorded growth in Gross earned premiums of 6 percent to Shs 25.1 billion from 23.7 billion and generated a profit before tax of Shs 2.7 billion. The regional units continue to increase their contribution to the Group's performance and profitability. The international general insurance business recorded a 6 percent drop in Gross earned premium to Shs 7.6 billion. This represents 23 percent of the Group's overall Gross earned premium. In terms of profitability, the international business generated a profit before tax of Shs 983 million compared to Shs 562 million prior year.

Overall, the Group reported a profit before tax of Shs 3.0 billion compared to a profit before tax of Shs 1.0 billion in 2021. Group's total income dropped by 5 percent to Shs 38.2 billion compared to Shs 40.2 billion in 2021 driven by unrealized fair value losses on equities and government securities.

Risk Management

The Group's activities expose it to a variety of risks including insurance risk, market risk, counterparty/ credit risk, liquidity risk and operational risk. Britam's approach to managing risk is outlined in the Enterprise Risk Management Framework (ERMF), which creates the context for setting policies and standards, and establishing the right practices throughout the Group. The ERMF defines the risk management process and sets out the activities, tools, techniques and organizational arrangements to ensure that material risks can be optimally identified and managed. The overall objective of the ERMF is minimizing the potential impact on the financial performance of the Company and the reputation of the enterprise through ensuring that appropriate responses are in place to protect the Group and prevent detriment to its stakeholders.

The Environment

Britam Group believes that activities that have negative environmental and social impacts affect the overall performance and long term success of the business. Britam is therefore committed to using reasonable commercial endeavours to ensure that internationally accepted environmental and social principles are embedded in the way it conducts its business activities.To that end, all relevant employees are required to adopt the relevant environmental and social risk assessment tools across our investment and insurance activities. We ensure risks are properly addressed and that material breaches are reported. We are committed to ensuring compliance with the environmental and social criteria stipulated by our providers of capital.

Human Capital

The Group's greatest strength and the reason for its market leadership is its human capital, with the number of employees over 903 in 2022 and 2021, and over 2,000 Financial Advisors.

REPORT OF THE DIRECTORS (Continued)

Human Capital (continued)

The Group utilizes the balanced Scorecard performance management system to measure business and staff performance on the four perspectives which are financial, customer, internal business processes and learning and growth. To ensure that efforts and performance is appropriately measured, all employees personal score cards have been aligned to the Group strategy's specific initiatives.

Corporate social responsibility

We continue to give back to our communities by volunteering our time, engaging with diverse public and our stakeholders through our Corporate Social Responsibility (CSR) activities.

Britam Foundation is the vehicle through which the Group carries out its CSR activities. The Foundation's focus is on supporting health, education, sports and performing arts initiatives in order to enrich the lives and livelihoods of the people throughout the region in a sustainable manner.

Future outlook

The Group is focused on implementing the new strategy by embedding customer-centricity across the business and optimizing returns from our investments.

DIRECTORS

The Directors who held office during the year and to the date of this report were:

Name	Position
Mr. Kuria Muchiru	Chairman
Dr. Peter K. Munga	Non-Executive Director
Mr. Jimnah M. Mbaru	Non-Executive Director
Mrs. Caroline J. Kigen	Non-Executive Director
Mr. George Odo/AfricInvest III SPV 1	Non-Executive Director
Ms. Josephine Ossiya	Non-Executive Director
Mr. Edouard Schmid	Non-Executive Director
Mr. Julius Mbaya Mungai (i)	Non-Executive Director
Ms. Celestine Munda (ii)	Non-Executive Director
Ms. Marianne Loner/ International Finance Corporation (IFC) (iii)	Non-Executive Director
Mr. Lotfi Baccouche (iv)	Non-Executive Director
Mr. Tavaziva Madzinga (v)	Former Group Managing Director

i. Mr. Julius Mbaya Mungai was appointed to the Board on 14 September 2022.

ii. Ms. Celestine Munda was appointed to the Board on 14 September 2022.

iii. Ms. Marianne Loner retired as Director of the Board on during the Company's Annual General Meeting (AGM) on 8 June 2022.

iv. Mr. Lotfi Baccouche was appointed to the Board on 18 January 2023.

v. Mr. Tavaziva Madzinga resigned from the Board on 14 January 2022. He had been appointed the Group Managing Director on 1 February 2021 and as Director of the Board on 17 February 2021.

DISCLOSURES TO AUDITOR

The directors confirm that with respect to each director at the time of approval of this report:

there was, as far as each director is aware, no relevant audit information of which the Company's and Group's auditor is unaware; and

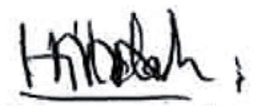
each director had taken all the steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP having expressed their willingness, continue in office in accordance with provisions of section 721 (2) of the Companies Act.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and associated fees on behalf of the shareholders.

BY ORDER OF THE BOARD



Hilda M. Njeru

Acting Company and Board Secretary

28 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group at the end of the financial year and of their financial performance for the year then ended. The directors are responsible for ensuring that the Company and Group keep proper accounting records that are sufficient to show and explain the transactions of the Company and Group; disclose with reasonable accuracy at any time the financial position of the Company and Group; and that enables them to prepare financial statements of the Company and Group that comply with prescribed financial reporting standards and the requirements of the Companies Act. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Company's and Group's ability to continue as going concerns, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's and Group's ability to continue as going concerns.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

The financial statements were approved by the Board of Directors on 28 March 2023 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Mrs. Caroline Kigen
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Britam Holdings Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 97 to 215, which comprise the consolidated statement of financial position at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2022, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include significant 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 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the matter
As described in Notes 40 and 42 of the financial statements, the Group's insurance contract liabilities comprise long-term policyholder liabilities, outstanding claims and incurred but not reported (IBNR) claims. The valuation of insurance contract liabilities involves significant judgement in estimating the expected future cash outflows on maturity of policies and surrenders. Specifically, the actuarial assumptions and methodologies involve judgement about future events. The valuation results are also dependent on the quality, integrity and accuracy of the data used. For the long-term policyholder liabilities, the actuarial assumptions comprise both economic and non-economic inputs into the valuation. Economic assumptions such as discount rates, investment returns and inflation rates are benchmarked to available market information. Non-economic assumptions such as mortality rates, future expenses, investment returns, discount rates and lapse rates, are projected based on past experience. For general insurance, the key assumptions employed in the reserving calculations include: loss ratios, estimates of the frequency and severity of claims. Claims incurred but not reported (IBNR) are determined by projecting ultimate claim losses based on current loss rates or claim experience. Changes in the assumptions and methodology used can result in material impact to the valuation of IBNR reserve. This is considered a Key Audit Matter since changes in the assumptions and methodology can result in a material variation in the liability to be recognised at year end.	Assessed management's processes and controls for estimating insurance contract liabilities including oversight from those charged with governance. Evaluated the objectivity, independence and expertise of the external independent valuation specialists. Validated a sample of the claims paid during the year and claims outstanding at year end to supporting documentation and compared the claim payments in 2022 to the prior reserves as applicable. Compared the data used in the valuation to the policyholder data. Performed a reconciliation of the claims data used for the audit and data used by the appointed actuary to calculate incurred but not reported claims (IBNR). Together with our internal actuarial experts validated the reasonableness of the economic assumptions to market observable data and non-economic assumptions to the Group's past experience. Reviewed the sensitivity analysis of the key assumptions applied in the valuation of insurance contract liabilities in a bid to identify the most sensitive assumption applied. Checked the consistency of the reserving methods and assumptions against prior years. Assessed the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the matter
Valuation of investment properties The Group has a diverse portfolio of investment properties and applies either the market approach or the income approach depending on the property's highest and best use to determine the fair value. As explained in Note 27 of the financial statements, the Group uses external independent property valuers to determine the fair values of investment properties at the year end. This is an area of focus as the valuation models involve significant estimates and assumptions of unobservable inputs such as comparable market prices based on location of the property, projected future cash flows, future rent escalations, exit values and the discount rates. The fair values of the investment properties are highly sensitive to the changes in the underlying estimates and assumptions.	Assessed management's processes and controls over the valuation of investment properties, including the oversight from those charged with governance. Evaluated the objectivity, independence and expertise of the external independent valuation specialists. Assessed the appropriateness of the valuation methodology used and the applicable assumptions depending on the type of property. Agreed the carrying amounts and the related valuation gains/losses of the investment properties in the financial statements to the independent valuers' reports. Assessed the adequacy of the disclosures in the financial statements.
Impairment assessment of the investment in associates The Group has a significant investment in an associate in the banking sector. In the recent years, the bank has faced performance challenges in its recovery from unfavourable market conditions. Management applies significant estimates and assumptions such as projected cash flows, discount rate and terminal growth rate to determine the carrying value of the associate. Changes in these assumptions could result in material variations in the recoverable amount which makes this an area of focus. Details of disclosures of the investment in associate are on Note 24 of the financial statements.	Assessed management's processes and controls for determination of the carrying value of the associate, including oversight from those charged with governance. Assessed the consistency of the valuation method used. Tested the reasonableness of the projected cash flows based on the past performance of the investment. Tested the reasonableness of the discount rate and terminal growth rate used in the valuation to market observable data. Tested the mathematical accuracy of the computations. Evaluated the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (Continued)

Other information

The other information comprises 5 Year financial highlights, Chairman's statement, Group Managing Director's statement, Financial review, Statement of corporate governance, Directors' remuneration report, Enterprise risk management report, Strategy report, Report of the Directors Statement of Directors' Responsibilities and Corporate information which we obtained prior to the date of this auditor's report, and the rest of the other information in the Integrated Report which is expected to be made available to us after that date, 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 and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have received prior to the date of this auditor's report 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.

When we read the rest of the other information in the Integrated Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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 taken actions to eliminate threats or applied safeguards, where applicable.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (Continued)

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors on pages 87 to 89 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 68 to 72 has been properly prepared in accordance with the Companies Act, 2015.

FCPA Richard Njoroge, Practising certificate No. 1244

Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP

Certified Public Accountants

Nairobi

28 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the year ended 31 December 2022 Shs'000	2021 Shs'000
Revenue			
Gross earned premium	4	32,744,425	31,839,032
Less: reinsurance premium ceded	4	(7,077,697)	(6,823,395)
Net earned premium	4	25,666,728	25,015,637
Fund management fees	4	658,465	684,858
Net income/(loss) from investment properties	5	643,237	(206,410)
Interest and dividend income	6	13,007,944	10,872,447
Net realised losses on financial assets at fair value through profit or loss	7	(5,085)	(7,495)
Net unrealised fair value (losses)/gains on financial assets at fair value through profit or loss	8	(3,908,001)	1,807,167
Commissions earned	9	1,603,056	1,459,547
Other income	10	540,086	602,224
Total income		38,206,430	40,227,975
Expenses			
Insurance claims and loss adjustment expenses	11	21,360,475	22,693,657
Less: Amount recoverable from reinsurers	11	(3,500,272)	(4,853,231)
Net insurance benefits and claims		17,860,203	17,840,426
Interest payments/increase in unit value	12	4,922,686	5,230,998
Operating and other expenses	13 (i)	8,365,770	11,327,916
Finance costs	14 (i)	272,917	413,989
Commissions expense	15	3,830,040	4,117,100
Total expenses		35,251,616	38,930,429
Profit before share of the loss of associates		2,954,814	1,297,546
Share of loss of associates accounted for using the equity method	24 (i) (c)	(2,760)	(286,085)
Profit before income tax		2,952,054	1,011,461
Income tax expense	25 (a)	(1,260,755)	(939,337)
Profit for the year		1,691,299	72,124
Profit attributable to:			
- Owners of the parent		1,596,249	46,222
- Non-controlling interests	26 (iii)	95,050	25,902

Earnings per share for profit attributable to the owners of the parent			
- Basic and diluted (Shs per share)	19	0.63	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2022 Shs'000	2021 Shs'000
Profit for the year		1,691,299	72,124
Other comprehensive (loss)/income items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	25(b)	33,036	75,323
Gain on revaluation of financial assets at fair value through other comprehensive income	25(b)	-	1,838,032
Gain on disposal of financial assets at fair value through other comprehensive income	25(b)	28,122	94,200
Re-measurement of the net defined benefit asset	25(b)	25,216	(14,838)
Total items that will not be reclassified to profit or loss		86,374	1,992,717
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from the associates accounted for using the equity method	17	90,579	(1,099)
Exchange differences on translation of foreign operations	17	(110,175)	(47,057)
Total items that may be subsequently reclassified to profit or loss		(19,596)	(48,156)
Total other comprehensive income/(loss)		66,778	1,944,561
Total comprehensive income for the year		1,758,077	2,016,685
Attributable to:			
-Owners of the parent		1,663,027	1,990,783
-Non-controlling interests	26 (iii)	95,050	25,902

Items in the statement above are disclosed net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 Shs'000	2021 Shs'000
		As at 31 December	
CAPITAL EMPLOYED			
Share capital	16	252,344	252,344
Share premium	16	13,237,451	13,237,451
Other reserves	17	13,583,135	16,394,912
Accumulated losses	18	(6,468,770)	(10,943,574)
Shareholders' funds		20,604,160	18,941,133
Non-controlling interests	26 (iii)	237,434	142,384
Total equity		20,841,594	19,083,517
Assets			
Property and equipment	21	1,243,090	1,256,407
Intangible assets	22	983,281	1,416,165
Right of use asset	23 (i)	516,030	319,716
Investment in associates	24 (i)	2,528,174	1,366,027
Goodwill	26 (i)	1,416,635	1,416,635
Deferred income tax	36	467,555	505,441
Retirement benefit asset	48	223,498	160,406
Investment properties	27 (i)	15,785,792	16,597,058
Financial assets at fair value through other comprehensive income	28	-	6,716,098
Financial assets at fair value through profit or loss	29	85,271,314	89,699,147
Government securities and corporate bonds at amortised cost	30	23,921,608	9,040,206
Mortgage loans and receivables	31	1,150,370	1,135,847
Loans and receivables to policyholders	32	2,637,719	2,296,455
Receivables arising out of reinsurance arrangements	33 (i)	708,150	1,036,605
Receivables arising out of direct insurance arrangements	33 (iii)	1,989,928	1,846,973
Reinsurers' share of insurance liabilities	34	8,332,650	7,551,390
Deferred acquisition costs	35	747,335	664,686
Other receivables	37	2,165,042	2,200,042
Current income tax	25 (b)	277,614	517,344
Restricted cash	38 (ii)	64,140	185,203
Cash and cash equivalents	38 (i)	7,991,854	7,499,485
Total assets		158,421,779	153,427,336
Liabilities			
Deferred income tax	36	3,973,500	3,267,126
Insurance contract liabilities	39	52,592,898	48,945,243
Payable under deposit administration contracts	43	57,903,265	52,832,047
Liabilities under investment contracts	44	5,600,675	4,276,660
Unearned premiums	45	7,733,946	6,962,963
Lease liability	23 (ii)	672,066	441,126
Payables arising from reinsurance arrangements	33 (ii)	1,626,902	1,659,096
Borrowings	14 (i)	2,540,223	4,227,825
Provisions and other payables	46	4,821,348	11,697,635
Current income tax	25 (b)	115,362	34,098
Total liabilities		137,580,185	134,343,819
Net assets		20,841,594	19,083,517

The financial statements on pages 97 to 215 were authorised and approved for issue by the Board of Directors on 28 March 2023 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Mrs. Caroline Kigen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Total equity	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		252,344	13,237,451	16,394,912	(10,943,574)	18,941,133	142,384	19,083,517
Comprehensive income								
Profit for the year		-	-	1,174,173	422,076	1,596,249	95,050	1,691,299
Other comprehensive loss, net of tax		-	-	66,778	-	66,778	-	66,778
Total comprehensive loss for the year				1,240,951	422,076	1,663,027	95,050	1,758,077
Transfer from other reserves	17			(4,052,728)	4,052,728	-	-	-
Total transactions with owners of the parent recognised directly in equity		-	-	(4,052,728)	(4,052,728)	-	-	-
At end of year		252,344	13,237,451	13,583,135	(6,468,770)	20,604,160	237,434	20,841,594

Year ended 31 December 2021	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Total equity	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		252,344	13,237,451	13,352,432	(9,891,877)	16,950,350	116,482	17,066,832
Comprehensive income								
Profit for the year		-	-	1,329,434	(1,283,212)	46,222	25,902	72,124
Other comprehensive loss, net of tax		-	-	1,944,561	-	1,944,561	-	1,944,561
Total comprehensive loss for the year		-	-	3,273,995	(1,283,212)	1,990,783	25,902	2,016,685
Transfer to other reserves	17	-	-	(231,515)	231,515	-	-	-
Total transactions with owners of the parent recognised directly in equity			-	(231,515)	231,515	-	-	-
At end of year		252,344	13,237,451	16,394,912	(10,943,574)	18,941,133	142,384	19,083,517

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the year ended 2022 Shs'000	2021 Shs'000
Cashflows from operating activities			
Cash generated from operations	47	3,032,656	1,606,709
Income tax paid	25 (c)	(231,073)	(246,521)
Net cash generated from operating activities		2,801,583	1,360,188
Investing activities			
Purchase of property and equipment	21	(128,492)	(128,534)
Purchase of intangible assets	22	(45,130)	(101,568)
Proceeds on disposal of property and equipment	21	48,055	-
Net cash used in investing activities		(125,567)	(230,102)
Cash flows from financing activities			
Proceeds from borrowings	14 (i)	1,500,000	-
Repayment of bank loan	14 (i)	(3,227,521)	(525,000)
Interest paid on lease liability	23 (ii)	(92,724)	(92,426)
Interest paid on loan	14 (i)	(217,795)	(334,411)
Payment of the principal portion of the lease liability	23 (i)	(141,454)	(172,533)
Net cash used in financing activities		(2,179,494)	(1,124,370)
Increase in cash and cash equivalents		496,522	5,716
Cash and cash equivalents at start of year		7,499,485	7,498,000
Effects of exchange rate changes on cash and cash equivalents		(4,153)	(4,231)
Cash and cash equivalents at end of year	38 (i)	7,991,854	7,499,485

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2022 Shs'000	2021 Shs'000
Income			
Net gain/(loss) from investment in property funds	5	17,777	(139,896)
Interest and dividend income	6	346,777	206,379
Net realised fair value losses	7	16,751	(5,554)
Net unrealised fair value (losses)/gains	8	(257)	1,318,424
Other income	10	8,115	4,046
Total income		389,163	1,383,399
Expenses			
Operating and other expenses	13 (i)	903,655	2,863,776
Finance costs	14 (i)	218,617	367,162
Total expenses		1,122,272	3,230,938
Loss before share of the associate		(733,109)	(1,847,539)
Share of profit/(loss) of the associate accounted for using the equity method	24 (i) (a)	38,254	(115,158)
Loss before income tax		(694,855)	(1,962,697)
Income tax expense	25 (a)	(6,786)	-
Loss for the year		(701,641)	(1,962,697)
Other comprehensive income/(loss) items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of financial assets at fair value through other comprehensive income	28	-	1,314,099
Gain on disposal of financial assets at fair value through other comprehensive income	17	20,106	94,200
Total items that will not be reclassified subsequently to profit or loss		20,106	1,408,299
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from the associate accounted for using the equity method	24 (i) (a)	44,423	(41)
Total items that may be subsequently reclassified to profit or loss		44,423	(41)
Total other comprehensive income		64,529	1,408,258
Total comprehensive loss		(637,112)	(554,439)

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2022 Shs'000	2021 Shs'000
CAPITAL EMPLOYED			
Share capital	16	252,344	252,344
Share premium	16	13,237,451	13,237,451
Other reserves	17	100,755	4,135,049
Accumulated losses	18	(5,949,149)	(9,346,331)
Shareholders' funds		7,641,401	8,278,513
REPRESENTED BY:			
Assets			
Property and equipment	21	128,887	156,733
Intangible assets	22	18,544	43,274
Right of use asset	23 (i)	126,218	67,178
Investment in associate	24 (i)	632,587	549,910
Investment in subsidiary companies	26 (ii)	6,017,008	6,017,008
Investment in property funds	27 (ii)	2,095,016	2,088,895
Quoted ordinary shares at fair value through other comprehensive income	28	-	4,278,933
Financial assets at fair value through profit or loss	29	102,383	4,124,052
Government securities and corporate bonds at amortised cost	30	990,100	988,944
Receivables from related parties	51(i)	205,344	286,090
Other receivables	37	428,795	355,475
Current income tax recoverable	38(b)	33,866	40,652
Cash and cash equivalents	38 (i)	171,460	192,619
Total assets		10,950,208	19,189,763
Liabilities			
Lease Liability	23(ii)	175,703	105,428
Borrowings	14 (i)	1,550,473	3,238,075
Amounts due to related parties	51(i)	199,983	89,051
Provisions and other payables	46	1,382,648	7,478,696
Total liabilities		3,308,807	10,911,250
Net assets		7,641,401	8,278,513

The financial statements on pages 97 to 215 were authorised and approved for issue by the Board of Directors on 28 March 2023 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Mrs. Caroline Kigen
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022	Notes	Share capital	Share Premium	Other reserves	Accumulated losses	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		252,344	13,237,451	4,135,049	(9,346,331)	8,278,513
Total comprehensive income						
Loss for the year		-	-	-	(701,641)	(701,641)
Share of associate's other comprehensive income	24	-	-	44,423	-	44,423
Gains on disposal of financial assets at fair value through other comprehensive income	17	-	-	20,106	-	20,106
Total comprehensive loss for the year		-	-	64,529	(701,641)	(637,112)
Transfer from other reserves		-	-	(4,098,823)	4,098,823	-
Total transactions with owners		-	-	(4,098,823)	4,098,823	-
At end of year		252,344	13,237,451	100,755	(5,949,149)	7,641,401

Year ended 31 December 2021	Notes	Share capital	Share Premium	Other reserves	Accumulated losses	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		252,344	13,237,451	2,726,791	(7,383,634)	8,832,952
Total comprehensive income						
Loss for the year		-	-	-	(1,962,697)	(1,962,697)
Share of associate's other comprehensive income	24	-	-	(41)	-	(41)
Fair value loss on financial assets at fair value through other comprehensive income	17	-	-	1,314,099	-	1,314,099
Gains on disposal of financial assets at fair value through other comprehensive income	25	-	-	94,200	-	94,200
Total comprehensive loss for the year		-	-	1,408,258	(1,962,697)	(554,439)
At end of year		252,344	13,237,451	4,135,049	(9,346,331)	8,278,513

COMPANY STATEMENT OF CASH FLOWS

	Notes	2022 Shs'000	2021 Shs'000
Operating activities			
Cash used in operations	47	(6,768,214)	(631,572)
Income tax paid	25 (c)	-	(13,538)
Net cash used in operating activities		**(6,768,214)**	**(645,110)**
Investing activities			
Purchase of property and equipment	21	(8,021)	(13,060)
Purchase of intangible assets	22	(183)	-
Proceeds from disposal of property and equipment	21	25,369	-
Proceeds from disposal of investment in property funds	27 (ii)	10,030	-
Distributions from investment property funds	27 (ii)	1,626	-
Proceeds of disposal of quoted shares at fair value through profit or loss	29 (i)	4,084,099	-
Proceeds of disposal of quoted shares at fair value through other comprehensive income	28	4,278,933	381,118
Purchase of unit trusts	29 (iii)	-	(3,565)
Proceeds from sale of unit trusts	29 (iii)	39,953	17,248
Purchase of corporate bonds	30 (ii)	(113,082)	(1,019,288)
Proceeds of disposal of corporate bonds	30 (ii)	111,890	-
Purchase of government securities	29 (iv)	(305,366)	-
Proceeds from disposal of government securities at fair value through profit or loss		202,726	995,013
Dividends received from subsidiaries	6	50,350	15,511
Interest received		353,272	182,130
Net cash generated from investing activities		**8,731,596**	**555,107**
Cash flows from financing activities			
Bank loan received	14 (i)	1,500,000	-
Bank loan repaid	14 (i)	(3,227,521)	(525,000)
Interest paid on loan	14 (i)	(217,795)	(334,411)
Interest paid on lease liability	23 (ii)	(17,249)	(25,021)
Payment of the principal portion of lease liability	23 (i)	(21,976)	(53,971)
Net cash used in financing activities		**(1,984,541)**	**(938,403)**
Net decrease in cash and cash equivalents		(21,159)	(1,028,406)
Cash and cash equivalents at start of year		192,619	1,221,025
Cash and cash equivalents at end of year	**38(i)**	**171,460**	**192,619**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Britam Holdings Plc is incorporated in Kenya under the Companies Act as a public limited company, and is domiciled in Kenya. The Company was first incorporated in Kenya on 26 July 1995 under the name British- American Financial Services Limited, changed its name to Britak Investments Company Limited on 25 September 2003 and again to British-American Investments Company (Kenya) Limited on 5 May 2006 all under certificate number C.66029. On 29 February 2012, the Company changed its status from a private liability limited company to a public limited company after listing in 2011 on the Nairobi Securities Exchange. British-American Investments Company (Kenya) Limited then became Britam Holdings Limited on 5 August 2015. Thereafter the name of the Company was changed from Britam Holdings Limited to Britam Holdings Plc with effect from 4 May 2017 in conformity with the requirements of the Companies Act.

The address of its registered office is:

Britam Tower

Hospital Road Upper Hill

P.O Box 30375 - 00100

Upper Hill

Nairobi

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

The Company acts as an investment company and a holding company for insurance, investment management and property businesses in Kenya, Uganda, Rwanda, South Sudan, Tanzania, Malawi and Mozambique.

The Group comprises twelve entities. Britam Holdings Plc which is the ultimate and controlling parent company has twelve subsidiaries across the various businesses as listed below:-

- Insurance businesses:
  - i. Britam Life Assurance Company (Kenya) Limited
  - ii. Britam General Insurance Company (Kenya) Limited
  - iii. Britam Insurance Company (Uganda) Limited
  - iv. Britam Insurance Company (Rwanda) Limited
  - v. Britam Insurance Company Limited (South Sudan)
  - vi. Britam Insurance (Tanzania) Limited
  - vii. Britam Insurance Company Limited (Malawi)
  - viii. Britam - Companhia De Seguros De Mozambique S.A.
- Asset Managers:
  - i. Britam Asset Managers (Kenya) Limited
  - ii. Britam Asset Managers (Uganda) Limited
- Property companies:
  - i. Britam Properties (Kenya) Limited

The Group also has a 48.22% stake in HF Group Plc in Kenya and 100% stake in Kilimani Hotel Suites Limited which are accounted for as associates.

The principal accounting policies adopted in the preparation of these financial statements are set out below and relate to both the Company's and the Group's activities. These policies have been consistently applied to all years presented, unless otherwise stated.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act.

Apart from certain items that are carried at revalued and fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern and presented in Kenyan Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. Summary of significant accounting policies (continued)

(b) Accounting standards and disclosures

(i) Adoption of new and revised standards

During the current year, the Group has adopted the new and revised standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022. The adoption of these new and revised standards has not resulted in material changes to the Group's accounting policies. Information on the new and revised accounting standards effective in the current year and their impact to the consolidated and separate financial statements is detailed in Note 54 (i).

(ii) New and revised standards effective in future periods

Disclosure and assessment of the new and revised accounting standards effective in future periods is detailed in Note 54 (ii).

IFRS 17 Insurance Contracts

The Standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 17 Insurance Contracts, which was issued in May 2017 as replacement for IFRS 4 Insurance Contracts, sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

(a) insurance contracts, including reinsurance contracts, it issues;

(b) reinsurance contracts it holds; and

(c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

IFRS 17 requires insurance contracts to be measured using the building blocks of:

- discounted probability-weighted cash flows - the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses including an adjustment for the timing,
- an explicit risk adjustment - an adjustment for the risk of those amounts, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

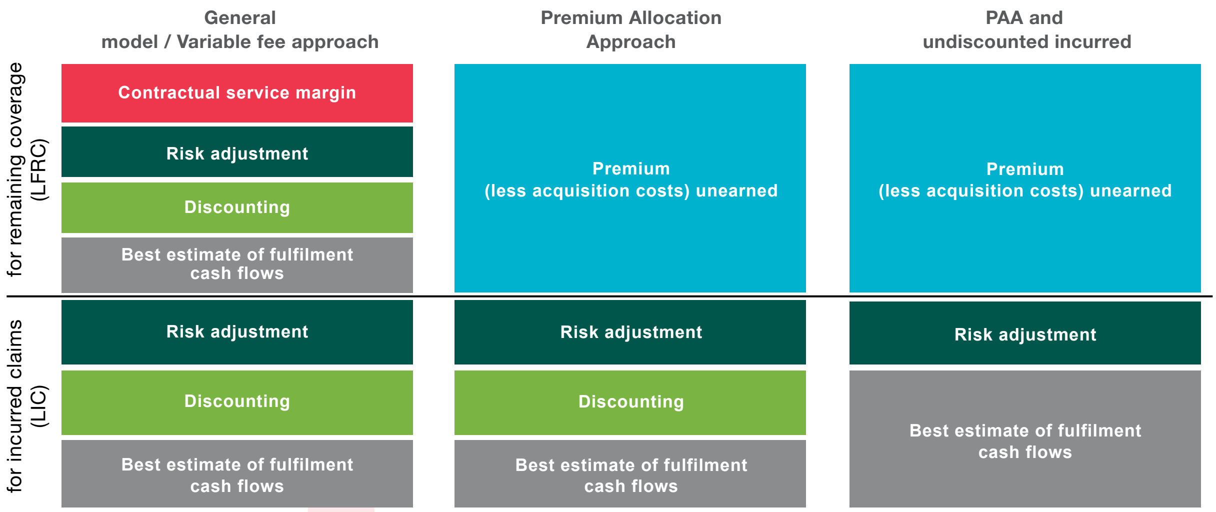
2. Summary of significant accounting policies (continued)

(b) Accounting standards and disclosures (continued)

(ii) New and revised standards effective in future periods (continued)

IFRS 17 Insurance Contracts (continued)

The diagram below shows a high level build up of the measurement approaches allowed under IFRS 17.



General Measurement Model

Building Block Approach (BBA)

This is the default approach of the standard.

General valuation model for liabilities, based on three blocks:

Contractual Service Margin (CSM)
Present Value of Cashflows
Risk Adjustment
Expected Cashflows

Simplified approach

Premium Allocation Approach (PAA)

- Optional simplified approach under conditions
- Most GI direct business is expected to be able to use this simplification
- Simplified approach allowed for the measurement of the insurance contracts for the remaining coverage period (pre-claims).
- But the general model remains applicable for the measurement of incurred claims.
- The PAA is conceptually similar to current practice and generally provides a workable solution for P&C insurers
- Eligibility criteria for PAA: "Reasonable approximation of BBA"

Dedicated approach for Life Variable Fee Approach (VFA)

- Adapted from BBA model, this approach is mandatory for direct participating contracts.
- This approach is mostly relevant to life insurance policies with discretionary participating features.

IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected. IFRS 17 requires the entity to update the fulfillment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates.

2. Summary of significant accounting policies (continued)

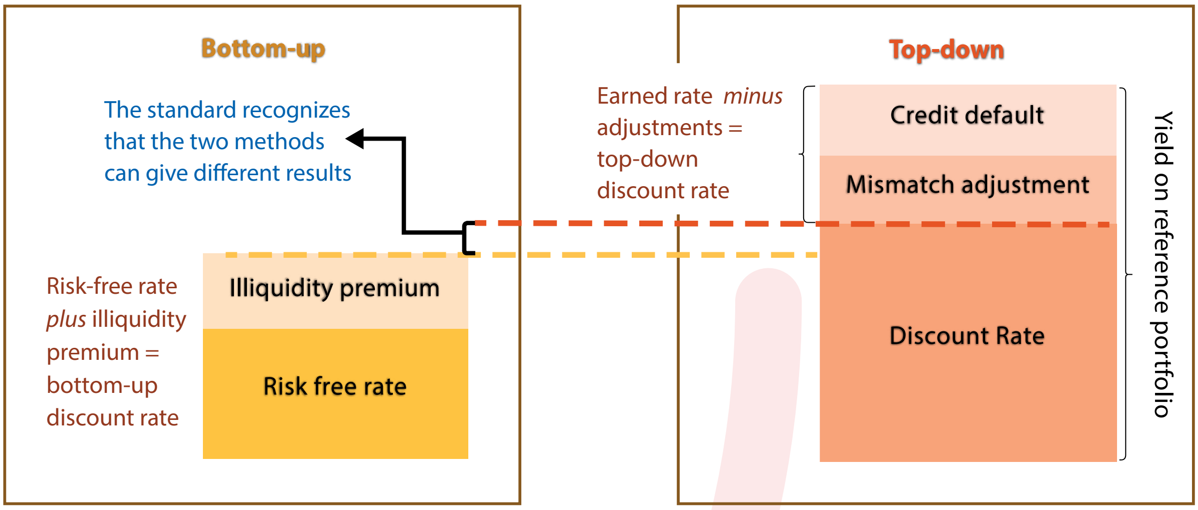
(b) Accounting standards and disclosures (continued)

(ii) New and revised standards effective in future periods (continued)

IFRS 17 Insurance Contracts (continued)

The standard allows for two approaches in determining the discount rate IFRS 17 (B80 to B81):

- Bottom-up approach: This approach determines the discount rate by starting from a liquid risk-free yield curve and adjusting it to reflect the liquidity characteristics of the insurance contracts.
- Top-down approach: This approach determines the discount rate by starting from a yield curve that is based on/or implied by a reference portfolio of assets that has similar characteristics to the insurance contracts. This yield curve is then adjusted by eliminating any characteristics that are irrelevant to the insurance contracts.



In an ideal world, it is expected that for cash flows that do not vary by the changes in the returns on a reference portfolio, there should be one illiquid risk-free curve that takes account of the cash flow characteristics of the insurance contract after eliminating any uncertainty about the timing and amounts. However, in practice the two approaches will result in different discount rates. The standard does not require insurers to do a reconciliation between the chosen approach and the discount rate that would be arrived at if they used the other approach (B84). The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

The new standard does not change how the insurance company runs and operates its business. The new rules will mainly affect the presentation of financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard may change how profit emerges from products sold. It may lead to a delay in profit emergence for some products and an acceleration of profits in others. The graph below compares the income statements under IFRS 4 and IFRS 17.

2. Summary of significant accounting policies (continued)

(b) Accounting standards and disclosures (continued)

(ii) New and revised standards effective in future periods (continued)

IFRS 17 Insurance Contracts (continued)

Under IFRS 4

Income Statement Line	KES
Earned Premium	X
Investment income	X
Total Income	**X**
Claims Expenses	(X)
Commissions	(X)
Expenses	(x)
Total Claims & Exp	**(X)**
Profit Before Tax	X
Tax	(X)
Profit After Tax	**X**
Other Comprehensive Income	X
Total Comprehensive Income	**X**

Under IFRS 17

Income Statement Line	KES
Insurance Revenue from contracts measured under the PAA	X
Insurance Revenue from contracts measured not measured under the PAA	X
Total Insurance Revenue	**X**
Insurance Service Expense	(X)
Net expenses from reinsurance contracts held	(X)
Insurance Service Result	**X**
Investment Income	X
Finance expenses from insurance contracts issued	(X)
Finance income from re-insurance contracts held	X
Finance Result	**X**
Other Profit and Loss	X
Corporate Tax	(X)
Profit After Tax	**X**
Other Comprehensive Income	X
Total Comprehensive Income	**X**

- Gross Earned Premium

- Release in CSM
- Change in risk adjustment
- Expected claims in fulfilment CFs
- Expected expenses in fulfilment CFs

- Actual claims paid
- Movement in LIC
- Actual Attributable expenses incurred
- Loss component

- Amounts recovered from reinsurance
- Reinsurance premium

- Unwinding of discount rate/interest accretion

- Effect of discount rate changes on fulfilment cash flows (if OCI option is selected)

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

The implementation of the Standard has significantly progressed, and it has impacted the Company's processes and systems, and required much greater co-ordination between many functions of the business, including finance, operations, actuarial and IT.

2. Summary of significant accounting policies (continued)

(b) Accounting standards and disclosures (continued)

(ii) New and revised standards effective in future periods (continued)

IFRS 17 Insurance Contracts (continued)

The Group has applied the General Measurement Model to its long-term conventional life insurance contracts including ordinary life and annuities. The Variable Fee Approach has been applied for unit linked and deposit administration contracts which are considered to have direct participating features. The Group has applied the simplified premium allocation approach to its short-term life and general insurance contracts.

The Group has applied the value of benefits payable to amortize the Contractual Service Margin (CSM) for all products that pay a predetermined benefit in the event of an insured event i.e., all life insurance products and the coverage period to amortize CSM for long-term products with unpredictable claim severity i.e., engineering and insurance bonds.

The Group has applied both the top-down and bottom-up approaches in the determination of applicable discount rates based on the nature of the underlying insurance contracts and the reference portfolios.

The Group considered its approved risk appetite framework in determining the level of confidence adopted for the risk adjustment. Different approaches have been adopted for determining the risk adjustment depending on the type of contract and the cost and effort required in applying a particular approach. The Company has applied a hybrid approach which combines the confidence level and the cost of capital.

The Group has elected to account for all insurance finance income and expenses through profit or loss.

The Group will apply the full retrospective approach (FRA) when all information is available and the fair value approach where FRA is impracticable.

As part of the IFRS 17 implementation, the Group reviewed its financial assets classification in line with IFRS 9 considering the characteristics of the underlying insurance contracts and business model. These IFRS 9 financial assets changes have been applied effective 1 January 2023 and applied retrospectively.

The estimated overall impact of the above accounting changes at the date of initial application (1 January 2022) is roughly a net increase of between 5% and 10% on the consolidated shareholders' funds. The regulatory solvency for the regulated entities is not expected to change significantly unless the respective insurance regulators amend the existing risk based or required solvency models.

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of subsidiaries is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages,

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(i) Subsidiaries (continued)

the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred 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. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Realised gains or losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and also includes the Group's share of the results of the associate company as disclosed in Note 24 to the financial statements, all made up to 31 December 2022.

Investments in subsidiary companies by the Company are carried at cost less provision for impairment.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying

amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investments in associate companies

Associates are all entities over which the Group and Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting at both the Company and Group level. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the Group increases its stake in an existing associate continuing to have significant influence but not gaining control, the cost of acquiring the additional stake (including any directly attributable costs) is added to the carrying value of the associate and goodwill arising on the purchase of the additional stake is calculated using fair value information at the

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iv) Investments in associate companies (continued)

date the additional interest is acquired (any negative goodwill is recognised in profit or loss).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss as appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognised in profit or loss.

(v) Property partnerships

Where the Group owns a majority stake in certain property partnerships and controls the management of those properties, including the power over all significant decisions around the use and maintenance of those properties, they are classified as businesses, and the Group consolidates its interest in those property partnerships.

(d) Insurance contracts

(i) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. See accounting policy for these contracts under Note 2(h). Insurance contracts are classified into two main categories depending on the duration of risk and as per the provisions of the Insurance Act.

Long term insurance business

Includes insurance business of all or any of the following classes, namely, ordinary life, Group life, credit life, Annuities, Unit-linked products and pension and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for term dependent upon human life.

Short term/general insurance business

This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Aviation insurance, Engineering insurance, Fire insurance – domestic risks,

2. Summary of significant accounting policies (continued)

(d) Insurance contracts (continued)

(i) Classification (continued)

Short term/general insurance business (continued)

Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above. Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks. Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class. It also includes business of effecting and carrying out contracts of insurance against risk of persons insured incurring medical expenses.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business, damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

(ii) Recognition and measurement

- Premium income

For long term insurance business, premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

For general insurance business, premiums are deferred and recognised as income in line with the insurance risk of the contracts in force less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the un expired terms of policies in force at the financial reporting date, and is computed using the 365ths method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

- Claims

For long term insurance business, claims are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid.

The liabilities are recalculated at each financial reporting date using the appropriate assumptions.

For general insurance business, claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events

2. Summary of significant accounting policies (continued)

(d) Insurance contracts (continued)

(iii) Recognition and measurement (continued)

during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the financial reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR"). Outstanding claims are not discounted.

- Commissions payable and deferred acquisition costs ("DAC")

Commissions payable are recognised in the period in which relevant premiums are written. A proportion of commissions' payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

- Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss as part of claims incurred.

- Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsures (receivables arising out of reinsurance arrangements), as well as longer term receivables (reinsurers' share of insurance liabilities) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Reinsurance receivables arise from claims already paid that will be recovered from the reinsurers. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets. These processes are described in Note 2 (m) (iv).

- Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets. These processes are described in Note 2 (m) (iv).

- Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

2. Summary of significant accounting policies (continued)

(d) Insurance contracts (continued)

(iii) Recognition and measurement (continued)

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(e) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The consolidated financial statements are presented in Kenyan Shillings (Shs) rounded to the nearest thousand, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Translation differences related to changes in amortised cost and financial assets at fair value through profit or loss are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Hyper-inflation

One of the subsidiaries of the Company (Britam Insurance Company Limited (South Sudan)) operates in a hyper-inflationary economy. This has been assessed in accordance with the provisions of IAS 29 *Financial Reporting in Hyperinflationary Economies*. The information in the current period for the subsidiary is restated to the currency units at the end of current reporting period to reflect the change in purchasing power. The financial statements for the subsidiary are prepared in a current cost method. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the South Sudan Bureau of Statistics Office.

The base year used is 2015 and the factors used to restate the financial statements at 31 December 2022 are an exchange rate of 3,557 SSP (2021: 4,026 SSP) to one USD and a conversion factor of 0.88 (2021: 0.87).

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in OCI. The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the

2. Summary of significant accounting policies (continued)

(e) Functional currency and translation of foreign currencies (continued)

(iii) Hyper-inflation (continued)

reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. On initial application of hyperinflation prior period gains and losses are recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the initial adjustment is capped at the recoverable amount and the net increase is recorded directly in retained earnings. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Significant judgement

The Group exercises significant judgement in determining the onset of hyperinflation in countires in which it operates and whether the functional currency of its subsidiaries is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The analysis of the cumulative inflation rate over three years resulted in the Group considering whether Mozambique and Malawi's economy was hyperinflationary. Based on the available information, the Group concluded that this economy is currently not hyperinflationary.

This is the net monetary loss on non-monetary items. Non-monetary items are those that are carried at a valuation that is not current at the end of a reporting period. The total net change in non-monetary assets is Shs 20,924,000 (2021: Shs 88,228,000), non-monetary liabilities is Shs 30,181,000 (2021: Shs 243,238,000) and on total monetary items is Shs 278,401,000 (2021: Shs 476,504,000) giving a net gain of Shs 307,658,000 (2021: Shs 321,494,000).

2. Summary of significant accounting policies (continued)

(e) Functional currency and translation of foreign currencies (continued)

(iii) Hyper-inflation (continued)

A summary of the gain or loss on monetary position at 31 December 2022 and 2021 is set out in the below table:

Effect of hyperinflation on non-Monetary and monetary items	2022 Shs'000	2021 Shs'000
Property and equipment	3,923	(634)
Intangible assets	(12,087)	1,339
Right of use Asset- IFRS16	(4,432)	(169)
Reinsurers' share of insurance liabilities	(9,420)	77,780
Deferred acquisition cost	1,093	9,913
Insurance contract liabilities-IBNR	4,936	(51,712)
Unearned premiums reserve	31,766	(213,433)
Shareholder funds	13,478	21,906
Effect of hyperinflation on non-monetary items	29,257	(155,010)
Effect of hyperinflation on monetary items	278,401	476,504
Total effect of hyperinflation on non-monetary and monetary items	307,658	321,494

(iv) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.
- 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. Exchange differences arising are recognised in other comprehensive income.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Executive Management Board that makes strategic decisions.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance. In accordance with IFRS 8, the Group has the following business segments: Long term insurance business, Short term insurance business, Asset Management, Property and Corporate and Other.

(g) Income

(i) Commissions

The group earns commission income from reinsurance premium ceeded. Commissions receivable are recognised as income in the period in which they are earned.

2. Summary of significant accounting policies (continued)

(g) Income (continued)

(ii) Rendering of services

Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered over time. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services. In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a contract liability and recognised over the life of the contract on a straight-line basis; and

- Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

- Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within 'Interest and dividend income' (Note 6) in the profit or loss. For interest-bearing financial instruments measured at amortised cost, interest income is computed using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for equity securities.

(v) Rental income

Rental income is recognised as income in the period in which it is earned.

(vi) Realised/unrealised gains and losses

Realised/unrealised gains and losses recorded in the statement of profit or loss on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Unrealised gains and losses are calculated as the difference between fair value of the investments at the end of the period less and at the beginning of the period/purchase date.

2. Summary of significant accounting policies (continued)

(h) Investment contracts

The Group issues investment contracts without fixed terms (unit-linked) and investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes

Investment contracts without fixed terms are financial liabilities whose fair value is dependent on the fair value of underlying financial assets (these contracts are also known as unit-linked investment contracts) and are designated at inception as at fair value through profit or loss. The Group designates these investment contracts to be measured at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The best evidence of the fair value of these financial liabilities at initial recognition is the transaction price (i.e. the fair value 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. When such evidence exists, the Group recognises fair value gains or losses on day 1. The Group has not recognised any profit on initial measurement of these investment contracts because the difference is attributed to the prepayment liability recognised for the future investment management services that the Group will render to each contract holder.

The Group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. The fair value of financial liabilities for investment contracts without fixed terms is determined using the current unit values in which the contractual benefits are denominated. These unit values reflect the fair values of the financial assets contained within the Group's unitised investment funds linked to the financial liability.

The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the financial reporting date by the unit value for the same date.

When the investment contract has an embedded put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable. For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognised as income or expense in the statement of profit or loss.

(i) Property and equipment

All categories of property and equipment are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced or sold. All other repairs and maintenance outlays are charged to the statement of profit or loss during the financial period in which they are incurred.

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset

2. Summary of significant accounting policies (continued)

(i) Property and equipment (continued)

Land and work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives and charged to profit or loss, as follows:

Buildings	40 years
Leasehold improvements	10 years
Motor vehicles	5 years
Computer equipment	5 years
Furniture, fittings and office equipment	5 years

Property and equipment are reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amounts and are taken into account in determining operating profit. Buildings are revalued on an annual basis with the change credited/debited to revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserves.

On disposal of revalued assets, amounts in the revaluation reserve relating to that asset may be transferred to retained earnings.

(j) Intangible assets

(i) Computer software

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to use or sell the software product;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliable measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The amortisation process commences when the asset is deemed to be in the location and condition for it to be capable of operating in the manner intended by management. Computer software development costs and other software costs recognised as assets are amortised over their estimated finite useful lives, which does not exceed seven years. The amortisation is charged to the statement of profit or loss as part of operating and other expenses. Computer software shall be derecognised: on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of computer software shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (continued)

(j) Intangible assets (continued)

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. It represents the excess of the consideration transferred over the Group's interest in the 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 cash generating units (CGUs), or groups of CGUs that is 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. The carrying value of the cash generating unit is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense through statement of profit or loss and is not subsequently reversed.

(k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use 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 through statement of profit or loss 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Any noted reversals are recognised through statement of profit or loss.

(l) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and which are not occupied by the Group are classified as investment property. Investment property is treated as a long term investment and is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in investment income in profit or loss. Land held under operating lease is classified and accounted for as investment property if and only if the property meets the definition of an investment property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Properties under construction with projected use as investment properties are valued at projected fair values taking into account current market conditions, outstanding investment costs and a risk loading according to the progress of the project.

(m) Financial instruments

The Group's financial assets are classified and measured as follows; at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The classification of the assets to the three categories is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Classification of financial assets

- Classification of financial assets at amortised cost

  The Group measures a financial asset at amortised cost if both of the following conditions are met:

– The financial asset is held within the Group with an objective to collect contractual cash flows; 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.

2. Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(i) Classification of financial assets (continued)

The Group holds the following assets at amortised costs; part of its government securities portfolio, its corporate bonds portfolio, direct insurance and reinsurance receivables, other receivables, mortgage loans, loans and receivables to policyholders, investment in liquid funds, deposits with financial institutions, cash and bank balances and other receivables.

- Classification of financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

– The financial asset is held within the Group with an objective to both collect contractual cash flows and sell the financial asset; 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.

The Group holds none of its debt instruments portfolio in this category.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that are not held for trading to be held at fair value through other comprehensive income. Part of the Group's equity securities which are considered strategic investments are held in this category.

- Classification of financial assets at fair value through profit or loss

The Group measures financial assets at fair value through profit or loss unless as a financial asset is measured at amortised cost or at fair value through other comprehensive income.

The Group may at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. A majority of the Group's financial liabilities are measured at fair value and hence holding the assets on a different bases creates an accounting mismatch.

The Group holds the following assets in this category; part of its government securities portfolio, part of its quoted ordinary shares portfolio and the unit trusts.

(ii) Classification of financial liabilities

The Group classifies financial liabilities in two categories; at amortised cost and at fair value through profit or loss.

- Classification of financial liabilities at amortised cost

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

– Financial liabilities at fair value through profit or loss.

– Financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies.

– Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 – Business Combinations applies.

The Group holds the following liabilities in this category; creditors arising from reinsurance arrangements, other payables, borrowings and bank overdraft.

- Classification of financial liabilities at fair value through profit or loss

The Group, at initial recognition irrevocably designates a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either: It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A group of financial liabilities or financial assets is managed and its performance i.e. evaluated on a fair value basis, in accordance with documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. The Group holds its liabilities under investment contracts in this category.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

The table below show how financial assets and liabilities are classified:

GROUP

At 31 December 2022	Note	At amortised cost Shs' 000	At fair value through profit or loss Shs' 000	Total Shs' 000
Financial assets				
Quoted ordinary shares	28,29	-	3,122,089	3,122,089
Unquoted ordinary shares	29	50,175	-	50,175
Government securities	29, 30	23,921,608	74,775,531	98,697,139
Unit trusts	29(iii)	-	7,323,519	7,323,519
Other receivables	37	2,165,042	-	2,165,042
Mortgage loans and receivables	31	1,150,370	-	1,150,370
Loans and receivables to policyholders	32	2,637,719	-	2,637,719
Receivables arising out of reinsurance arrangements	33(i)	708,150	-	708,150
Receivables arising out of direct insurance arrangements	33(iii)	1,989,928	-	1,989,928
Restricted cash	38(ii)	64,140	-	64,140
Deposits with financial institutions	38(i)	6,395,013	-	6,395,013
Cash and bank balances	38(i)	1,734,568	-	1,734,568
Total financial assets		40,816,713	85,221,139	126,037,852
Financial liabilities				
Payable under deposit administration contracts	43	57,903,265	-	57,903,265
Liabilities under investment contracts	44	-	5,600,675	5,600,675
Borrowings	14(i)	2,540,223	-	2,540,223
Payables arising from reinsurance arrangements	33(ii)	1,626,902	-	1,626,902
Provisions and other payables	46	4,821,348	-	4,821,348
Total financial liabilities		66,891,738	5,600,675	72,492,413

COMPANY

Financial assets				
Investment in property funds	27(ii)	-	2,095,016	2,095,016
Other receivables	37	428,795	-	428,795
Amounts due from related parties	51(i)	205,344	-	205,344
Deposits with financial institutions	38(i)	156,546	-	156,546
Cash and bank balances	38(i)	15,058	-	15,058
Total financial assets		805,743	2,095,016	2,900,759
Financial liabilities				
Borrowings	14(i)	1,550,473	-	1,550,473
Amounts due to related parties	52(i)	199,983	-	199,983
Provisions and other payables	46	1,382,648	-	1,382,648
Total financial liabilities		3,133,104	-	3,133,104

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

GROUP

At 31 December 2021	Note	At amortised cost Shs' 000	At fair value through profit or loss Shs' 000	At fair value through other comprehensive income Shs' 000	Total Shs' 000
Financial assets					
Quoted ordinary shares	28,29	-	10,547,549	6,716,098	17,263,647
Unquoted ordinary shares	29	46,617	-	-	46,617
Government securities	29, 30	9,040,206	74,050,579	-	83,090,785
Unit trusts	29(iii)	-	5,054,402	-	5,054,402
Other receivables	37	2,200,042	-	-	2,200,042
Investment in liquid funds	38(i)	11,367	-	-	11,367
Mortgage loans and receivables	31	1,135,847	-	-	1,135,847
Loans and receivables to policyholders	32	2,296,455	-	-	2,296,455
Receivables arising out of reinsurance arrangements	33(i)	1,036,605	-	-	1,036,605
Receivables arising out of direct insurance arrangements	33(iii)	1,846,973	-	-	1,846,973
Restricted cash	38(ii)	185,203	-	-	185,203
Deposits with financial institutions	38(i)	5,947,575	-	-	5,947,575
Cash and bank balances	38(i)	1,677,335	-	-	1,677,335
Total financial assets		25,424,225	89,652,530	6,716,098	121,792,853
Financial liabilities					
Payable under deposit administration contracts	43	52,832,047	-	-	52,832,047
Liabilities under investment contracts	44	-	4,276,660	-	4,276,660
Borrowings	14(i)	4,227,825	-	-	4,227,825
Payables arising from reinsurance arrangements	33(ii)	1,659,096	-	-	1,659,096
Provisions and other payables	46	11,697,635	-	-	11,697,635
Total financial liabilities		70,416,603	4,276,660	-	74,693,263

COMPANY

Financial assets					
Quoted ordinary shares	28,29	-	4,084,099	4,278,933	8,363,032
Investment in property funds	27(ii)	-	2,088,895	-	2,088,895
Other receivables	37	355,475	-	-	355,475
Amounts due from related parties	51(i)	286,090	-	-	286,090
Deposits with financial institutions	38(i)	170,012	-	-	170,012
Cash and bank balances	38(i)	22,616	-	-	22,616
Total financial assets		834,193	6,172,994	4,278,933	11,286,120
Financial liabilities					
Borrowings	14(i)	3,238,075	-	-	3,238,075
Amounts due to related parties	51(i)	89,051	-	-	89,051
Provisions and other payables	46	7,478,696	-	-	7,478,696
Total financial liabilities		10,805,822	-	-	10,805,822

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(iii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present unrealised and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Company does not have debt instruments measured at fair value through other comprehensive income.

Subsequent measurement of debt instruments and other financial assets at amortised cost or fair value through profit or loss, depends on the category of the financial instruments held by the Company, the Company's business model and cashflow characteristics of the financial assets.

The classification of a financial asset is made at the time it is initially recognised, namely when the Company becomes a party to the contractual provisions of the instrument. However, if certain conditions are met or the Company's business model changes, the classification of an asset may subsequently need to be reclassified.

(iv) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, receivables arising out of direct insurance arrangement, receivables arising out of reinsurance arrangements and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value Through Profit or Loss (FVTPL):

- Government securities at amortized cost;
- Corporate bonds at amortised cost;
- Mortgage loans;
- Policy loans;
- Secured loans;
- Cash at bank;
- Deposits from financial institutions;
- Receivables from related parties;
- Receivables arising from direct insurance and reinsurance arrangements; and
- Other receivables.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date, or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument.

The Group measures ECL on an individual basis, or on a collective basis for class of assets that share similar economic risk characteristics.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forwardlooking information that is available without undue cost or effort. Forwardlooking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant thinktanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts. The Group has applied this exemption to other financial assets including loans and receivables from related parties.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(b) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the debtor is unlikely to pay its obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. More details are provided in Note 52 (b).

The Group considers the following as constituting an event of default:

Financial asset	Default event
Cash an Deposits with financial institutions	• Contractual cash flows default • Debt restructure/Debt covenant breach • Bank closure • Bank Run • Filing of bankruptcy • Bank takeover by Regulator • Bank insolvency
Corporate Debt	• Contractual cash flows default • Debt covenant breach • Closure of institution • Filing of bankruptcy
Government Securities	• Significant fall in tax collection rates • Significant natural disaster events • Default warning from Brenton Woods Institutions • Junk rating of sovereign debt • Debt Restructure events
Receivables – Related parties, Premium Debtors and Reinsurance Debtors Other Receivables including Outstanding Dividends, Advances to Agents and Staff.	• Contractual cash flows default • Filing of bankruptcy • Significant natural disaster events • Loss of source of income

(c) Creditimpaired financial assets

A financial asset is creditimpaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is creditimpaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the debtor has ceased transacting with the Group, whichever occurs sooner. Any recoveries made are recognised in profit or loss.

(e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forwardlooking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

- Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or 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.

(n) Investment in property funds

Entities where the Company or Group own a stake in certain property partnerships or funds are classified as investments in property funds. Investments in property funds are initially carried at cost and subsequently at fair value, computed using either the market approach or the income approach (discounted cash flows) determined annually by external valuers. Changes in fair values are included in the net income from investment property and property funds in the statement of profit or loss. A property fund invests primarily in property investments with an aim of realising gains from either rental income or realised and unrealised income from selling the property or property revaluations. Fair value gains on the property funds are consequently a direct product of the share of ownership in the fund and the unrealised gains from the underlying investment property.

For property funds where the Group does not have the irrevocable asset management agreement over the mutual funds and in which it has not invested significantly, factors such as the existence of control through voting rights held by the Group in the fund or significant economic power in the fund, are considered in the assessment of control. Judgement is required in the assessment of whether the Group has control, joint control or significant influence. Control is assessed in terms of the variability of returns from the Group's involvement in the funds, the ability to use power to affect those returns and the significance of the Group's investment in the funds. Based on the assessment of control or significant influence over these funds, the Group has concluded that it does not control the property funds.

2. Summary of significant accounting policies (continued)

(o) Renegotiated loans

Renegotiation of loans occurs when the contractual terms governing the cash flows of a loan are renegotiated or otherwise modified between initial recognition and maturity of the loan. It affects the amount and/or timing of the contractual cash flows either immediately or at a future date. When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. The difference between the revised carrying amount and the fair value of the new loan with the new terms will lead to a gain or loss on derecognition.

(p) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(q) Employee benefits

The Group originally established a contributory final salary defined benefit plan covering substantially all its employees, including agents. The plan was funded under a single Trust, and the principal asset held by the Trustees was a deposit administration policy issued by the Group. Members now contribute 7.5% of pensionable earnings.

Effective January 1, 2006, the Group established a defined contribution section as a supplementary scheme to the existing plan. Existing members were given the irrevocable option of either (a) remaining in the defined benefit section and continuing to accrue benefits, or (b) participating in the defined contribution section with effect from January 1, 2006, and relinquishing prior defined benefit entitlement in return for a "conversion value" transferred from the defined benefit section into the defined contribution section. In October 2010, the two sections were separated into two independent plans, each with its own Trust Deed and Rules, and each holding a separate deposit administration policy issued by the Group. The actuarial results presented relate only to the defined benefit plan

The defined benefit plan provides a retirement benefit on attaining age 60 based on 2% of final average pensionable earnings for each year of service while a member of the plan. Similarly-calculated benefits are provided on withdrawal, death in service and disability. Group contributions to the plan are normally determined as those required to provide all promised benefits over the long term.

Plan liabilities and costs are established by independent actuaries using the Projected Unit Credit Method. The plan is fully valued at least every two years.

Actuarial gains and losses re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period to which they apply.

The significant risks to which the Group is exposed through the operation of its defined benefit plan are asset mismatching risk, funding risk and pensioner longevity risk.

Asset mismatching occurs because investment earnings on the plan's principal asset derive from the declared rate on the deposit administration policy; this rate is declared annually by the Group based on the investment performance for the year of the pooled funds supporting its deposit administration portfolio. The liabilities are long-term in nature, comprising the expected future outflow of benefits, and the discount rate used to value them is based on the yield on low-risk or risk-free bonds for a term commensurate with their duration (10 to 11 years). Consequently, as long-term yields rise and fall, the present value of the liabilities will fall and rise, but the change in value of the assets will only reflect the one-year declared rate.

Pensioner longevity risk reflects the fact that the liabilities for pensions in payment are based on assumptions as to the future mortality of present and future pensioners and their contingent beneficiaries. A longer emerging life expectancy than that implied by the mortality tables currently in use will create a plan deficit over time. The plan's pensioner population is too small to develop plan-specific mortality assumptions.

The Group provides:

- Annual paid leave, the cost of which is expensed as earned.
- Incentive bonus: Staff are entitled to a bonus which is based on pre-set performance parameters on an annual basis. The full cost of the bonus is expensed in the year in which it is earned.

2. Summary of significant accounting policies (continued)

(r) Income tax

(i) Current income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the carrying value of the borrowings is recognised in profit or loss over the period of the borrowings.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared.

(u) Share capital

Ordinary shares are classified as share capital in equity. Any amounts received over and above the par value of the shares is classified as share premium in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

2. Summary of significant accounting policies (continued)

(v) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(a) Recognition of a lease

At the commencement date, the Group shall recognise a right-of-use asset and a lease liability.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of real estate the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Measurement

The Group measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the Company recognises depreciation of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

(i) Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;

The right-of-use asset is subsequently measured applying a cost model. The Group shall measure the right-of-use asset at cost:

- Less any accumulated depreciation and any accumulated impairment losses; and
- Adjusted for any remeasurements of the lease liability.

The Group shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset and IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

(ii) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, the Group shall measure the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group determines its incremental borrowing rate as the risk free rate adjusted for beta and country risk premium.

- Reassessment of the lease liability

After the commencement date, the Group shall remeasure the lease liability to reflect changes to the lease payments. The Group shall recognise the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurements in profit or loss.

2. Summary of significant accounting policies (continued)

(v) Leases (continued)

(ii) Lease liability (continued)

- Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

- Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases whose term is less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) The Group as the lessor – Investment properties leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or security deposits for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

The Group does not have any finance leases as a lessee under IAS 17 or IFRS 16.

(w) Comparatives

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

(x) Earnings Per Share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:

(i) profit or loss from continuing operations attributable to the parent entity; and

(ii) profit or loss attributable to the parent entity

are the amounts in (i) and (ii) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

3. Critical accounting estimates, judgements and assumptions

In the preparation of the financial statements, management and Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

(a) Accounting estimates

- Valuation of insurance contract liabilities

The value of the insurance contract liabilities have been valued based on various models.

For long term insurance contract liabilities, assumptions have been made for various items including mortality, interest and inflation rates. The details of these are set out in Note 42 (i).

For short term insurance contract liabilities, details are set out in Note 40.

- Valuation of financial assets

The fair value of financial instruments that are unquoted (not traded in an active market) is determined by using valuation techniques. The Group uses management judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the statement of financial position date. The details of these are set out in Note 52 (f).

- Fair valuation of investment properties and property funds.

The fair value model has been applied in accounting for investment property. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 December 2021 and 31 December 2022 using either the market approach or the income approach. The current valuation of the investment properties is based on the property's highest and best use. Whether land and building meet criteria to be classified as investment property is as disclosed in Note 2 (n).

- Impairment of financial assets

Management assesses the carrying value of the Group's assets on an annual basis.

- Significant increase of credit risk: As explained in Note 2(m) (iv), ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to Note 2 m (iv) and Note 52 (b) for more details.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 4 (b) for details of the characteristics considered in this judgment. The Group monitors the appropriateness of the credit risk characteristics on an on-going basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts reecognized in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 4 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 52 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from collateral and integral credit enhancements. See Note 52 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

- Retirement benefit liability

The present value of the retirement benefit obligations attributable to the defined benefits scheme depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities. The assumptions used in determining the net cost (income) for pensions are disclosed in Note 49.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

- Impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amount of the goodwill and the key assumptions made are set out in Note 26 (i).

- Impairment of associate

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the statement of profit or loss. Significant estimates relate to the determination of the projected cash flows and the discount rate.

- Lease term in lease contracts

Critical estimates are made by management in determining lease terms in lease contracts. Specifically in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

- Impairment of non-financial assets

Critical estimates are made by management in assessment of impairment for non-financial assets. Significant estimates relate to the determination of the projected cash flows and the discount rate.

- Income taxes

Significant judgement 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 the business. The company ecognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Impairment of financial assets (continued)

initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

- Consolidation of property funds

Judgement is required in the assessment of whether the Group has control, joint control or significant influence over property partnership. Control is assessed in terms of the variability of returns from the Group's involvement in the funds, the ability to use power to affect those returns and the significance of the Group's investment in the funds. Based on the assessment of control or significant influence over these funds, the Group has concluded that it does not control the property funds.

- Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers or other consultants/ experts estimates a provision based on past precedents.

(b) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgement in determining:

- The classification of financial assets and liabilities;
- Whether assets are impaired; and
- Recoverability of deferred tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Premium income and fund management fees

The gross revenue of the Group can be analysed between the main classes of business as shown below:

	Group					
	2022			2021		
	Gross revenue Shs'000	Reinsurance ceded Shs'000	Net revenue Shs'000	Gross revenue Shs'000	Reinsurance ceded Shs'000	Net revenue Shs'000
Insurance business – premium						
Long term insurance business						
- Ordinary life	13,393,709	(11,786)	13,381,923	10,425,537	(13,968)	10,411,569
- Group life	1,725,438	(693,639)	1,031,799	3,769,641	(945,244)	2,824,397
Total long term business	15,119,147	(705,425)	14,413,722	14,195,178	(959,212)	13,235,966
Short term insurance business						
- Engineering	1,079,295	(925,695)	153,600	1,140,077	(998,459)	141,618
- Fire	2,376,529	(1,779,489)	597,040	1,844,099	(1,262,230)	581,869
- Motor	4,532,980	(226,361)	4,306,619	4,443,424	(303,979)	4,139,445
- Personal accident and medical	4,647,447	(880,610)	3,766,837	5,862,501	(1,148,629)	4,713,872
- Micro insurance	1,181,511	(7,722)	1,173,789	1,086,369	(7,934)	1,078,435
- Other classes	3,807,516	(2,552,395)	1,255,121	3,267,384	(2,142,952)	1,124,432
Total short term business	17,625,278	(6,372,272)	11,253,006	17,643,854	(5,864,183)	11,779,671
Total insurance revenue	32,744,425	(7,077,697)	25,666,728	31,839,032	(6,823,395)	25,015,637
Asset management and property management business						
- Unit trust funds	350,306	-	350,306	268,375	-	268,375
- Discretionary and wealth management	196,583	-	196,583	364,378	-	364,378
- Alternative investments	111,576	-	111,576	52,105	-	52,105
Total asset and property management business	658,465	-	658,465	684,858	-	684,858
Total	33,402,890	(7,077,697)	26,325,193	32,523,890	(6,823,395)	25,700,495

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Net income/(loss) from investment property

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Gross rental income	353,098	230,607	-	-
Less: Investment property operating expenses	(1,198)	(10,214)	-	-
Net rental income	**351,900**	**220,393**	-	-
Fair value gain/(loss) on investment properties (Note 27 (i))	291,337	(426,803)	-	-
Fair value gain/(loss) on investment in property funds (Note 27 (ii))	-	-	17,777	(139,896)
Net income/(loss) from investment property	643,237	(206,410)	17,777	(139,896)

6. Interest and dividend income

Interest from government securities at amortised cost	2,034,726	1,246,904	113,082	100,658
Interest from corporate bonds at amortised cost	-	9	-	-
Interest from deposits with financial institutions	730,649	438,012	154,702	19,177
Mortgage loan interest income	127,449	409,782	-	-
Interest from intercompany balances	-	-	23,804	2,574
Interest computed using effective interest method	**2,892,824**	**2,094,707**	**291,588**	**122,409**
Interest from government securities at fair value through profit or loss	9,809,286	8,525,044	3,979	64,893
Interest from investments in liquid funds	65,885	113,234	860	3,566
Dividend from subsidiaries	-	-	50,350	15,511
Dividends from quoted ordinary shares at fair value through profit or loss	239,949	139,462	-	-
Total interest and dividend income	13,007,944	10,872,447	346,777	206,379

No dividends were received from quoted ordinary shares at fair value through other comprehensive in 2022 and 2021.

7. Net realised gains on financial assets at fair value through profit or loss

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Realised (loss)/gain on government securities at fair value through profit or loss	(33,647)	(41,452)	178	(5,791)
Realised gain/(loss) on quoted ordinary shares at fair value through profit or loss	31,179	36,803	19,190	-
Realised (loss)/gain on unit trusts	(2,617)	(2,846)	(2,617)	237
Total net realised gains	(5,085)	(7,495)	16,751	(5,554)

8. Net unrealised fair value (losses)/gains on financial assets at fair value through profit or loss

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Fair value gain/(loss) on quoted ordinary shares fair value through profit or loss (Note 29 (i))	(975,266)	2,297,143	-	1,254,261
Fair value gains on unit trusts (Note 29 (iii))	533,539	306,134	-	1,943
Fair value (loss)/gains on government securities at fair value through profit or loss (Note 29 (iv))	(3,367,011)	(968,171)	(257)	-
Fair value gains/(loss) on financial assets through profit or loss	(3,808,738)	1,635,106	(257)	1,256,204
Impairment of investment in associate (Note 24 (i))	(99,263)	172,061	-	68,672
Impairment of investment in subsidiaries (Note 26 (ii))	-	-	-	(6,452)
Total net unrealised fair value (losses) / gains	(3,908,001)	1,807,167	(257)	1,318,424

9. Commissions earned

	Group	
	2022	2021
	Shs'000	Shs'000
Long term insurance business	157,632	169,077
Short term insurance business	1,445,424	1,290,470
Total commissions earned	1,603,056	1,459,547

10. Other income

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Fee income				
- arising on long term insurance contracts	26,459	42,618	-	-
- arising on short term insurance contracts	104,166	48,135	-	-
Net foreign exchange gains/(losses)	27,307	(17,137)	(4,351)	1,161
Gain on disposal of property and equipment	13,563	14,368	11,500	-
Gain on net monetary position (Note 2 e)	307,658	321,494	-	-
Miscellaneous income/(loss)	60,933	192,746	966	2,885
Total other income	540,086	602,224	8,115	4,046

Gain on net monetary position is as a result of the South Sudan economy being declared a hyperinflationary economy in 2016. The financial statements for Britam Insurance Company Limited (South Sudan) have been adjusted for hyperinflation which resulted in a gain on monetary position of Shs 307,658,000 (2021: Shs 321,494,000).

11. Insurance claims and loss adjustment expenses

	Group					
	2022			2021		
	Long-term business	Short-term business	Total	Long-term business	Short-term business	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance contracts with fixed and guaranteed terms						
- death, maturity and surrender benefits	5,153,584	-	5,153,584	5,533,522	-	5,533,522
- bonuses	2,459,644	-	2,459,644	2,196,223	-	2,196,223
Change in actuarial value of policy holders' liabilities	3,637,861	-	3,637,861	3,315,561	-	3,315,561
Claims payable by principal class of business:						
- Engineering	-	569,736	569,736	-	1,180,648	1,180,648
- Fire	-	1,444,279	1,444,279	-	1,298,868	1,298,868
- Motor	-	3,199,246	3,199,246	-	3,573,036	3,573,036
- Personal accident and medical	-	3,289,511	3,289,511	-	3,853,122	3,853,122
- Micro insurance	-	693,935	693,935	-	697,352	697,352
- Other classes	-	912,679	912,679	-	1,045,325	1,045,325
Total insurance claims and loss adjustment expenses	11,251,089	10,109,386	21,360,475	11,045,306	11,648,351	22,693,657
Less: reinsurers' share	(305,624)	(3,194,648)	(3,500,272)	(845,668)	(4,007,563)	(4,853,231)
Total long term and short term	10,945,465	6,914,738	17,860,203	10,199,638	7,640,788	17,840,426

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Interest payments/increase in unit value

This represents current year interest due to holders of deposit administration contracts and fair value gains or losses on contracts with unit linked policyholders, as shown in Notes 43 and 44. They are investment linked contracts since they are calculated based on the performance of the underlying investment contracts. They are not insurance contracts since the insurer is not obliged to pay any other amount apart from the value of the underlying investments.

	Group	
	2022	2021
	Shs'000	Shs'000
Interest on deposit administration contracts (Note 43)	4,399,339	4,778,125
Fair value gain on investment contracts (Note 44)	523,347	452,873
Total interest payments / increase in unit value	4,922,686	5,230,998

13. (i) Operating and other expenses (by nature)

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Staff costs (Note 13 (ii))	3,643,542	4,316,630	417,298	188,073
General office management expenses	753,228	777,620	163,279	215,115
Sales, marketing and brand management	1,209,328	1,450,143	25,487	7,377
Information technology (ICT) costs	472,372	564,235	17,765	20,289
Amortisation of intangible assets (Note 22)	481,723	427,898	26,467	26,389
Professional fees	477,760	596,255	81,972	70,132
Depreciation on property and equipment (Note 21)	182,039	185,331	35,867	36,879
Premium tax, levies and duty	349,478	216,505	-	-
Depreciation on right of use asset (Note 23 (i))	166,535	173,958	33,211	48,290
Office rent and service charge	118,251	141,251	6,268	3,989
Provision for expected credit losses	221,853	209,592	1,772	156,978
Directors' fees (Note 51 (iv))	101,065	112,226	34,518	39,694
Directors' expenses	78,039	64,750	50,506	46,191
Repairs and maintenance costs	21,087	23,536	914	197
Training and development	45,003	21,253	6,231	317
Auditor's remuneration	44,467	46,733	2,100	3,866
Provision for investment losses (Note 46)	-	2,000,000	-	2,000,000
Total operating and other expenses	8,365,770	11,327,916	903,655	2,863,776

(ii) Staff costs

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Staff costs include the following:				
Salaries and wages	3,465,775	3,252,054	408,985	105,192
Voluntary Early Retirement Expenses	-	863,240	-	78,772
Retirement benefits costs				
- Defined contribution scheme	124,115	140,222	8,225	4,025
- Defined benefit scheme (Note 48)	(27,070)	(23,229)	-	-
- Social security benefits costs	80,722	84,343	88	84
Total staff costs	3,643,542	4,316,630	417,298	188,073

The number of persons employed by the Group at the year-end was 903 (2021: 845).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. (i) Borrowings

The total borrowings include a bank loan of Shs 1,039,919,000 (2021: Shs 2,727,521,000) at variable interest rates ranging from 10.25% to 11.35% and other borrowings of Shs 1,500,304,000 (2021: Shs 1,500,304,000). The bank loan is a secured short-term loan and as such causes minimal exposure to interest rate changes. The loan is part of the Group's short-term draw-down facility with a bank which has been secured with land title deed, (2021 secured with quoted ordinary shares valued at Shs 8,281,750,000). The balance of the undrawn short-term facility is Nil at 31 December 2022 (2021: Shs 1,350,000,000). The Group is not in breach of the financial covenants for the facility issued by its banker as at 31 December 2022 and 31 December 2021.

Other borrowings relate to an amount borrowed by Britam Properties (Kenya) Limited for use in purchasing land which is carried as an investment property. The security for the other borrowings is the investment property purchased.

The borrowings are carried at amortised cost and their fair value approximates their carrying amounts. Here below is a table showing the breakdown of the borrowings:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Balance at 1 January				
Bank loan	2,727,521	3,175,000	2,727,521	3,175,000
Other borrowings	1,500,304	1,589,554	510,554	510,554
Additions				
Bank loan	1,500,000	-	1,500,000	-
Accrued Interest				
Bank loan	39,919	77,521	39,919	77,521
Repayments				
Bank loan	(3,227,521)	(525,000)	(3,227,521)	(525,000)
Other borrowings	-	(89,250)	-	-
Balance at 31 December	2,540,223	4,227,825	1,550,473	3,238,075
Interest paid				
Bank loan	217,795	334,411	217,795	334,411
Total Interest paid	217,795	334,411	217,795	334,411

The table below shows the breakdown of the finance costs:

Finance costs	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Bank loans	180,193	321,563	180,193	321,563
Other borrowings	-	-	-	-
Interest on related party balance	-	-	21,175	20,578
Interest expense on lease liability (Note 23 (ii))	92,724	92,426	17,249	25,021
Total finance cost	272,917	413,989	218,617	367,162

The weighted average effective interest rate on borrowings as 31 December 2022 was 11.35% (2021: 10.25%).

14. (ii) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods:

	Group	
	2022	**2021**
	Shs'000	**Shs'000**
Cash and cash equivalents (Note 38(i))	7,991,854	7,499,485
Liquid investments (Note 29)	85,271,314	89,699,147
Borrowings (Note 14 (i))	(2,540,223)	(4,227,825)
Lease liabilities (Note 23 (ii))	(672,066)	(441,126)
Net debt	90,050,879	92,529,681
Cash and liquid investments	93,263,168	97,198,632
Gross debt – fixed interest rates	(3,212,289)	(4,668,951)
Net debt	90,050,879	92,529,681

	Liabilities from financing activities			Other assets		
	Borrowings	**Leases**	**Sub-total**	**Cash equivalents**	**Liquid investments**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	
Net debt at 1 January 2021	(4,854,923)	(690,003)	(5,544,926)	7,498,000	76,777,040	78,730,114
Cash flows	627,098	264,959	892,057	1,485	12,922,107	13,815,649
Leases – additions	-	(58,091)	(58,091)	-	-	(58,091)
Other	-	42,009	42,009	-	-	42,009
Net debt at 31 December 2021	(4,227,825)	(441,126)	(4,668,951)	7,499,485	89,699,147	92,529,681
Cash flows	1,687,602	234,178	1,921,780	492,369	(4,427,833)	(2,013,684)
Leases – additions	-	(383,797)	(383,797)	-	-	(383,797)
Others	-	(81,321)	(81,321)	-	-	(81,321)
Net debt at 31 December 2022	(2,540,223)	(672,066)	(3,212,289)	7,991,854	85,271,314	90,050,879

15. Commissions expense

	Group 2022 Shs'000	Group 2021 Shs'000
Long term insurance business		
- Ordinary life	1,209,180	1,136,786
- Group life	135,300	266,868
- Deposit administration	87,423	75,956
Total long term insurance business	1,431,903	1,479,610
Short term insurance business		
- Engineering	218,341	171,002
- Fire	489,963	397,850
- Marine	109,229	90,747
- Motor	463,213	453,161
- Personal accident and medical	458,201	858,058
- Micro insurance	117,711	107,729
- Theft	63,096	58,935
- Others	291,211	317,582
Total short term insurance business	2,210,965	2,455,064
Asset management business		
- Unit trust funds	87,213	76,205
- Discretionary & Wealth management	99,959	106,221
Total asset management business	187,172	182,426
Total commissions payable	3,830,040	4,117,100

16. Share capital – Company

Group and Company	Number of shares Thousands	Ordinary shares Shs'000	Share premium Shs'000	Total Shs'000
1 January 2021, 31 December 2021 and 31 December 2022	2,523,487	252,344	13,237,451	13,489,795

Ordinary shares

The total number of authorised shares is 3,000 million with par value of 10 cents per share (2021: 3,000 million with par value of 10 cents). The number of shares issued is 2,523 million with par value of 10 cents per share as at 31 December 2022 (2021: 2,523 million with par value of 10 cents per share). All shares issued are fully paid and carry equal rights.

17. Other reserves

Group	Fair value reserve Shs '000	Revaluation reserve Shs '000	Foreign currency translation reserves Shs '000	General reserves Shs '000	Total Shs '000
Balance at 1 January 2022	9,592,331	(168,078)	(1,192,037)	8,162,696	16,394,912
Revaluation gain on building (Note 25 (b))	-	33,036	-	-	33,036
Gain on disposal of financial assets at fair value through comprehensive income (Note 25)	20,106	-	-	8,016	28,122
Share of associate other comprehensive income (Note 25)	-	-	-	90,579	90,579
Re-measurement of the net defined benefit asset (Note 25)	-	-	-	25,216	25,216
Suplus for life business	-	-	-	1,174,173	1,174,173
Transfer to retained earnings (Note 18)	(4,098,823)	-		-	(4,098,823)
Transfer from retained earnings (Note 18)	-	-	-	46,095	46,095
Currency translation loses (Note 25)	-	-	(110,175)	-	(110,175)
At 31 December 2022	5,513,614	(135,042)	(1,302,212)	9,506,775	13,583,135
At 1 January 2021	8,184,032	(243,401)	(1,144,980)	6,556,781	13,352,432
Revaluation gains on buildings (Note 25 (b))	-	75,323	-		75,323
Revaluation gains on quoted ordinary shares at fair value through other comprehensive income (Note 25)	1,314,099	-	-	523,933	1,838,032
Gain on disposal of financial assets at fair value through comprehensive income (Note 25)	94,200	-	-	-	94,200
Share of associate other comprehensive income (Note 25)	-	-	-	(1,099)	(1,099)
Re-measurement of the net defined benefit asset (Note 25)	-	-	-	(14,838)	(14,838)
Surplus for life business	-	-	-	1,329,434	1,329,434
Transfer from retained earnings (Note 18)	-	-	-	(231,515)	(231,515)
Currency translation losses (Note 25)	-	-	(47,057)	-	(47,057)
At 31 December 2021	9,592,331	(168,078)	(1,192,037)	8,162,696	16,394,912

Company	Other reserves Shs '000
At 1 January 2022	4,135,049
Transfer to retained earnings (Note 18)	(4,098,823)
Gain on disposal of financial assets at fair value through comprehensive income	20,106
Share of associate other comprehensive income (Note 24 (i))	44,423
At 31 December 2022	100,755
At 1 January 2021	2,726,791
Revaluation gain on quoted ordinary shares at fair value through other comprehensive income (Note 28)	1,314,099
Gain on disposal of financial assets at fair value through comprehensive income	94,200
Share of associate other comprehensive income (Note 24 (i))	(41)
At 31 December 2021	4,135,049

17. Other reserves (continued)

Other reserves include;

- **Fair value reserves:** arising from revaluation of financial assets carried at fair value through other comprehensive income. They are not distributable reserves.
- **Currency translation reserves:** arise from currency translation for the different countries in which the Group operates in. They are not distributable reserves.
- **Revaluation reserves:** arises on revaluation of the building that is part of the Group's property and equipment. This reserve is not distributable.
- **General reserves:** represent undistributed retained earnings for the long term business and statutory reserves for the Group's Ugandan subsidiary. The reserves for the long term business represent accumulated surpluses from the life fund net of deferred tax whose distribution is subject to the restrictions imposed by the Kenyan Companies Insurance Act. The Insurance Act limits the amounts of surpluses of the life business available for distribution to shareholders to 30% of the accumulated surplus of the life business. A transfer to or from retained earnings is recorded each year to ensure that only amounts available for distribution to shareholders are held in the retained earnings. The statutory reserve represents amounts set up in accordance with the Ugandan Insurance Act, which requires the following amounts to be appropriated from earnings; a contingency reserve calculated at the higher of 2% of gross premium and 15% of net profits and a capital reserve calculated at 5% of net profits of Britam Insurance Company (Uganda) Limited. The reserve is available for distribution to the extent that the minimum amounts required by the Uganda Insurance Act are met.
- **Other reserves (Company):** arising from revaluation of financial assets carried at fair value through other comprehensive income and share of other comprehensive income from the Associate.
- **Transfer from fair value reserve** – during the year as part of the group's strategy to optimise investment performance, quoted ordinary shares through other comprehensive income were disposed. Cumulative gains of Shs 4,098,823,000 were transferred from other reserves to retained earnings. Realised gains made are included in Note 51 (ii) (a).

18. Accumulated losses

	Group	Company
	Shs '000	Shs '000
At 1 January 2022	(10,943,574)	(9,346,331)
Profit/(loss) for the year	422,076	(701,641)
Transfer from fair value reserve (Note 17)	4,098,823	4,098,823
Transfer to fair value reserve (Note 17)	(46,095)	-
At 31 December 2022	(6,468,770)	(5,949,149)
At 1 January 2021	(9,891,877)	(7,383,634)
Loss for the year	(1,283,212)	(1,962,697)
Transfer from general reserve (Note 17)	231,515	-
At 31 December 2021	(10,943,574)	(9,346,331)

19. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 31 December 2022 or 31 December 2021.

	2022	2021
Profit attributed to equity holders (Shs' thousands)	1,596,251	46,222
Weighted number of ordinary shares in issue (thousands)	2,523,487	2,523,487
Basic and diluted earnings per share (Shs)	0.63	0.02

20. Dividends per share

Proposed dividends are not recognised until they have been declared at an annual general meeting. No dividends were paid during the year (2021: Nil). The Directors do not recommend any dividends in respect of the year ended 31 December 2022 (2021: Nil). Payment of dividends is subject to withholding tax at the rate of either 5% or 10%, depending on the residence of the individual shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment

Group	Land and Buildings Shs'000	Leasehold improvements Shs'000	Motor vehicles Shs'000	Furniture, fittings & office equipment Shs'000	Computer equipment Shs'000	Total Shs'000
2022						
Cost or valuation						
1 January 2022	683,465	893,889	128,856	1,188,370	949,981	3,844,561
Additions	-	35,810	22,981	6,040	63,661	128,492
Disposal	-	(4,386)	(29,837)	(4,150)	(9,682)	(48,055)
Revaluation surplus	38,020	-	-	-	-	38,020
Translation differences	14,983	(1,296)	(555)	(5,712)	3,529	10,949
At 31 December 2022	736,468	924,017	121,445	1,184,548	1,007,489	3,973,967
Depreciation						
1 January 2022	17,681	622,170	90,920	996,631	860,752	2,588,154
Charge for the year	14,147	62,883	17,363	46,123	41,523	182,039
Reclassification	-	-	-	-	(3,907)	(3,907)
Disposal	-	(3,524)	(29,101)	(2,262)	(1,315)	(36,202)
Translation differences	376	(916)	66	(2,840)	4,107	793
At 31 December 2022	32,204	680,613	79,248	1,037,652	901,160	2,730,877
Net book value						
At 31 December 2022	704,264	243,404	42,197	146,896	106,329	1,243,090

21. Property and equipment (continued)

Group	Land and Buildings Shs'000	Leasehold improvements Shs'000	Motor vehicles Shs'000	Furniture, fittings & office equipment Shs'000	Computer equipment Shs'000	Total Shs'000
2021						
Cost or valuation						
1 January 2021	257,844	834,378	150,521	1,154,272	934,382	3,331,397
Additions		60,266	13,464	40,265	14,539	128,534
Disposals	-	-	(6,169)	(3,034)	(2,242)	(11,445)
Transfer from investment property (Note 27(i))	299,026	-	-	-	-	299,026
Transfer from intangible assets (Note 22)	-	9,805	-	-	-	9,805
Revaluation gain (Note 25)	77,459	-	-	-	-	77,459
Translation differences	49,136	(10,560)	(28,960)	(3,133)	3,302	9,785
At 31 December 2021	683,465	893,889	128,856	1,188,370	949,981	3,844,561
Depreciation						
1 January 2021	1,078	557,554	110,835	941,636	817,998	2,429,101
Charge for the year	16,608	63,004	13,386	52,502	39,831	185,331
Disposal	-	-	(6,081)	(1,165)	(1,174)	(8,420)
Translation differences	(5)	1,612	(27,220)	3,658	4,097	(17,858)
At 31 December 2021	17,681	622,170	90,920	996,631	860,752	2,588,154
Net book value						
At 31 December 2021	665,784	271,719	37,936	191,739	89,229	1,256,407

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment (continued)

In the opinion of the Directors, there is no impairment of property and equipment. The valuation of land and buildings was carried out by independent, registered professional valuers, Advent Valuers Limited at 31 December 2022. The revaluation gain of Shs 38,020,000 (2021: Shs 77,459,000) was credited to other comprehensive income. The amount is shown in `other reserves' in shareholders' equity (Note 17) which are not distributable. The fair values arising from the open market valuation of land and buildings are categorised as Level 3 in the fair value hierarchy.

There are no restrictions on the property and equipment and none had been pledged as collateral. Property and equipment are classified as non-current assets.

Company

2022	Leasehold Improvements Shs'000	Motor vehicles Shs'000	Furniture, fittings & office equipment Shs'000	Computer equipment Shs'000	Total Shs'000
Cost or valuation					
At 1 January 2022	145,406	44,015	86,614	31,978	308,013
Additions	-	-	-	8,021	8,021
Disposals	-	(25,369)	-	-	(25,369)
At 31 December 2022	145,406	18,646	86,614	39,999	290,665
Depreciation					
At 1 January 2022	48,903	31,030	49,425	21,922	151,280
Charge for the year	14,152	3,729	13,383	4,603	35,867
Disposals	-	(25,369)	-	-	(25,369)
At 31 December 2022	63,055	9,390	62,808	26,525	161,778
Net book value					
At 31 December 2022	82,351	9,256	23,806	13,474	128,887

2021	Leasehold Improvements Shs'000	Motor vehicles Shs'000	Furniture, fittings & office equipment Shs'000	Computer equipment Shs'000	Total Shs'000
Cost or valuation					
At 1 January 2021	145,406	44,015	73,831	31,701	294,953
Additions	-	-	12,783	277	13,060
At 31 December 2021	145,406	44,015	86,614	31,978	308,013
Depreciation					
At 1 January 2021	34,131	27,301	35,929	17,040	114,401
Charge for the year	14,772	3,729	13,496	4,882	36,879
At 31 December 2021	48,903	31,030	49,425	21,922	151,280
Net book value					
At 31 December 2021	96,503	12,985	37,189	10,056	156,733

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment (continued)

The carrying amount of the buildings would be as shown below had it been carried under the cost model.

	Group	
	2022	2021
	Shs'000	Shs'000
Cost	691,121	392,095
Transfers	-	299,026
Accumulated depreciation	(394,898)	(371,488)
Net book value	296,223	319,633

All property and equipment (P&E) are classified as non-current assets.

The carrying value for property and equipment carried at cost approximates their fair value.

22. Intangible assets

	Group			Company		
	Computer software costs	Internally generated software development costs	Total	Computer software costs	Internally generated software development costs	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost						
At 1 January 2021	3,770,230	61,750	3,831,980	191,527	-	191,527
Additions	53,702	47,866	101,568	-	-	-
Capitalised	3,108	(3,108)	-	-	-	-
Write down	(87,877)	-	(87,877)	-	-	-
Transfer to property, plant and equipment (Note 21)	(9,805)	-	(9,805)	-	-	-
Translation differences	(42,030)	1,533	(40,497)	-	-	-
At 31 December 2021	3,687,328	108,041	3,795,369	191,527	-	191,527
At 1 January 2022	3,687,328	108,041	3,795,369	191,527	-	191,527
Capitalised	171,328	(125,598)	45,730	1,554	-	1,554
Write down	(24,584)	(875)	(25,459)	-	-	-
Additions	20,499	24,631	45,130	-	183	183
Reclassification	9,818	(9,818)	-	-	-	-
Translation differences	(8,609)	3,619	(4,990)	-	-	-
At 31 December 2022	3,855,780	-	3,855,780	193,081	183	193,264
Accumulated amortisation and impairment						
At 1 January 2021	1,957,899	-	1,957,899	121,864	-	121,864
Amortisation charge	427,898	-	427,898	26,389	-	26,389
Translation differences	(6,593)	-	(6,593)	-	-	-
At 31 December 2021	2,379,204	-	2,379,204	148,253	-	148,253
Amortisation charge	481,723	-	481,723	26,467	-	26,467
Transfer from property, plant and equipment (Note 21)	3,907	-	3,907	-	-	-
Translation differences	7,665	-	7,665	-	-	-
At 31 December 2022	2,872,499	-	2,872,499	174,720	-	174,720
Net book value						
At 31 December 2021	1,308,124	108,041	1,416,165	43,274	-	43,274
At 31 December 2022	983,281	-	983,281	18,361	183	18,544

There are no restrictions on intangible assets and none had been pledged as collateral.
Intangible assets are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Leases

The Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension/termination options.

(i) Amounts recognised in the balance sheet

(ii) Right of use assets

The movement in the right of use asset over the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	319,717	566,560	67,178	153,360
Additions	383,797	57,984	92,251	-
Depreciation charge (Note 13 (i))	(166,535)	(173,958)	(33,211)	(48,290)
Derecognition arising from remeasurement	(9,547)	-	-	-
Remeasurement of lease liabilities	(11,402)	(130,870)	-	(37,892)
At 31 December	516,030	319,716	126,218	67,178

The remeasurement of the lease liabilities arises from remeasurement of lease liability to reflect changes to the lease payments. The difference arising from lease remeasurment has been recognised in statement of profit or loss.

The right of use asset is a non-current asset.

(ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	441,125	690,003	105,428	208,434
Additions	383,797	58,091	92,251	-
Interest on lease liabilities (Note 14)	92,724	92,426	17,249	25,021
Lease payments	(234,178)	(264,959)	(39,225)	(78,992)
Remeasurement of lease liabilities	(11,402)	(134,435)	-	(49,035)
At 31 December	672,066	441,126	175,703	105,428

The split in the lease liabilities was as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Current	234,178	264,959	39,225	78,992
Non-current	437,888	176,167	136,478	26,436
At 31 December	672,066	441,126	175,703	105,428

The total cash outflow for leases in the year was:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Interest paid on lease liabilities (Note 14)	92,724	92,426	17,249	25,021
Payments of principal portion of the lease liability	141,454	172,533	21,976	53,971
At 31 December	234,178	264,959	39,225	78,992

23. Leases (continued)

(ii) Amounts recognised in the profit or loss account

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation on right of use assets (Note 13(i))	166,535	173,958	33,211	48,290
Interest on lease liabilities (Note 14)	92,724	92,426	17,249	25,021
Derecognition arising from remeasurement	9,547	-	-	-
Expenses relating to short-term leases	3,511	6,173	-	-
Expenses relating to leases of low-value assets that are not shown above as short-term leases	6,275	6,275	-	-
At 31 December	278,592	278,832	50,460	73,311

(iii) Minimum lease payments receivable on leases of investment properties

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2022	2021
Operating Leases under IFRS 16	Shs'000	Shs'000
Within 1 year	72,348	72,479
Between 1 and 2 years	77,945	57,489
Between 2 and 3 years	82,068	60,352
Between 3 and 4 years	68,993	64,376
Between 4 and 5 years	58,507	55,543
Later than 5 years	56,522	58,784
At 31 December	416,383	369,023

24. Investment in associates – Group and Company

(i) Details of the investment

The investment in associate at 31 December 2022 represents an equity interest of 48.22% (2021: 48.22%) of the ordinary shares of HF Group Plc and Britam Life Assurance Company (Kenya) Limited 100% ownership interest in Kilimani Hotel Suites Limited (KHSL). HF Group Plc is a strategic partner for the Company, providing access to new customers and distribution channels for the insurance business.

Kilimani Hotel Suites Limited (KHSL) core business is provision of high-end serviced apartments and restaurant. KHSL commenced operations on 1 March 2022. Britam Life Assurance Company (Kenya) Limited handed over the operations of KHSL to Ascott International Limited and trading as Somerset Westview Nairobi, effectively losing control of the relevant activities and subsequently became an associate of Britam Life Assurance Company (Kenya) Limited in line with the control considerations in IFRS 10. The Company is a Special Purpose Vehicle (SPV) that is fully owned by Britam Holdings PLC through its fully owned subsidiary, Britam Life Assurance Company (Kenya) Limited. The full ownership and voting rights in KHSL do not have a significant effect on returns and relevant activities but relate to administrative tasks only and other contractual arrangements that need to be considered hence deemed protective in line with IFRS 10 requirements.

KHSL has through the Serviced Residences Management Agreement (SRMA) with Ascott International Limited transferred the relevant activities thereby losing control. These key activities include, annual business planning, working capital management, provision of shared services, preparation of all operational policies and manuals, recruitment, training and supervision of staff, advertising, and promotional activities, pricing, credit management, guests' management among others. Ascott International Limited's compensation is based on the total revenues and gross operating profit of KHSL and is thereby exposed to variability of returns. Somerset is a brand owned by Ascott International Limited which exposes the operator to reputational risks. Ascott International Limited has the ability to use its power over KHSL to affect the returns to Britam Life Assurance Company (Kenya) Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Investment in associates – Group and Company (continued)

(i) Details of the investment (continued)

Set out below is the financial and other information on the associate at 31 December 2022, which, in the opinion of the directors, is material to the Company. The associate as listed below has share capital consisting of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business.

Nature of investment in associate at 31 December 2022:

		% of ownership interest			
		Group		Company	
Name of entity	**Place of business/country of incorporation**	**2022**	**2021**	**2022**	**2021**
HF Group Plc	Kenya	48.22%	48.22%	19.41%	19.41%
Kilimani Hotel Suites Limited	Kenya	100%	100%	-	-

The movement in the carrying amount of the investment in associates during the year is presented below:

(a) HF Group Plc associate

	Group		Company	
	2022	**2021**	**2022**	**2021**
	HF Group Plc	**HF Group Plc**	**HF Group Plc**	**HF Group Plc**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
At 1 January	1,366,027	1,481,603	549,910	596,437
Share of associate's profit/(loss) for the year	95,034	(286,085)	38,254	(115,158)
Share of associate's other comprehensive (loss)/income	110,360	(1,552)	44,423	(41)
Impairment reversal (Note 8)	-	172,061	-	68,672
At 31 December	1,571,421	1,366,027	632,587	549,910

(b) Kilimani Hotel Suites Limited (KHSL) associate

	Group	
	2022	**2021**
	KHSL	**KHSL**
	Shs'000	**Shs'000**
At 1 January	-	-
Share of associate's loss for the year	(97,794)	-
Transfer from investment properties (Note 27)	1,051,335	-
Additional investment in associate	102,375	-
Transfer from investment in subsidiary (Note 44)	100	-
Impairment loss	(99,263)	-
At 31 December	956,753	-

At 31 December 2022, the fair value of the Group's interest in HF Group Plc which is listed on the Nairobi Securities Exchange (NSE), was Shs 591,673,000 (2021: Shs 723,362,000) when computed using the NSE share price of Shs 3.19 (2021: Shs 3.90) per share. The quoted market price was not used in determining the recoverable value of HF Group Plc for impairment assessment purposes as the Group would not realize its value through the NSE due to the size of its investment. Kilimani Hotel Suites Limited (KHSL) is unlisted.

The investment in HF Group Plc is in line with Group's strategic plan, with the Company expected to leverage on existing and potential synergies to drive joint business initiatives while earning returns as a portfolio investment. The investment in KHSL is also in line with the company's strategic plan that seeks to diversify and stabilize investments. Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

24. Investment in associates – Group and Company (continued)

(i) Details of the investment (continued)

When the Company increases its stake in an existing associate continuing to have significant influence but not gaining control, the cost of acquiring the additional stake (including any directly attributable costs) is added to the carrying value of the associate.

The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment.

When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(c) Total investment in associates

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2022	1,366,027	1,481,603	549,910	596,437
Share of associate's profit/(loss) for the year	(2,760)	(286,085)	38,254	(115,158)
Share of associate's other comprehensive (loss)/ income	110,360	(1,552)	44,423	(41)
Transfer from investment properties (Note 27)	1,051,335	-	-	-
Additional investment in associate	102,375	-	-	-
Transfer from investment in subsidiary	100	-	-	-
Impairment (loss)/reversal (Note 8)	(99,263)	172,061	-	68,672
At 31 December	2,528,174	1,366,027	632,587	549,910

(ii) Goodwill

The table below shows the goodwill that arose from the investment in HF Group Plc.

	Group	Company
	Shs'000	Shs'000
At start and end of year	1,629,813	595,569

(iii) Impairment assessment – HF Group Plc associate

For the purposes of impairment assessment, the HF Group Plc and KHSL are considered as Cash Generating Units (CGU).

The Group determines at each reporting date whether there is any objective evidence that the investment in the respective associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the statement of profit or loss.

The Group's impairment assessment of the investment in HF Group Plc indicated that the investment was not impaired at 31 December 2022 and 31 December 2021. The no impairment indicators that were generally considered are the improvements in 2022 performance compared to 2020 and 2021, and the turnaround strategy which the associate has been implementing with positive results.

The recoverable value of the associate is the higher of its fair value less costs to sell and its value in use. At 31 December 2022, the recoverable amount was Shs 2,001,755,000 and the carrying value was Shs 1,571,421,000. The 2022 no impairment assessed result is based on a value in use of Shs 10.79 (2021: Shs 7.36) per share. The value in use is assessed on the refreshed 5-year business projected cashflows, discounted at an after tax Cost of Equity of 23.2% (2021: 22.1%) and terminal growth of 5% (2021: 5%). The equity risk premium applied was 9.5% (2021: 9.7%). In the view of the Directors, the assumptions used are appropriate and the resultant carrying value is reasonable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Investment in associates – Group and Company (continue)

(iii) Impairment assessment – HF Group Plc Associate (continued)

The Directors approved the commencement of the process of seeking viable options to optimize the value of the Company's investment in HF Group Plc. Options under consideration include reaching out to strategic partners with the requisite capacity to fast track and support the process of turning around HF Group and support the Britam Group to realize optimal value from the investment. The Directors approved the appointment of a transaction advisor to engage various interested parties with a viable option. The Directors continue to review the performance of the investment and the progress of the above processes.

(iv) Impairment assessment – KHSL Associate

Management assessed the value in use of KHSL using the fair value determined as the net realizable/recoverable value given that the business' net asset value is predominantly made up of new assets (Fixtures Fittings and Equipment (FFE) and Operating Services Equipment (OSE)) with adjustments for depreciation for the period of operations within the year and time value considerations for recoverable input taxes based on projected business performance. KHSL net recoverable value (Adjusted NAV) is Shs 956,753,000 against a carrying value (equity accounted value) of Shs 1,030,314,000 resulting in an impairment of Shs 73,561,000 booked as at 31 December 2022.

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

(v) Sensitivity analysis

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the valuation of the investment in associate (HF Group Plc) to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment in associate after positive shift 'Shs'000	Change in the fair value of the investment in associate after negative shift 'Shs'000
Average projected cash flows	691,822	5%	207,546	(207,546)
Pre-tax discount rate	23.20%	1%	(207,112)	225,632
Terminal growth rate	5%	1%	43,184	(40,222)

Kilimani Hotel Suites Limimited (KHSL) has been assessed on the basis of fair value determined using adjusted NAV.

(d) Summarised financial information for associate

Summarised statement of profit or loss and other comprehensive income

	2022 Shs'000	2021 Shs'000
Interest income	4,269,998	3,958,725
Interest expense	(2,110,702)	(2,095,238)
Impairment losses on mortgage and advances	(272,780)	(274,270)
Other income	1,050,452	502,493
Other expenses	(2,744,670)	(2,967,463)
Profit/(loss) before income tax	**192,298**	**(875,753)**
Income tax	(15,222)	282,462
Profit/(loss) after tax	**177,076**	**(593,291)**
Other comprehensive income, net of tax	(57,870)	(209)
Total comprehensive gain/(loss) for the year	**119,206**	**(593,500)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Investment in associates Group and Company (continued)

Summarised statement of financial position

	2022 Shs'000	2021 Shs'000
Total assets	56,890,141	52,903,518
Total liabilities	48,188,994	44,967,198
Net assets	8,701,147	7,936,320
Customer deposits	39,797,573	37,714,914
Loans and advances	36,220,524	34,692,625

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of the summarised financial information presented to the carrying amount of the interest in associate:

	Group		Company	
	HF Group 2022 Shs'000	HF Group 2021 Shs'000	HF Group 2022 Shs'000	HF Group 2021 Shs'000
Opening net assets 1 January	7,936,320	8,612,538	7,936,320	8,612,538
Profit/(loss) for the year	197,084	(593,291)	197,084	(593,291)
Other comprehensive income/(loss)	228,869	(209)	228,869	(209)
Other adjustments	338,874	(82,718)	338,874	(82,718)
Closing net assets	8,701,147	7,936,320	8,701,147	7,936,320
Interest in associate Group 48.22% (2021: 48.22%) Company 19.41% (2021: 19.41%)	4,195,693	3,826,894	1,688,893	1,540,440
Goodwill (Note 24 (ii))	1,629,813	1,629,813	595,569	595,569
Provision for impairment	(4,150,839)	(4,150,839)	(1,606,768)	(1,606,768)
Other adjustments	(103,246)	60,159	(45,106)	20,669
Carrying value	1,571,421	1,366,027	632,588	549,910

Summarised statement of cash flows for HF Group

	Group	
	2022 Shs'000	2021 Shs'000
Net cash flows generated from operating activities	(531,185)	(201,410)
Net cash flows used in investing activities	(14,966)	(190,989)
Net cash flows used in financing activities	(122,560)	521,043
Net decrease in cash and cash equivalents	(668,711)	128,644

Kilimani Hotel Suites Limited (KHSL)

Set out below is the summarised financial information for KHSL which is accounted for using the Equity method.

Summarised statement of profit or loss and comprehensive income

	Group	
	2022 Shs' 000	2021 Shs' 000
Revenue	223,770	-
Cost of sales	(51,070)	-
Operating and other expenses	(286,633)	(25,646)
Finance costs	(9,214)	-
Loss before income tax	(123,147)	(25,646)
Income tax credit	25,353	5,900
Loss for the year	(97,794)	(19,746)
Other comprehensive income, net of tax	-	-
Total comprehensive income	(97,794)	(19,746)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Investment in associates Group and Company (continued)

Kilimani Hotel Suites Limited (KHSL) (continued)

Summarised statement of financial position

	2022 Shs' 000	2021 Shs' 000
Total assets	1,222,492	8,552
Total liabilities	192,178	34,154
Net assets	1,030,314	(25,602)

Summarised statement of cash flows

	Group	
	2022 Shs' 000	2021 Shs' 000
Net cash flows from operating activities	(40,201)	-
Net cash flows used in investing activities	(994,646)	-
Net cash flows generated from financing activities	1,153,710	-
Net increase in cash and cash equivalents	118,863	-

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associate.

	Group	
	2022 Shs' 000	2021 Shs' 000
Opening net assets 1 January	(25,602)	(5,856)
Loss for the year	(97,794)	(19,746)
Additional investment by the shareholder	1,153,710	-
Closing net assets	**1,030,314**	**(25,602)**
Interest in associate (100% of net assets)	1,030,314	-
Gross interest in associate	**1,030,314**	**-**
Cumulative impairment	(73,561)	-
Carrying value	**956,753**	**-**

25. Income tax

(a) Income tax expense

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Current income tax	552,067	198,613	6,786	-
Deferred tax (Note 36)	708,688	740,724	-	-
Income tax expense	1,260,755	939,337	6,786	-

The Group's current tax charge is computed in accordance with income tax rules applicable to the subsidiaries A reconciliation of the tax charge is shown below. The current year's tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory income tax rates as follows:

25. Income tax (continued)

(a) Income tax expense (continued)

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Profit/(loss) before income tax	2,952,056	1,011,461	(694,855)	(1,962,697)
Tax calculated at a tax rate of 30% (2021: 30%)	885,617	303,438	(208,456)	(588,809)
Add/(less):				
- Tax effect of income not subject to tax	(1,725,749)	(158,809)	(1,567,088)	(172,857)
- Under provision in prior year	(5,878)	(15,421)	-	-
-Tax effect on foreign subsidiaries different tax rates	45,431	-	-	-
- Deferred tax not recognised	1,804,278	701,261	1,782,330	680,516
- Tax effect of expenses not deductible for tax purposes	257,056	108,868	-	81,150
Income tax expenses	1,260,755	939,337	6,786	-

In 2022, the Government of South Sudan introduced a corporate tax at 10% impacting Britam Insurance Company Limited (South Sudan).

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group					
	2022			2021		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Currency translation losses	(110,175)	-	(110,175)	(47,057)	-	(47,057)
Re-measurement of the net defined benefit asset (Note 48)	36,023	(10,807)	25,216	(21,197)	6,359	(14,838)
Share of other comprehensive income from associates	110,360	(19,781)	90,579	(1,552)	453	(1,099)
Gain on disposal of financial asset at fair value through OCI	28,122	-	28,122	94,200	-	94,200
Fair value deficit on						
– Building (Note 21)	38,020	(4,984)	33,036	77,459	(2,136)	75,323
– Financial assets at fair value through other comprehensive income (Note 28)	-	-	-	2,062,574	(224,542)	1,838,032
Other comprehensive income	102,350	(35,572)	66,778	2,164,427	(219,866)	1,944,561

(b) Current tax recoverable

Movement in the tax recoverable account is as follows:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	483,246	435,338	40,652	17,495
Taxation charge for the year	(552,067)	(198,613)	(6,786)	-
Withholding tax recoverable	-	-	-	9,619
Tax paid	231,073	246,521	-	13,538
At end of year	162,252	483,246	33,866	40,652
Split as follows;				
Current income tax recoverable	277,614	517,344	33,866	40,652
Current income tax payable	(115,362)	(34,098)	-	-
Net	162,252	483,246	33,866	40,652

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (i) Goodwill on business combinations

The goodwill arose on the acquisition of Real Insurance Group (now Britam General Insurance Company (Kenya) Limited, Britam Insurance Company (Tanzania) Limited and Britam - Companhia De Seguros De Mozambique S.A.) which was concluded in 2015.

	2022 Shs'000	2021 Shs'000
Britam General Insurance Company (Kenya) Limited	913,717	913,717
Britam Insurance Company (Tanzania) Limited	258,577	258,577
Britam - Companhia De Seguros De Mozambique S.A.	244,341	244,341
Total goodwill	1,416,635	1,416,635

In assessing impairment of goodwill, management has reviewed the five-year business plans (strategies). The value in use method was used to determine the value of the investment. Discount rates used ranged between 18% and 32% (2021: 18% and 32%) depending on the circumstances of the entity and terminal rate of 2.5% (2021: 2.5%).

The recoverable amount calculated based on the value in use exceeded carrying value by Shs 6,940,997,000 (2021: Shs 5,234,626,000). As at 31 December 2022, a reduction in the terminal rate by 1% results in a decrease in the headroom by Shs 503,641,000 and an increase in the discount rate by 1% results in a decrease in the headroom by Shs. 324,678,000.

From the assessment carried out at the end of the year, no impairment was deemed necessary as at 31 December 2022 (2021: Nil).

Goodwill on acquisition is a non-current asset.

26. (ii) Investment in subsidiary companies

The Company had the following subsidiaries as at 31 December

	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directlyheld	Proportion of ordinary shares directly/ indirectly held	Proportion of shares held by non-controlling interests	
			2022	2021	2022	2021
Britam Life Assurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-
Britam General Insurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-
Britam Asset Managers (Kenya) Limited	Kenya	Fund Management	100%	100%	-	-
Britam Properties (Kenya) Limited	Kenya	Property Development	100%	100%	-	-
Britam Insurance Company (Uganda) Limited	Uganda	Insurance	100%	100%	-	-
Britam Insurance Company Limited (South Sudan)	South Sudan	Insurance	100%	100%	-	-
Britam Insurance Company (Rwanda) Limited	Rwanda	Insurance	100%	100%	-	-
Britam - Companhia De Seguros De Mozambique S.A.	Mozambique	Insurance	98%	98%	2%	2%
Britam Insurance Company (Tanzania) Limited	Tanzania	Insurance	55%	55%	45%	45%
Britam Insurance Company Limited (Malawi)	Malawi	Insurance	100%	100%	-	-
Britam Asset Managers (Uganda) Limited	Uganda	Fund Management	100%	100%	-	-

26. (ii) Investment in subsidiary companies (continued)

Company had the following subsidiaries at 31 December:

	Gross Amount		Impairment		Net Amount	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Britam Life Assurance (Kenya) Limited	180,000	180,000	-	-	180,000	180,000
Britam Asset Managers (Kenya) Limited	-	-	-	-	-	-
Britam Insurance Company (Uganda) Limited	500,000	500,000	-	-	500,000	500,000
Britam Insurance Company Limited (South Sudan)	391,711	391,711	-	-	391,711	391,711
Britam Insurance Company (Rwanda) Limited	689,223	689,223	-	-	689,223	689,223
Britam General Insurance (Kenya) Limited	3,111,261	3,111,261	-	-	3,111,261	3,111,261
Britam Insurance Company Limited (Malawi)	459,458	459,458	-	-	459,458	459,458
Britam Insurance (Tanzania) Limited	253,409	253,409	-	-	253,409	253,409
Britam - Companhia De Seguros De Mozambique S.A.	313,535	313,535	-	-	313,535	313,535
Britam Properties (Kenya) Limited	-	-	-	-	-	-
Britam Asset Managers (Uganda) Limited	124,863	124,863	-	(6,452)	118,411	118,411
Total	6,023,460	6,023,460	-	(6,452)	6,017,008	6,017,008

Summarised financial information has been presented below for Britam Insurance (Tanzania) Limited, a subsidiary with significant non-controlling interest.

Summarised statement of profit or loss and other comprehensive income

	Britam Insurance (Tanzania) Limited as at 31 December	
	2022 Shs'000	2021 Shs'000
Revenue	1,367,389	1,040,727
Profit before income tax	304,835	86,808
Income tax expense	(98,399)	(30,405)
Currency translation (loss)/gain	(44,429)	38,396
Total comprehensive income	**162,007**	**94,799**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (ii) Investment in subsidiary companies (continued)

Summarised statement of financial position

	2022 Shs'000	2021 Shs'000
Current		
Assets	2,772,540	2,494,344
Liabilities	(2,220,329)	(2,184,344)
Total current net assets	552,211	310,000
Non-current		
Assets	77,188	98,654
Total non-current net assets	77,188	98,654
Net assets	629,399	408,654

Summarised statement of cash flows

	2022 Shs'000	2021 Shs'000
Cash generated from operations	24,207	129,776
Income tax paid	(13,339)	(11,946)
Net cash generated from operating activities	16,221	117,830
Net cash used in investing activities	107,264	113,622
Net cash used in financing activities	(21,221)	(19,005)
Net increase cash and cash equivalents	102,264	194,889

26. (iii) Non-controlling interest (NCI)

Year ended 31 December 2022	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Total Shs '000
Proportion of shares held by non-controlling interests	2%	45%	
Total non-controlling interest at start of year	4,936	137,448	142,384
Profit after tax attributable to non-controlling interests	2,153	92,897	95,050
Total non-controlling interests at year end	7,089	230,345	237,434

Year ended 31 December 2021	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Total Shs '000
Proportion of shares held by non-controlling interests	2%	45%	
Total non-controlling interest at the start of the year	4,415	112,067	116,482
Profit after tax attributable to non-controlling interests	521	25,381	25,902
Total non-controlling interests at year end	4,936	137,448	142,384

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. (i) Investment properties

	Group	
	2022	2021
	Shs'000	Shs'000
At start of year	16,597,058	16,443,490
Transfer to property and equipment (Note 21)	-	(299,026)
Additions during the year	24,608	975,827
Disposals during the year	(40,863)	-
Derecognition of capital investment	(35,013)	(96,430)
Transfer to investment in associate (Note 24)	(1,051,335)	-
Fair value gain/(loss) (Note 5)	291,337	(426,803)
At end of year	15,785,792	16,597,058

The cash distribution relates to cash distributed to partners of Britam Tower LLP.

The Group's investment properties were revalued at 31 December 2022 by FAPCL, Lloyd Masika, Advent Valuers and Knight Frank, and 2021 by FAPCL, Lloyd Masika, Advent Valuers and Knight Frank, registered professional valuers. The fair value of the investment properties is determined using either the market approach or the income approach (discounted cash flows). The fair values arising from the valuation of investment property is categorised as level 2 or 3 depending on the valuation basis in the fair value hierarchy.

During the year, some components of the investment properties were transferred to its fully owned investment in

Kilimani Hotel Suites Limited (KHSL). The investment has been subsequently equity accounted as detailed in Note 24.

The derecognition of capital investment relates to input tax on construction of KHSL claimed from KRA in 2022.

An investment in property is classified as a non-current asset.

The table below sets out information about measuring investment properties valued using the discounted cash flows approach:

Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Estimates for unobservable inputs
Valued using the Discounted Cash Flow (DCF) method. Net income is determined by considering gross income less operating expenditure. The discount rate is determined with reference to the current market conditions.	Tenancy is based on projected occupancy of the property.	Increase in the discount and vacancy rate will decrease the fair value of the properties. Similar increases/decreases in tenancy will increase/decrease the market value of the property.	Discount rate; 12% Incremental Occupancy: 5% Rent Escalation – 7.5% Capitalization rate – 8.33%

Sensitivity analysis

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment property
			Shs '000
Discount rate	12%	0.5%	(228,362)
Exit value multiple	8x	1x	(387,377)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. (ii) Investment in property funds

	Company	
	2022	2021
	Shs'000	Shs'000
At start of year	2,088,895	2,228,791
Additions	(1,626)	-
Disposals	(10,030)	-
Fair value gain/(loss) (Note 5)	17,777	(139,896)
At end of year	2,095,016	2,088,895

The Company's investment in property funds were revalued at 31 December 2022 by FAPCL and in 2021 by FAPCL Limited who are registered professional valuers. The fair value of the investment property funds is determined using the market approach. The fair values arising from the valuation of investment in property funds is categorised as level 2 or 3 in the fair value hierarchy.

Investment in property funds are classified as a non-current asset.

28. Financial assets at fair value through other comprehensive income

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	6,716,098	4,940,442	4,278,933	3,251,752
Disposal	(6,744,220)	(286,918)	(4,299,039)	(286,918)
Fair value gains (Note 25)	28,122	2,062,574	20,106	1,314,099
At end of year	-	6,716,098	-	4,278,933

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

29. Financial assets at fair value through profit or loss

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Quoted ordinary shares (Note 29 (i))	3,122,089	10,547,549	-	4,084,099
Unquoted ordinary shares (Note 29 (ii))	50,175	46,617	-	-
Unit trusts (Note 29 (iii))	7,323,519	5,054,402	-	39,953
Government securities (Note 29 (iv))	74,775,531	74,050,579	102,383	-
Total	85,271,314	89,699,147	102,383	4,124,052

(i) Quoted ordinary shares

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	10,547,549	8,106,120	4,084,099	2,829,838
Additions	185,288	406,490	-	-
Disposals	(6,666,661)	(262,204)	(4,103,289)	-
Fair value (losses)/gains - unrealised (Note 8)	(975,266)	2,297,143	-	1,254,261
Fair value gains - realised (Note 7)	31,179	-	19,190	-
At end of year	3,122,089	10,547,549	-	4,084,099

Quoted ordinary shares at fair value through profit or loss are classified as current assets.

29. Financial assets at fair value through profit or loss (continued)

(ii) Unquoted ordinary shares

	Group	
	2022 Shs'000	2021 Shs'000
At start of year	46,617	10,297
Additions	1,259	35,806
Translation differences	2,299	514
At end of year	50,175	46,617

Unquoted ordinary shares at fair value through profit or loss are classified as current assets. Please see Note 53(f) for their fair value hierarchy.

(iii) Unit trusts

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
At start of year	5,054,402	3,759,252	39,953	51,456
Additions	1,775,531	1,189,110	-	3,565
Disposals	(39,953)	(200,094)	(39,953)	(17,011)
Fair value gains (Note 8)	533,539	306,134	-	1,943
At end of year	7,323,519	5,054,402	-	39,953

Unit-linked investment contracts are designated as contracts at fair value through profit or loss and classified as current assets. The benefits offered under these contracts are based on the return of a portfolio of equities and debt securities.

(iv) Government securities

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Treasury bills and bonds maturing				
- Within 1 year	573,774	2,549,105	-	-
- In 1 – 5 years	6,840,379	2,096,207	-	-
- After 5 years	67,361,378	69,405,267	102,383	-
Total	74,775,531	74,050,579	102,383	-
Treasury bills and bonds movement				
- At start of the year	74,050,579	64,901,370	-	1,000,804
- Additions	6,962,115	20,318,047	305,366	-
- Fair value loss (Note 8)	(3,367,011)	(968,171)	(257)	-
- Disposals and maturities	(2,870,152)	(10,200,667)	(202,726)	(1,000,804)
At end of year	74,775,531	74,050,579	102,383	-

30. Government securities and corporate bonds at amortised cost

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs '000	2021 Shs'000
Government securities	22,909,653	8,051,262	-	-
Corporate bonds	1,011,955	988,944	990,100	988,944
Total	23,921,608	9,040,206	990,100	988,944

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Government securities and corporate bonds at amortised cost (continued)

(i) Government securities

Treasury bills and bonds maturing				
- Within 1 year	4,901,220	2,089,166	-	-
- In 1 – 5 years	2,957,528	1,946,192	-	-
- After 5 years	15,063,515	4,017,694	-	-
Total	**22,922,263**	**8,053,052**	**-**	**-**
At start of year	8,053,052	10,504,161	-	-
Amortization	(154,096)	49,833		
Additions	16,112,256	719,174	-	-
Maturities	(1,088,949)	(3,220,116)	-	-
At end of year	**22,922,263**	**8,053,052**	**-**	**-**
Less: Provision expected credit losses	(12,610)	(1,790)	-	-
Net amount at end of year	**22,909,653**	**8,051,262**	**-**	**-**
Movement in provision for expected credit losses				
At 1 January	1,790	2,343	-	-
Decrease in the year	10,820	(553)	-	-
At 31 December	**12,610**	**1,790**	**-**	**-**

(ii) Corporate bonds

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	Shs'000	**Shs'000**	**Shs '000**	**Shs '000**
Corporate bonds movement				
- Within 1 year	700	-	-	-
- In 1-5 years	1,020,480	-	1,020,480	1,019,288
- After 5 years	21,855	1,019,988	-	
Total	**1,043,035**	**1,019,988**	**1,020,480**	**1,019,288**
At start of year	1,019,988	700	1,019,288	-
Amortisation	-	-		
Additions	134,937	1,019,288	113,082	1,019,288
Maturities	(111,890)	-	(111,890)	-
At end of year	**1,043,035**	**1,019,988**	**1,020,480**	**1,019,288**
Less: Provision for expected credit losses	(31,080)	(31,044)	(30,380)	(30,344)
Net amount at end of year	**1,011,955**	**988,944**	**990,100**	**988,944**
Movement in provision for expected credit losses:				
At 1 January	31,044	700	30,344	-
Increase	36	30,344	36	30,344
At 31 December	**31,080**	**31,044**	**30,380**	**30,344**

31. Mortgage loans and receivables

	Group 2022 Shs'000	Group 2021 Shs'000
Gross loans at start of year	1,193,340	1,197,350
Loans advanced	201,344	182,661
Interest charged	108,917	79,849
Loan repayments	(297,993)	(266,520)
Total loan amount at end of year	1,205,608	1,193,340
Less: Provision for expected credit losses	(55,238)	(57,493)
Net loan amount at end of year	1,150,370	1,135,847
Movement in provision for expected credit losses:		
At 1 January	57,493	41,347
Decrease	(2,255)	16,146
At 31 December	55,238	57,493
Lending commitments:		
Mortgage loans approved by investment committee but not disbursed as at 31 December	38,452	35,130
Mortgage loans maturity profile		
- Within 1 year	103,680	104,429
- In 1 – 5 years	86,348	78,990
- After 5 years	960,342	952,428
At end of year	1,150,370	1,135,847

Mortgages to staff are fully secured on the mortgage properties and are charged interest at 6% (2021: 6%). The difference between the staff rate and market rate is treated as a company cost and is expensed as incurred over the lifetime of the loan. Mortgage loans to Directors are disclosed in Note 52 (iii).

32. Loans and receivables to policyholders

	Group 2022 Shs'000	Group 2021 Shs'000
At start of year	2,296,455	1,875,314
Loans advanced during the year	2,219,680	2,217,208
Loan repayments	(2,103,128)	(2,086,109)
Accrued interest at year end	224,712	290,042
At end of year	2,637,719	2,296,455

The loans are secured against surrender value of the policy. Loans and receivable to policyholders are current assets.

33. Receivables and payables arising out of reinsurance and direct insurance arrangements - Group

(i) Receivables arising out of reinsurance arrangements

Gross	Group 2022 Shs'000	Group 2021 Shs'000
At start of year	1,393,831	1,208,540
Movement	(408,159)	185,291
At end of year	985,672	1,393,831

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. Receivables and payables arising out of reinsurance and direct insurance arrangements – Group (continued)

(i) Receivables arising out of reinsurance arrangements

	Group	
	2022	2021
	Shs '000	Shs '000
1 – 60 days	413,624	768,397
61– 90 days	39,302	40,922
91 - 180 days	160,528	103,463
Over 180 days	369,560	479,037
Impaired	2,658	2,012
Gross	**985,672**	**1,393,831**
Provision for expected credit losses	(277,522)	(357,226)
Net	**708,150**	**1,036,605**

Movements in the provision for expected credit losses		
At 1 January	357,226	436,200
Decrease	(79,704)	(78,974)
At 31 December	**277,522**	**357,226**

(ii) Payables arising out of reinsurance arrangements

At start of year	1,659,096	1,609,954
Movement	(32,194)	49,142
At end of year	**1,626,902**	**1,659,096**

(iii) Receivables arising out of direct insurance arrangements

Gross receivables	**2,755,144**	**2,375,774**
Provision for impairment	(765,216)	(528,801)
Net receivables	**1,989,928**	**1,846,973**
Movements in the provision for expected credit losses :		
At 1 January	528,801	659,901
Increase/(Decrease)	236,415	(131,100)
At 31 December	**765,216**	**528,801**

Ageing profile		
1 – 60 days	1,483,647	1,248,870
61 – 90 days	459,176	535,075
91 - 180 days	812,321	591,829
Total	2,755,144	2,375,774

34. Reinsurers' share of insurance liabilities

	2022 Shs'000	2021 Shs'000
Reinsurers' share of:		
- notified claims outstanding – long term	632,812	680,779
- notified claims outstanding – short term (Note 41)	4,613,615	3,859,971
- unearned premium (Note 45)	2,402,207	2,287,507
- claims incurred but not reported (Note 41)	684,016	723,133
At end of year	8,332,650	7,551,390

Amounts due from reinsures in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the statement of financial position. Reinsurers' share of insurance liabilities is classified as a non-current asset.

35. Deferred acquisition costs

	2022 Shs'000	2021 Shs'000
At start of year	664,686	707,750
Net movement in the year	82,649	(43,064)
At end of year	747,335	664,686

Deferred acquisition costs represent a proportion of acquisition costs that relates to policies that are in force at year-end. The basis of deferral is explained in Note 2(d) (ii). Deferred acquisition costs are classified as current assets.

36. Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021: 30%). Movements in temporary difference components such as existing taxable losses, provisions and property and equipment depreciation have had varying impacts on deferred tax asset and deferred tax liability. The make-up of the deferred tax liabilities balances, movement in the deferred income tax account and the composition of the unrecognised deferred income tax asset is as follows:

Group	31 December 2022 Shs'000	2022 Movement Shs'000	31 December 2021 Shs'000	2021 Movement Shs'000	31 December 2020 Shs'000
Property and equipment:					
- on historical cost basis	(54)	30,503	(30,557)	41,957	(72,514)
Provisions	915,957	(1,949,367)	2,865,324	658,112	2,207,212
Tax losses brought forward:	1,598,383	136,097	1,462,286	(63,914)	1,526,200
IFRS 16 impact	30,143	30,143	-	-	-
Less: Deferred tax asset not recognised:					
-Britam Properties (Kenya) Limited	(265,377)	162	(265,539)	(9,242)	(256,297)
-Britam Asset Managers (Kenya) Limited	(98,523)	(19,414)	(79,109)	(45,631)	(33,478)
-Britam Insurance Company Rwanda Limited	-	-	-	67,606	(67,606)
-Britam Holdings Plc	(1,722,368)	1,725,131	(3,447,499)	(680,516)	(2,766,983)
Life fund surplus	(3,964,105)	(697,514)	(3,266,591)	(928,963)	(2,337,628)
Net deferred income tax liability	(3,505,944)	(744,259)	(2,761,685)	(960,591)	(1,801,094)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. Deferred income tax (continued)

Reconciliation Income statement	2022 Shs'000	Movement Shs'000	2021 Shs'000	Movement Shs'000	2020 Shs'000
Charge (Note 25)	-	(708,688)	-	(740,724)	-
Other comprehensive income (Note 25)	-	(35,572)	-	(219,867)	-
Total	-	(744,260)	-	(960,591)	-
Statement of financial position					
Deferred income tax asset	467,556	(37,885)	505,441	(31,093)	536,534
Deferred income tax liability	(3,973,500)	(706,374)	(3,267,126)	(929,498)	(2,337,628)
Net deferred income tax liability	(3,505,944)	(744,259)	(2,761,685)	(960,591)	(1,801,094)

Company

The deferred tax asset for the Company has not been recognised as in the assessment of the Directors, the Company is unlikely to generate sufficient taxable profits that can be set off against the tax losses in the forseable future. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

	31 December 2022 Shs'000	31 December 2022 Movement Shs'000	31 December 2021 Shs'000	31 December 2021 Movement Shs'000	31 December 2021 Shs'000
Property and equipment:					
- on historical cost basis	19,997	7,764	12,233	8,767	3,466
Provisions	461,476	(1,898,908)	2,360,384	639,096	1,721,288
Tax losses brought forward	1,226,049	151,168	1,074,881	32,653	1,042,228
IFRS 9 provisions through equity	14,846	14,846	-	-	-
Deferred tax asset not recognised	(1,722,368)	1,725,130	(3,447,498)	(680,516)	(2,766,982)
Net deferred income tax liability	-	-	-	-	-

37. Other receivables

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Staff and agents loans	217,923	169,683	5,762	-
Car loans and premium financing loans	148,879	213,032	-	-
Accrued income	73,073	31,803	-	-
Dues from managed funds	230,633	293,314	-	-
Refundable deposits	68,125	32,475	-	-
VAT on rental income	618,516	513,606	-	-
Due from Motor Pool	24,940	25,511	-	-
Prepayments	120,376	69,552	-	2,449
Other receivables	951,497	1,098,826	538,526	466,447
Total	2,453,962	2,447,802	544,288	468,896
Less: Provision for expected credit losses	(288,920)	(247,760)	(115,493)	(113,421)
Net amount at end of year	2,165,042	2,200,042	428,795	355,475
Movement in provision for expected credit losses:				
At 1 January	247,760	221,879	113,421	67,187
Increase	41,160	25,881	2,072	46,234
At 31 December	288,920	247,760	115,493	113,421

There are no individually significant items under other receivables which include rental income receivable, employee share ownership funds held under trust and dividend receivable among others. All other receivables are classified as current. The carrying value of other receivables approximates their fair value.

38. (i) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Deposits with financial institutions	6,395,013	5,947,575	156,546	170,012
Investment in liquid funds	-	11,367	-	-
Cash and bank balances	1,734,568	1,677,335	15,058	22,616
Cash and cash equivalents	8,129,581	7,636,277	171,604	192,628
Less: Provision for expected credit losses	(137,727)	(136,792)	(144)	(9)
Net amount at end of year	7,991,854	7,499,485	171,460	192,619
Movement in provision for expected credit losses:				
At 1 January	136,792	134,040	9	4,466
Inrease/(decrease)	935	2,752	135	(4,457)
At 31 December	137,727	136,792	144	9

Investments in liquid funds are investments in the Money Market Fund product by Britam Asset Managers (Kenya) Limited. The money market funds, represents investments in deposits with financial institutions and is therefore liquid in nature, readily convertible to known amounts of cash at inception and are subject to an insignificant risk of changes in value. The Group entities on occasions invest in the fund, in the short term (maximum 3 months at a time) with the option to renew. The weighted average effective interest rate on short-term bank deposits as 31 December 2022 was 9.44% (2021: 7.33%).

38. (ii) Restricted cash

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Restricted cash	64,140	185,203	-	-

Cash and cash equivalents of Shs 64,140,000 (2021: Shs 185,203,000) represents restricted cash in Britam Insurance Company Limited (South Sudan) and Britam Insurance Company Limited (Uganda). Under Section 9(i) of the Bank of South Sudan Act, Britam South Sudan is required to maintain a security deposit with the Bank of South Sudan equivalent to at least 10% of the prescribed minimum paid up capital. Under section 38 of the Uganda Insurance Act 2017, Britam Insurance Company Limited (Uganda) is required to maintain 10% of the paid up capital.

39. Insurance contract liabilities

	Group	
	2022	2021
	Shs'000	Shs'000
Long term insurance contracts		
- claims reported and claims handling expenses	884,066	930,232
- actuarial value of long term liabilities (Note 42 (ii))	39,083,740	36,437,136
Total – long term	39,967,806	37,367,368
Short term insurance contracts		
- claims reported and claims handling expenses (Note 41)	9,456,553	8,331,737
- claims incurred but not reported (Note 41)	3,168,539	3,246,138
Total – short term (Notes 41)	12,625,092	11,577,875
Total gross insurance liabilities	52,592,898	48,945,243

Insurance contract liabilities are classified as non-current liabilities.

Liability adequacy tests were performed on the adequacy of the contract liabilities and the results are satisfactory.

40. Short-term insurance contracts liabilities

The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims.

The table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year ends.

Accident year	2018 Shs'000	2019 Shs'000	2020 Shs'000	2021 Shs'000	2022 Shs'000	Total Shs'000
Estimate of ultimate claims costs:						
at end of accident year	5,226,351	5,144,119	5,764,885	8,271,814	6,934,120	31,341,289
one year later	5,484,337	6,119,531	7,385,801	10,387,042	-	29,376,711
two years later	6,029,084	6,645,217	7,487,037	-	-	20,161,338
three years later	6,271,624	6,694,545	-	-	-	12,966,169
four years later	6,263,985	-	-	-	-	6,263,985
Current estimate of cumulative claims	6,263,985	6,694,545	7,487,037	10,387,042	6,934,120	37,766,729
Add: Incurred but not Reported	87,876	157,048	237,145	351,012	2,335,458	3,168,539
Add: Liability in respect of prior years	1,521,602	-	-	-	-	1,521,602
Less: Cumulative payments to date	(6,035,676)	(5,908,276)	(6,072,219)	(7,240,224)	(4,575,383)	(29,831,778)
Liability included in the statement of financial position	1,837,787	943,317	1,651,963	3,497,830	4,694,195	12,625,092

Accident year	2017 Shs'000	2018 Shs'000	2019 Shs'000	2020 Shs'000	2021 Shs'000	Total Shs'000
Estimate of ultimate claims costs:						
at end of accident year	3,256,274	5,210,356	5,120,495	5,801,649	8,629,513	28,018,287
one year later	4,780,500	5,479,595	6,112,971	7,464,488	-	23,837,554
two years later	4,821,138	6,039,564	6,643,557	-	-	17,504,259
three years later	4,827,762	6,283,165	-	-	-	11,110,927
four years later	5,128,231	-	-	-	-	5,128,231
Current estimate of cumulative claims	5,128,231	6,283,165		7,464,488	8,629,513	34,148,954
Add: Incurred but not Reported	579,567	158,565	6,643,557	344,964	1,969,196	3,246,138
Add: Liability in respect of prior years	1,090,745	-	193,846	-	-	1,090,745
Less: Cumulative payments to date	(4,552,068)	(5,584,389)	5,633,130	(5,595,157)	(5,543,218)	(26,907,962)
Liability included in the statement of financial position	2,246,475	857,341	1,204,273	2,214,295	5,055,491	11,577,875

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. Movements in insurance liabilities and reinsurance assets - Group

	2022			2021		
Short term insurance business	**Gross**	**Rein-surance**	**Net**	**Gross**	**Rein-surance**	**Net**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Notified claims	8,331,737	(3,859,971)	4,471,766	5,359,538	(2,146,749)	3,212,789
Incurred but not reported	3,246,138	(723,133)	2,523,005	3,332,949	(666,684)	2,666,265
Total at beginning of year	11,577,875	(4,583,104)	6,994,771	8,692,487	(2,813,433)	5,879,054
Cash paid for claims settled in year	(8,877,731)	1,900,323	(6,977,408)	(8,733,433)	1,849,371	(6,884,062)
Increase in liabilities:						
- arising from current year claims	8,926,483	(1,764,770)	7,161,713	10,394,683	(2,494,879)	7,899,804
- arising from prior year claims	998,465	(850,080)	148,385	1,224,138	(1,124,163)	99,975
Total at end of year	12,625,092	(5,297,631)	7,327,461	11,577,875	(4,583,104)	6,994,771
Notified claims	9,456,553	(4,613,615)	4,842,938	8,331,737	(3,859,971)	4,471,766
Incurred but not reported	3,168,539	(684,016)	2,484,523	3,246,138	(723,133)	2,523,005
Total at the end of year	12,625,092	(5,297,631)	7,327,461	11,577,875	(4,583,104)	6,994,771

42. (i) Long term insurance contract liabilities – Group

The Company valued its long-term insurance business liabilities using the Gross Premium Valuation (GPV) methodology in compliance with the requirements of the Insurance Act as amended by the Finance Act 2016 and as required by the Insurance Regulatory Authority (IRA). The GPV methodology is widely used and is deemed a best practice as it results in more accurate, market consistent reserves.

The actuarial value of long-term liabilities has increased by Shs 2,420,498,000 (2021: Shs 3,315,561,000) while that of outstanding claims and claims handling expenses has decreased by Shs 46,166,000 (2021: Shs 229,427,000 increase).

Movements in insurance liabilities and reinsurance assets are shown in Note 34 and Note 27. Insurance contract liabilities are classified as non-current liabilities.

Long term insurance contract liabilities

The company determines its liabilities under long term insurance contracts based on the prescribed valuation basis (GPV Regime) in the Insurance Act. This basis contains prudent margins for adverse experience in mortality, expenses, withdrawals and investment return.

The liabilities are calculated in-house by the Actuarial department and reviewed for adequacy by the Appointed Actuary (QED Actuaries & Consultants (Pty) Ltd).

Valuation assumptions

The valuation was carried out at 31 December 2022. The valuation currency is Kenyan Shillings. The key assumptions in the valuation of long-term liabilities are summarised below:

a) Mortality

The prescribed mortality assumptions are: Conventional Life - 90% of the AKI KE 01/03 for policyholders aged 50 and above and 80% of the AKI KE 01/03 for policyholders aged below 50 years. Annuities business – 90% of AKI KE 01/03. (90% of AKI KE 01/03 for both in 2021).

b) Interest rate

The Insurance Regulations (IRA issued) prescribes a 10% risk margin to the risk-free yield curve as the investment return assumption and for discounting the cash flows (benefits & expenses less premiums and investment income).

42. (i) Long term insurance contract liabilities – Group (continued)

Valuation assumptions (continued)

c) Persistency, expenses, expense inflation and tax

The prescribed GPV basis explicitly allows for the Best Estimate Persistency, Expenses, Expense Inflation and Prescribed Tax assumptions to be used. There are additional prescribed risk margins loaded onto the Best Estimate Assumptions as per regulations.

The sensitivity of the GPV results to certain key assumptions has been tested by calculating the effect of assumptions not being met. The results of the sensitivity analysis (in Shs'000) are summarized below:

	2022 Shs'000	2022 % Change	2021 Shs'000	2021 % Change
Main basis	102,587,680	0.0%	93,545,840	0.0%
Expenses plus 10%	103,013,148	0.4%	93,938,249	0.4%
Mortality and other claim experience plus 20%	102,730,802	0.1%	93,612,531	0.1%
Interest rate less 2%	107,738,696	5.0%	98,190,037	5.0%
Withdrawals plus 20%	102,137,224	-0.4%	93,034,913	-0.5%

The valuation results are sensitive to the underlying assumptions. If these assumptions are not realised in practice, the surplus in the life fund will differ from expected.

Over the two periods, sensitivities for the different assumptions are largely similar. Variability of future interest rates will have the largest impact on the valuation results. These variabilities will particularly impact Individual Life and Annuities. These classes of business have long term cash-flows with durations of 13 to 15 years that are subject to discounting for the purpose of valuations.

It should be noted that the sensitivity calculations have been done independently. This means that interactions between various factors have not been considered. For instance, in the event of withdrawals increasing, it is likely that per policy expenses will also increase. Thus, when considering various scenarios, one needs to use an interplay of the above figures. This has not been allowed for in the above analysis.

A liability adequacy test has been performed at 31 December 2022.

Adequacy of IBNR reserves/AvE: A review was performed on the claims that emerged during the year ended 31 December 2022, to determine the sufficiency of the claim reserves (i.e. OCR plus IBNR) set aside on 31 December 2021.

The table below compares the claims that were expected to emerge in financial year 2022, based on the December 2021 reserves, and the actual claims that emerged in financial year 2022.

Amounts in Shs'000	Total IBNR	Expected	Actual	(Shortfall)/ Surplus on Total IBNR	(Shortfall)/ Surplus on Expected IBNR
Credit Life Business	319,171	308,527	158,432	160,739	150,095
Group Life Business	70,416	70,282	61,631	8,785	8,651

Group Life business had a surplus on Expected IBNR after excluding a large claim of Shs 5 million, which is not within the limits of the expected claims experience. This indicates that the IBNR assumptions contain sufficient margins of prudence. It also indicates that the IBNR reserve is adequate to cover fluctuations in claims experience. The projection assumptions as at December 2021 were revised based on 2022 claims experience.

Credit Life had a 49% surplus on the expected IBNR. The projection assumptions as at December 2021 were revised based on 2022 claims experience.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. (i) Long term insurance contract liabilities – Group (continued)

GPV valuation margins and capital charges

The table below provides details of the GPV valuation margins and capital charges:

Assumption	Valuation Margins on Best Estimate Liabilities	Capital Charges on Best Estimate Liabilities
Mortality	10% increase in mortality for life assurances	6% increase of base mortality rates
Longevity	10% decrease in mortality for life assurances and annuities	7% decrease of base mortality rates
Morbidity/Disability	10% increase in inception rates 5% decrease in recovery rates	40% increase in base inception rates in the first year 15% increase in base inception rates in subsequent years 10% decrease in morbidity/disability recovery rates
Lapses	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	15% increase in lapse rates for new business 5% increase in lapse rates for in force business
Interest rate	10% decrease	18% decrease
Surrenders	10% (increase or decrease in surrender rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	N/A
Expenses & Expense inflation	10% increase on base expenses 10% increase of the base escalation rate	5% increase in best estimate assumption for expenses 1% increase in best estimate assumption for inflation
Catastrophe	N/A	An absolute increase in the rate of policyholders dying over the following year of 1.5 per mile.
Group/Umbrella Pension Savings Plans	N/A	1.0% increase in fund value
Deposit Administration	N/A	1.0% increase in fund value
Group Life	N/A	10% increase on premium reserves 8% increase on claims reserves
Group Credit	N/A	12% increase on premium reserves 10% increase on claims reserves

42. (ii) Actuarial value of long term liabilities - Group

	2022			2021		
	Ordinary Life	Group life	Total	Ordinary life	Group life	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year as stated	31,560,980	4,876,156	36,437,136	29,773,603	3,347,972	33,121,575
Policyholder bonuses and interest	(3,523,958)	(1,006,649)	(4,530,607)	(2,920,454)	(1,284,639)	(4,205,093)
Surrenders and annuity payments	(2,776,995)	-	(2,776,995)	(2,688,236)	-	(2,688,236)
Change in the period (net)	6,814,899	(1,076,282)	5,738,617	5,490,456	1,157,918	6,648,374
New business	3,824,640	390,949	4,215,589	1,905,611	1,654,905	3,560,516
At end of year	35,899,566	3,184,174	39,083,740	31,560,980	4,876,156	36,437,136

The change in the period relates to changes in assumptions, both economic and non-economic assumptions.

43. Payables under deposit administration contracts

Deposit administration contracts are recorded at amortised cost. Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to the end of the reporting period. Interest was declared and credited to the customer accounts at a weighted average rate of 8.5% for the Deposit Administration (DA) fund and 9% for the Income Draw Down (IDD) fund. In 2021, the declared interest rate was 10% for both the DA and for the IDD fund.

	Group	
	2022	2021
	Shs'000	Shs'000
At start of year	52,832,047	48,736,148
Pension fund deposits received	12,343,915	10,344,921
Surrender and annuities paid	(11,672,036)	(11,027,147)
Interest payable to policyholders (Note 12)	4,399,339	4,778,125
At end of year	57,903,265	52,832,047

Payables under deposit administration contracts are classified as non-current liabilities.

44. Liabilities under investment contracts

The benefits offered under these contracts are based on the return of a portfolio of equities and debt securities. The maturity value of the financial liabilities is determined by the fair value of the linked assets. There will be no difference between the carrying amount and the maturity amount at maturity date.

	Group	
	2022	2021
	Shs'000	Shs'000
At start of the year	4,276,660	3,285,010
Investment contracts premium received in the year	1,912,862	1,354,031
Liabilities released for payments:	(1,112,194)	(815,254)
Fair value gain on investments (Note 12)	523,347	452,873
At end of year	5,600,675	4,276,660

Liabilities under investment contracts are classified as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. Unearned premiums - Group

Unearned premium represents the liability for short term business contracts where the Group's obligations are not expired at the year end. Movement in the reserve is shown below:

	2022			2021		
	Insurer's share	Reinsurers' share	Gross	Insurer's share	Reinsurers' share	Gross
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At beginning of year	4,675,456	2,287,507	6,962,963	4,890,570	1,971,794	6,862,364
Increase in the year (net)	656,283	114,700	770,983	(215,114)	315,713	100,599
At end of year	5,331,739	2,402,207	7,733,946	4,675,456	2,287,507	6,962,963

Unearned premiums are classified as current liabilities.

46. Provisions and other payables

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Accrued expenses	1,650,803	1,493,443	448,252	218,967
Premiums paid in advance	239,898	209,977	-	-
Accrued dividends payable	3,824	20,711	3,824	20,711
Trade payables	399,919	415,672	-	-
Government taxes & statutory deductions	446,630	359,627	20,875	32,333
Other liabilities	1,102,126	1,991,520	3,012	-
Provision for investment losses	978,148	7,206,685	906,685	7,206,685
Total provisions and other payables	4,821,348	11,697,635	1,382,648	7,478,696

There are no individually significant items under other liabilities category which include commission payable, accounts payable, refundable deposits among others.

The provision for investment losses is in respet of estimated present obligation of the financial support to resolve an asset-liability mismatch in the Britam Wealth Management LLP, occasioned from the Fund's operations. In the current year the Holding Company made no additional provision, compared to Shs 2 billion in 2021, on the investment loss of Shs 7.2 billion. Britam Wealth Management LLP is a Fund managed by Britam Asset Managers (Kenya) Limited which is a fully owned subsidiary of Britam Holdings Plc. The Holdings Company is committed to support the Fund to fulfil its obligations as they fall due through management oversight of it's operations and the agreed recovery plan. During the year, Britam Holdings Plc paid up Shs 6.3 billion of the provision to the LLP.

The asset-liability provision mismatch was computed as the present value of the future cash outflows expected using a discount rate of 18% (2021: 18%) determined as the Company's cost of capital. A fund growth rate of 10% (2021: 10%) was used. In the view of the directors, the assumptions used are appropriate and the resultant provision is reasonable.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the provision to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the provision after positive shift Shs'000	Change in the provision after negative shift Shs'000
Fund growth rate	10%	2%	(431)	427
Discount rate	18%	2%	(10,433)	10,734

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Cash generated from/ (used in) operations

Reconciliation of profit before tax to cash generated from/ (used in) operations:

	Group		Company	
	2022	2021	2022	2021
	Shs'000	Shs'000	Shs'000	Shs'000
Profit before income tax	2,952,054	1,011,461	(694,855)	(1,962,697)
Adjustments for:				
Depreciation of leasehold improvements and equipment (Note 21)	182,039	185,331	35,867	36,879
Depreciation of right of use asset (Note 23(i)	166,535	173,958	33,211	48,290
Amortisation of intangible assets (Note 22)	481,723	427,898	26,467	26,389
Net income/(loss) from investment properties (Note 5)	(643,237)	206,410	(17,777)	139,896
Derecognition of capital investment (Note 27(i))	35,013	96,430		-
Interest and dividend income (Note 6)	(13,007,944)	(10,872,447)	(346,777)	(206,379)
Net fair value (loss)/gain on financial assets at fair value through profit or loss (Note 8)	3,908,001	(1,807,167)	257	(1,318,424)
Lease remeasurement	9,547	-	-	-
Foreign exchange gains and losses, net	(27,307)	11,726	4,351	(1,160)
Gain on net monetary position	(307,658)	(321,494)	-	-
Share of loss of the associate	2,760	286,085	(38,254)	115,158
Finance costs (Note 14)	272,917	413,989	218,617	367,162
Gain on disposal of fixed assets	(13,563)	(14,368)	(11,500)	-
Proceeds from disposal of investment in property funds	40,863	-	-	-
Provision for expected credit losses on cash & cash equivalents (Note 38(i))	(935)	(2,752)	(135)	4,457
Purchase of investment property (Note 27 (i))	(24,608)	(975,827)	-	-
Purchase of quoted shares at fair value through profit or loss (Note 29 (i))	(185,288)	(406,490)	-	-
Proceeds of disposal of quoted ordinary shares at fair value through profit or loss	6,697,839	299,007	-	-
Purchase of unquoted shares (Note 29 (ii))	(1,259)	(35,806)	-	-
Purchase of unit trusts (Note 29 (iii))	(1,775,531)	(1,189,110)	-	-
Proceeds of disposal of quoted shares at fair value through other comprehensive income	6,772,341	381,118	-	-
Proceeds from disposal of unit trusts	39,953	197,248	-	-
Purchase of government securities at fair value through profit or loss (Note 29 (iv))	(6,962,115)	(20,318,047)	-	-
Proceeds from disposal of government securities at fair			-	-
value through profit or loss	2,836,504	10,159,214	-	-
Purchase government securities held at amortised cost (Note 30 (i))	(16,112,256)	(719,174)	-	-
Maturities of government securities at amortised cost (Note 30 (i))	1,088,949	3,220,116	-	-
Purchase of corporate bonds at amortised cost (Note 30 (ii))	(134,937)	(1,019,288)	-	-
Maturities of corporate securities at amortised cost (Note 30 (ii))	111,890	-	-	-
Mortgage loans advanced (Note 31)	(201,344)	(182,661)	-	-
Mortgage loans repayments (Note 31)	297,993	266,520	-	-
Policy loans advanced (Note 32)	(2,219,680)	(2,217,208)	-	-
Policy loans repayments (Note 32)	2,103,128	2,086,109	-	-
Dividends received from equity investments at fair			-	-
value through profit or loss (Note 6)	239,949	139,462	-	-
Rent and interest received	13,090,369	10,867,728	-	-

47. Cash generated from/ (used in) operations (continued)

Reconciliation of profit before tax to cash generated from/ (used in) operations (continued)

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Changes in:				
Receivables arising out of direct insurance arrangements	(142,955)	77,760	-	-
Receivables from related party	-	-	80,748	221,864
Re-insurers' share of insurance liabilities	(781,260)	(2,610,538)	-	-
Receivables arising out of reinsurance arrangements	328,455	(264,265)	-	-
Unearned premiums	770,983	100,598	-	-
Retirement benefit asset	(63,092)	(26,180)	-	-
Provisions and other payables	(6,876,287)	2,698,885	(6,096,046)	2,050,040
Deferred acquisition costs	(82,649)	43,064		
Other receivables	34,999	(265,742)	(73,320)	(173,286)
Payable to related party	-	-	110,932	20,239
Insurance contract liabilities	3,647,655	6,460,596	-	-
Liabilities under investment contracts	1,324,015	991,648	-	-
Payable under deposit administration contracts	5,071,218	4,095,899	-	-
Payables arising out of reinsurance arrangements	(32,194)	49,142	-	-
Restricted cash	121,063	(92,129)	-	-
Cash generated from/(used in) operations	3,032,656	1,606,709	(6,768,214)	(631,572)

48. Retirement benefit asset - Group

The Company originally established a contributory final salary defined benefit plan covering substantially all its employees. The plan was funded under a single trust, and the principal asset held by the Trustees was a deposit administration policy issued by the Company. Members currently contribute 7.5% of pensionable earnings. Effective January 1, 2006, the Company established a defined contribution section as a supplementary scheme to the existing plan. Existing members were given the irrevocable option of either (a) remaining in the defined benefit section and continuing to accrue benefits, or (b) participating in the defined contribution section with effect from January 1, 2006, and relinquishing prior defined benefit entitlement in return for a "conversion value" transferred from the defined benefit section into the defined contribution section.

In October 2010, the two sections were separated into two independent plans, each with its own Trust Deed and Rules, and each holding a separate deposit administration policy issued by the Company. The actuarial results presented relate only to the defined benefit plan.

The defined benefit plan provides a retirement benefit on attaining age 60 based on 2% of final average pensionable earnings for each year of service while a member of the plan. Similarly calculated benefits are provided on withdrawal, death in service and disability. Company contributions to the plan are normally determined as those required to provide all promised benefits over the long term. In compliance with the Retirements Benefits (Minimum Funding Level and Winding up of Schemes) Regulations, 2000 (Rev. 2010), the Company operated a Remedial Plan designed to restore a 100% funding ratio by the end of 2016. This was achieved, and the funding level is reviewed annually. Plan liabilities and costs are established by independent actuaries using the Projected Unit Credit Method. The plan is fully valued at least every two years.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period to which they apply. The significant risks to which the Company is exposed through the operation of its defined benefit plan are asset mismatching risk, funding risk and pensioner longevity risk.

48. Retirement benefit asset – Group (continued)

Asset Mismatching Risk

Asset mismatching occurs because investment earnings on the plan's principal asset derive from the declared rate on the deposit administration policy; this rate is declared annually by the Company based on the investment performance

for the year of the pooled funds supporting its deposit administration portfolio. The liabilities are long-term in nature, comprising the expected future outflow of benefits, and the discount rate used to value them is based on the yield on low-risk or risk-free bonds for a term commensurate with their duration (12 to 13 years). Consequently, as long-term yields rise and fall, the present value of the liabilities will fall and rise, but the change in value of the assets will only reflect the one-year declared rate.

Funding Risk

Funding risk occurs because although the Remedial Plan restored a 100% funding ratio by the end of 2016, it was based on assumptions such as future investment yields, salary growth and members' options which may not be borne out in reality. To the extent that such assumptions emerge detrimentally to the remedial plan, the Company's contribution requirements will increase, possibly dramatically as the time horizon shortens.

Longevity Risk

Pensioner longevity risk reflects the fact that the liability for pensions in payment is based on assumptions as to the future mortality of present and future pensioners and their contingent beneficiaries. A longer emerging life expectancy than that implied by the mortality tables currently in use will create a plan deficit over time. The plan's pensioner population is too small to develop plan-specific mortality assumptions. The Company provides annual paid leave, the cost of which is expensed as incurred. The lack of a provision for future costs in accordance with IAS 19 is not considered to have a material impact.

The amounts recognised in the statement of financial position are determined as follows: -

	2022 Shs'000	2021 Shs'000
Present value of funded obligations	(420,561)	(500,167)
Fair value of plan assets	686,115	710,590
Asset ceiling adjustment (10% of Present Value of funded obligations)	(42,056)	(50,017)
Asset in the statement of financial position	223,498	160,406

The movement in the defined benefit obligation over the year was as follows:

	2022 Shs'000	2021 Shs'000
At 1 January	500,167	578,501
Current service cost	-	-
Interest cost	64,119	62,699
Impact of change in financial assumptions	(36,176)	967
Experience adjustments	(31,452)	11,813
Benefits paid	(76,097)	(153,813)
At 31 December	420,561	500,167

The movement in the fair value of the plan assets is as follows:

	2022 Shs'000	2021 Shs'000
At 1 January	710,590	770,577
Interest income	93,177	88,083
Re-measurements:		
Return on plan assets	(39,567)	(16,249)
Employer contributions	-	24,147
Employee contributions	-	218
Expenses paid	(1,988)	(2,373)
Benefits paid	(76,097)	(153,813)
At 31 December	686,115	710,590

48. Retirement benefit asset - Group (continued)

The amounts recognised in the statement of profit or loss for the year are as follows:

	2022 Shs'000	2021 Shs'000
Current service cost	-	-
Interest income	(29,058)	(25,384)
Contributions received from members	-	(218)
Expenses paid	1,988	2,373
Total included in employee benefit expense (Note 13 (ii))	(27,070)	(23,229)

The amounts recognised in other comprehensive income for the year are as follows:

	2022 Shs'000	2021 Shs'000
Gain/(loss) on pension benefit obligations	67,628	(12,780)
Loss on pension benefit assets	(39,567)	(16,249)
Asset ceiling adjustment (10% of present value of funded obligations)	7,962	7,832
Amounts recognised through other comprehensive income	36,023	(21,197)

The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	13.88%	12.50%
Future salary increases	N/A	N/A
Future pension increases	0.00%	0.00%

The sensitivity of the present value of funded obligations to changes in the principal assumptions are:

	Effect of:	
	Increase	Decrease
Discount rate-100 basis points (+or-1.00% per annum)	(4.58)%	(5.31%)
Future salary increases-100 basis points (+or-1.00% per annum)	N/A	N/A
Future pension increases+50 basis points (+or-0.50% per annum)	2.80%	2.92%

49. Weighted average effective interest rates

The following table summarises the weighted average effective interest rates at the year-end on the principal interest-bearing investments:

	GROUP	
	2022	2021
Mortgage loans	8.68%	6.94%
Policy loans	14.5%	14.5%
Government securities	12.69%	12.62%
Deposits with financial institutions	9.44%	7.33%

Deposits with financial institutions have an average maturity of 3 months (2021: 3 months).

50. Commitments and Contingencies

(i) Capital commitments

The Group's capital commitments were as follows:

	Group	
	2022 Shs'000	2021 Shs'000
Investment properties	109,949	975,927
Investment in information technology software	230,056	156,552

NOTES TO THE FINANCIAL STATEMENTS (Continued)

50. Commitments and Contingencies (continued)

(iii) Contingent liabilities

(i) Litigation

In common with the insurance industry in general, the Group's insurance subsidiaries are subject to litigation arising in the normal course of insurance business. The Directors are of the opinion that the outcome of the various ongoing legal cases will not have a material effect on the financial position or profits of the Group.

(ii) Taxes

The Group entities have outstanding matters with tax authorities as a result of an assessment carried out in 2021 and 2022 in the following countries; Tanzania, Malawi and Uganda. The Directors have assessed the status of the contingent liabilities and as a result do not anticipate any material changes from the amounts already provided for in these financial statements.

(iii) Claims

In common with the insurance industry in general, the Group's insurance subsidiaries are subject to claims arising in the normal course of insurance business. As disclosed in Note 2 (d) (ii), the Group, through the help of its actuaries, estimates reserves for the possible impact of unreported claims and claims handling expenses. This reduces the risk of any significant outflows relating to these that would have had a significant on these financial statements.

4. Related party transactions and balances

The Group is controlled by Britam Holdings Plc incorporated in Kenya being the ultimate parent. There are other companies that are related to Britam Holdings Plc through common shareholdings or common Directorships.

The following arrangements exist and form the basis of various transactions within the Group.

(i) Transactions with subsidiaries

The Group has a controlling interest in various entities as disclosed under Note 26(ii). Information on the contact details and places of operation has been included under "Corporate information". The nature of services provided by these entities are summarised below: -

Subsidiary	Date of incorporation	Date operations commenced	Licensed Business	Principal Regulator
Britam Life Assurance Company (Kenya) Limited	1979	1979	Life assurance business	Insurance Regulatory Authority, Kenya
Britam General Insurance Company (Kenya) Limited	2015	2016	Non-life insurance business	Insurance Regulatory Authority, Kenya
Britam Insurance Company (Uganda) Limited	2010	2010	Life and Non-life insurance business	Uganda Insurance Commission
Britam Insurance Company Limited (South Sudan)	2012	2012	Life and Non-life insurance business	Bank of South Sudan
Britam Insurance Company (Rwanda) Limited	2014	2014	Non-life insurance business	National Bank of Rwanda
Britam - Companhia De Seguros De Mozambique S.A	2010	2010	Non-life insurance business	Institute of Insurance Supervision of Mozambique
Britam Insurance Company (Tanzania) Limited	1998	1998	Non-life insurance business	Tanzania Insurance Regulatory Authority
Britam Insurance Company Limited (Malawi)	2007	1959	Non-life insurance business	Reserve Bank of Malawi
Britam Asset Managers (Kenya) Limited	2004	2004	Investment advisory and fund management services	Capital Markets Authority & Retirement Benefits Authority, Kenya
Britam Properties (Kenya) Limited	2012	2014	Not applicable	Not applicable
Britam Asset Managers (Uganda) Limited	2012	2017	Fund management services	Capital Markets Authority, Uganda

51. Related party transactions and balances (continued)

(a) Transactions in the normal course of business

There are transactions in the normal course of business between the Company and its subsidiaries or among the subsidiaries. Outstanding balances as at the end of each month attract interest at a rate of 11% (2021: 11%) per annum.

Transactions with subsidiaries outside Kenya are governed by the Group's transfer pricing policy with respect to applicable rate and commencement of sharing costs and where applicable are invoiced at a 5% mark – up.

(i) Outstanding balances with subsidiaries

Due to related parties – Company

	2022 Shs'000	2021 Shs'000
Britam Life Assurance Company (Kenya) Limited	135,307	76,969
Britam General Insurance Company (Kenya) Limited	5,159	-
Britam Insurance Company (South Sudan) Limited	-	12,082
Britam Asset Managers Company (Kenya) Limited	59,517	-
Total	**199,983**	**89,051**

Due from related parties – Company

Britam Asset Managers Company (Kenya) Limited	-	5,725
Britam Asset Managers Company (Uganda) Limited	633	1,467
Britam General Insurance Company (Kenya) Limited	-	4,119
Britam Insurance Company (Uganda) Limited	748	3,754
Britam Insurance Company (South Sudan) Limited	5,797	-
Britam Insurance Company (Rwanda) Limited	14,169	13,090
Britam PropertiesCompany (Kenya) Limited	338,732	328,192
Britam Companhia De Seguros De Mozambique S.A.	132,172	113,648
Britam Insurance Company (Malawi) Limited	36,507	13,448
Britam Insurance Company (Tanzania) Limited	43,216	169,749
Total	571,974	653,192
Less: Provision for expected credit losses	(366,630)	(367,102)
Total	205,344	286,090
Movement in provision expected credit losses		
At 1 January	367,102	282,244
Increase	(472)	84,858
At 31 December	366,630	367,102

The related party receivables and payables are carried at amortised cost.

Company

Dividends received from subsidiaries	50,350	15,511

51. Related party transactions and balances (continued)

(ii) Transactions with related banks

(a) Investment information

The Group disposed shareholding in Equity Group Holdings Plc (EGH) during the year. Fair value gain relating to the disposal of the EGH shares held through profit or loss totalled to Shs 31,179,000 while the gain of those held through other comprehensive income totalled Shs 28,122,000.

The Group also holds 48.22% (2021: 48.22%) of the ordinary shares of HF Group Plc and 100% ownership interest in Kilimani Hotel Suites Limited (KHSL) which is accounted for as an associate as disclosed in Note 24. Details relating to the Group's share of profits and share of other comprehensive income have been disclosed in that note.

(b) Business relationships

Various group entities transact business with HF Bank (a wholly owned subsidiary of HF Group Plc) and Equity Bank Limited (a wholly owned subsidiary of Equity Group Holdings Plc).

	2022 Shs'000	2021 Shs'000
Gross earned premiums		
Equity Bank Limited	625,033	3,062,645
HF Bank	117,132	240,871
Net claims incurred		
Equity Bank Limited	1,148,421	1,167,745
HF Bank	58,397	57,028

(c) Outstanding balances

The table below discloses the net balances due from Equity Bank and HF Bank resulting from the business transacted and Tier II Capital loan advanced:

	2022 Shs'000	2021 Shs'000
Equity Bank Limited	(40,482)	403,372
HF Bank	9,964	5,613
HF Bank (Tier II Capital Loan)	1,020,480	1,019,288
Total	989,962	1,428,273

(d) Banking relationships

The group carries out normal banking transactions with Equity Bank Limited (a wholly owned subsidiary of Equity Group Holdings Plc) and HF Bank (a wholly owned subsidiary of HF Group Plc) which are related parties. The balances held at 31 December were as below:

	2022 Shs'000	2021 Shs'000
Equity Bank Limited	361,858	1,053,870
HF Bank	349,614	344,356
Total	711,472	1,398,226

51. Related party transactions and balances (continued)

(iii) Mortgage loans to Directors of the Group

	2022 Shs'000	2021 Shs'000
Loans to Directors		
At start of year	94,374	114,228
Loans advanced during the year	-	43,283
Interest charge for the year	7,719	11,615
Loan repayments	(17,338)	(74,752)
At end of year	84,755	94,374

Mortgage loans are given to both executive and non- executive directors. The loans are fully secured and attract interest at 6% per annum (2021: 6% per annum) for executive directors and at 14.5% per annum (2021: 14.5% per annum) for non-executive Directors.

(iv) Directors' emoluments

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Directors' fees	101,065	112,226	36,279	39,694
Salaries and other benefits	13,625	135,205	13,625	135,205
Total	114,690	247,431	49,904	174,899

The above relates to payments made to both executive and non-executive directors.

(v) Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the entity. The compensation paid or payable to key management for employment services is shown below:

	Group	
	2022 Shs'000	2021 Shs'000
Salaries and other short-term employment benefits	300,939	370,250
Retirement benefits costs		
- defined contribution scheme	17,570	17,152
- Other benefits	40,969	6,589
Total	359,478	393,991

(vi) Transactions with other related parties

The Group has also invested Shs 7,323,519,000 (2021: Shs 5,054,402,000) in the various British-American unit trust funds.

(vii) Loans from shareholders

There were no loans from shareholders outstanding at 31 December 2022 (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including underwriting risk, liquidity risk, credit risk and the effects of changes in debt and equity market prices, foreign exchange risk and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Group's risk management policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Further, the internal audit function helps to monitor that these policies are followed.

(a) Insurance risk - Group

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The following tables disclose the concentration of insurance risk by the class of business in which the contract holder operates analysed by the maximum insured loss limit included in the terms of the policy (gross and net of reinsurance).

52. Risk management objectives and policies (continued)

(a) Insurance risk – Group (continued)

Year ended 31 December 2022

			Maximum insured loss			
Class of business		**Shs Millions**	**0 – 15**	**15 - 250**	**Over 250**	**Total**
			Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
General Insurance business – Sum assured	Motor	Gross	55,253,398	29,384,703	126,141,177	210,779,278
		Net	55,002,742	28,554,529	123,587,541	207,144,812
	Fire	Gross	21,409,136	151,542,858	1,710,838,886	1,883,790,880
		Net	20,332,360	143,176,031	251,345,808	414,854,199
	Personal accident	Gross	16,095,121	42,123,501	296,427,705	354,646,327
		Net	12,463,312	34,112,288	175,168,923	221,744,523
	Other	Gross	26,758,255	124,578,319	1,275,952,790	1,427,289,364
		Net	25,844,671	94,637,162	131,108,862	251,590,695
Long term business	Ordinary life	Gross	231,388,009	5,201,191	-	236,589,200
		Net	230,971,926	1,860,000	-	232,831,926
	Group life	Gross	296,913,329	39,408,556	215,732,929	552,054,814
		Net	294,388,280	15,664,086	85,464,645	395,517,011
Total		Gross	647,817,248	392,239,128	3,625,093,487	4,665,149,863
		Net	639,003,291	318,004,096	766,675,779	1,723,683,166

Year ended 31 December 2021

			Maximum insured loss			
Class of business		**Shs Millions**	**0 – 15**	**15 - 250**	**Over 250**	**Total**
			Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
General Insurance business – Sum assured	Motor	Gross	95,802,096	30,414,395	119,679,284	245,895,775
		Net	48,040,774	29,601,010	117,273,980	194,915,764
	Fire	Gross	23,139,085	161,155,609	1,664,708,168	1,849,002,862
		Net	21,750,131	149,944,603	247,379,880	419,074,614
	Personal accident	Gross	5,209,621	35,664,319	278,099,808	318,973,748
		Net	3,726,616	28,293,607	164,776,366	196,796,589
	Other	Gross	31,575,007	136,776,970	1,135,549,621	1,303,901,598
		Net	30,803,180	79,033,540	136,419,597	246,256,317
Long term business	Ordinary life	Gross	219,834,160	4,104,653	-	223,938,813
		Net	206,998,020	1,255,000	-	208,253,020
	Group life	Gross	310,369,955	40,007,738	516,807,908	867,185,601
		Net	304,674,899	16,677,146	243,572,996	564,925,041
Total		Gross	685,929,924	408,123,684	3,714,844,789	4,808,898,397
		Net	615,993,620	304,804,906	909,422,819	1,830,221,345

52. Risk management objectives and policies (continued)

(a) Credit risk - Group and Company

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is an important risk for the Company's business. Management therefore carefully manages the exposure to credit risk by:

- Developing and maintaining processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting, assessment and measurement process that provide it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. The exposure to any one borrower is further restricted by sub-limits. Actual exposures against limits are monitored regularly. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate, and personal guarantees.

The credit quality of financial assets is assessed by reference to external credit ratings if available or internally generated information about counterparty default rates. None of the Group's credit risk counterparties are rated except the Government of Kenya, the issuer of the Group's government securities which has B+ rating and the reinsurance companies from whom reinsurance balances are due. The Company classifies counterparties without an external credit rating as below:

- Group 1 - new customers/related parties.
- Group 2 - existing customers/related parties with no defaults in the past.
- Group 3 - existing customers/related parties with some defaults in the past.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(a) Credit risk- Group and Company (continued)

Maximum exposure to credit risk before collateral held

Group

Assets	Note	External credit rating	Internal Credit rating	12-month or lifetime ECL	2022	2021
					Shs'000	Shs'000
Government securities held at amortised cost	30(i)	B+	-	12 months	22,922,263	8,053,052
Corporate bonds held at amortised cost	30(ii)	B	-	12 months	1,043,035	1,019,988
Receivables arising out of reinsurance arrangements	33(i)	AA-	-	Life time	708,150	1,036,605
Unit trusts	29(iii)	-	Group 2	12 months	7,323,519	5,054,402
Mortgage loans and receivables	31	-	Group 2	12 months	1,150,370	1,135,847
Loans and receivables to policy holders	32	-	Group 2	Nil	2,637,719	2,296,455
Receivables out of direct insurance arrangements	33(iii)	-	Group 2	Life time	1,989,928	1,846,973
Reinsurers' share of insurance contract liabilities	34	-	Group 2	Life time	8,332,650	7,551,390
Other receivables (excluding prepayments)	37	-	Group 2	Mix of both life time & 12 months	2,044,303	2,122,772
Deposits with financial institutions	38(i)	-	Group 2	12 months	6,395,013	5,947,575
Cash and bank balances (excluding cash in hand)	38(i)	-	Group 2	12 months	1,734,568	1,677,335
Total					56,281,518	37,742,394

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

As shown above, 40% of the total maximum exposure is derived from government securities (2021: 21%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

Mortgage loans are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees. Policy loans are secured by the surrender value of the policies. The fair values of collateral held for mortgages amounted to Shs 2,492,215,000 (2021: Shs 2,698,178,000) while the surrender values of the policies with loans amounted to Shs 11,139,740,000 (2021: Shs 8,932,503,000). In case of default the collateral would be realised thereby reducing the Group's credit risk. There were no changes in the quality of the collaterals.

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Maximum exposure to credit risk before collateral held

Company

Assets	Notes	External credit rating	Internal Credit rating	12-month or lifetime ECL	2022 Shs'000	2021 Shs'000
Corporate bonds held at amortised cost	30(ii)	B	-	12 months	1,020,480	1,019,288
Receivables from related parties	51(i)	-	Group 2	12 months	205,344	286,090
Other receivables (excluding prepayments)	37	-	Group 2	Mix of both life time & 12 months	538,512	466,447
Deposits with financial institutions	38(i)	-	Group 2	12 months	156,546	170,012
Cash and bank balances (excluding cash in hand)	38(i)	-	Group 2	12 months	15,058	22,616
Total					1,935,940	1,964,453

The above table represents a worst case scenario of credit risk exposure to the Company at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

As shown above, 52% of the total maximum exposure is derived from corporate bonds (2021: 52%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Significant increase in credit risk

As explained in Note 2 m (iv), the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include qualitative and quantitative reasonable and supportable forward looking information as shown in the table below

The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises per type of asset the range above which an increase in credit quality is determined to be significant, as well as some indicative qualitative indicators assessed.

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Receivables arising from direct and reinsurance arrangements	30 days past due	Company closure, significant decline in the industry which the client operates, listing on credit reference bureau, inability to service debt, loss of income, among others.
Cash at bank and deposits with financial institutions	Downgrade to tie four	Bank closure, bank run, default on debt, credit rating downgrade, material adverse mention or investigation, change in bank tier, negative change in debt ratios, debt covenant breach, regulator actions among others.
Government Securities	Downgrade from investment grade to non-investment grade as per the external ratings	Credit rating downgrade, adverse political instability, military coup / attempt / civil turmoil, hyper inflationary trajectory, external war, significant fall in tax collection rates, significant natural disaster events, warnings from Bretton Woods Institutions, debt restructure, currency devaluation, unemployment rate growth among others.
Corporate Debt	Default in contractual cashflows	Credit rating downgrades, significant adverse political turmoil in country of major operations, significant fall in revenue collection, significant natural disaster events, debt restructure, material Adverse change (Change in business model; significant change in priority staff), significant court process interference on business model, insolvency, government agency takeover, financial covenant breach, material representation inaccuracy or warranty breach, material adverse mention, investigation among others.
Equities - Dividend Income	Default in contractual cashflows	Company closure, default on debt, credit rating downgrade, adverse material mention, change in balance sheet debt composition, debt covenant breach, adverse change in business model, company insolvency among others.
Staff/ Non Staff Loans	Default in contractual cashflows	Listing on credit reference bureau, inability to service debt, loss of income, death, permanent disability, imprisonment, number of months in arrears among others.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Company performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has dentified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The Group continuously monitors changes in the probability of default and loss given ratios to assess changes in credit risk on investment assets. If the probability of default and the loss given ratio had increased/decreased by 10% as at 31 December 2022 with all other variables held constant, the impact on the ECL would be as below.

Group

Asset Type (Shs '000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	2,950	(2,950)
Deposits with financial institutions	10,822	(10,822)
Government Securities at amortized cost	1,261	(1,261)
Corporate bonds at amortised cost	3,108	(3,108)
Loans and receivables from related parties	-	-
Mortgage loans receivables	5,524	(5,524)
Receivables arising from direct insurance arrangements	75,998	(75,998)
Receivables arising from reinsurance arrangements	27,752	(27,752)
Other receivables	28,892	(28,892)
Total	156,307	(156,307)

Company

Asset Type (Shs '000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	-	-
Deposits with financial institutions	14	(14)
Government Securities at amortized cost	-30	30
Corporate bonds at amortised cost	31,292	(31,292)
Loans and receivables from related parties	8,438	(8,438)
Other receivables	11,550	(11,550)
Total	51,264	(51,264)

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from any collateral. The LGD models for secured assets consider collateral valuation.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, The Company's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the exposure that are permitted by the current contractual terms. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Asset type;
- Intermediary;

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Stages of credit quality and expected credit loss measurement

The Group evaluates financial instruments based on their credit characteristics and assesses any changes in credit risk since origination before grouping them into stages. The groupings are reviewed and updated on a regular basis. The table below shows the staging criteria applied across financial assets.

Stage 1	Stage 2	Stage 3
Performing	Underperforming	Non-Performing
No significant change in credit risk since initial recognition.	Significant increase in Credit risk since initiation. No Objective evidence of impairment	Financial instruments that have deteriorated significantly in credit quality since initial recognition. Credit impairment evident

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Impairment and provisioning policies

The loss allowance recognised in the period is impacted by a variety of factors as follows:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent "step up" or "step down" between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Britam uses a scoring methodology to come up with asset ECLs. The table provide details of the key principles applied over each asset class that is in scope.

Financial asset	Description	Key principles applied
Cash and bank balances	Cash assets have been defined as cash in bank, on hand or in other accounts. These excludes liquid deposits held with financial institutions	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Deposits with financial institutions	Deposits with financial institutions are cash transfers to financial institutions for the purposes of a term investment during which the principal can be redeemed with interest earned at the call of the investor. This will exclude any cash in a bank account that is earning interest on existing balances	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Corporate debt at amortised cost	This is secured or unsecured short term or long term debt issued by a corporation.	Britam utilizes a scoring methodology while reviewing corporate debt credit risk that evaluates the financial health of the issuer and the issue covenants. These scores are then adjusted with a macroeconomic factor.
Government Securities	This is secured or unsecured short term or long term debt issued by a sovereign Government	Britam utilizes a scoring methodology while reviewing sovereign debt credit risk. The scores are adjusted for credit risk ratings and a macro economic outlook adjustment.
Receivables from direct insurance arrangements	These are receivable that arise out of normal insurance business	Britam uses a simplified approach based on an entity's historical default rates over the expected life of the receivables and is adjusted for forward-looking estimates.
Other receivables	These are all other receivables that are neither investment assets nor insurance receivable	These are each assessed individually based on the unique factors that include the nature, aging, collateral to determine a loss rate adjusted with a macroeconomic factor

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Impairment and provisioning policies

The Group has determined the level of risk as below:

Financial asset	Credit risk attributes
Cash and bank balances Deposits with financial institutions	There has been no significant increase in credit risk as: • All cash is held with financial institutions with low risk of default. • The cash is accessible whenever needed or on maturity of the deposits • There are no adverse economic changes expected to impact the banks' ability to meet the obligations when they fall due
Government securities at amortised cost	There has been no significant increase in credit risk as: • All government paper is with the Government of Kenya with low risk of default • The Government is able to its obligations i.e. coupons and redemptions when they fall due • There are no adverse economic changes expected to impact the ability of the Government to meet its obligations when they fall due
Mortgage loans receivables	There has been no significant increase in credit risk as: • All loans are secured on the mortgaged property (land and building) thus low risk of default • The collateral value covers the outstanding obligations • There are no adverse economic changes expected to impact the value of the collateral or ability of the borrowers to meet their obligations • The loan is covered through a credit life insurance cover on the borrower
Corporate bonds at amortised cost	These items are assessed to at each reporting date based on their respective external credit ratings where available and other financial and non-financial information.
Loans to policyholders	Assessed to have a mitigated credit risk as the loans are issued based on the cumulative surrender values of the policies thus no risk of default
Receivables arising out of direct insurance arrangements	These are short term in nature and hence the simplified approach is used.
Receivables arising out of reinsurance arrangements	The reinsurance accounts are contractually cleared on a quarterly basis and incorporate premium payable and commissions and claims recoverable. They are fairly short-term in nature and hence the simplified approach is applied.
Loans and receivables from related parties	Assessed as low credit risk • All related parties are under the control of the same Group with low risk of default • There are no adverse economic changes expected to impact the ability of the group companies to meet their obligations
Other receivables	Incorporates different counterparties including staff, agents and others all of which are assessed independently. The simplified approach has been applied.

52. Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

The following tables explain the changes in the loss allowance in the year:

Simplified approach

The Group applies the simplified approach to compute the loss allowance for the following assets:

- Receivables from direct insurance arrangements
- Receivables arising out of reinsurance arrangements
- Other receivables

	Group	Company
	Lifetime ECL	Lifetime ECL
	shs'000	shs'000
At 1 January 2022	1,480,991	113,432
(Decrease)/Increase in loss allowance arising from new financial assets recognised/(derecognised) in the year (Note 13(i))	(115,493)	2,072
At 31 December 2022	1,365,498	115,504

General approach

The Group applies the general approach to compute the loss allowance for the following assets:

- Cash and bank balances
- Deposits with financial institutions
- Corporate sebt at amortised cost
- Government Securities at amortised cost
- Mortgage and policy loans

	Group				Company			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2021	57,308	40,559	127,261	225,128	30,352	-	-	30,352
Net staging transfers	-	-	-	-	-	-	-	-
Changes in PDs/ LGDs/EADs	23,968	10,393	-	34,361	172	-	-	172
Net charge to profit or loss in the year	23,968	10,393	-	34,361	172	-	-	172
At 31 December 2022	81,276	50,952	127,261	259,489	30,524	-	-	30,524

52. Risk Management Objectives and Policies (Continued)

(b) Credit risk- Group and Company (continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Group

	Receivables arising out of direct insurance arrangements	Receivables arising out of reinsurance arrangements	Cash and bank balances	Deposits with financial institutions	Government securities at amortised cost	Corporate bonds at amortised cost	Mortgage loans receivable	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Balance as at 1 January 2021	**659,901**	**436,200**	**7,260**	**126,780**	**2,343**	**700**	**41,347**	**221,996**	**1,496,527**
Changes in PDs/LGDs/EADs	129,349	(21,284)	8,953	(9,451)	30,075	-	17,121	54,829	209,592
New financial assets originated/ purchased									
Net charge to profit or loss in the year	129,349	(21,284)	8,953	(9,451)	30,075	-	17,121	54,829	**209,592**
Other movements with no profit or loss impact:									
Balance as at 31 December 2021	**789,250**	**414,916**	**16,213**	**117,329**	**32,418**	**700**	**58,468**	**276,825**	**1,706,119**
Changes in PDs/LGDs/EADs	248,984	(77,113)	13,289	2,157	(19,808)	30,675	(2,345)	26,014	221,853
New financial assets originated or purchased									-
Net charge to profit or loss in the year	**248,984**	**(77,113)**	**13,289**	**2,157**	**(19,808)**	**30,675**	**(2,345)**	**26,014**	**221,853**
Other movements with no profit or loss impact:									
Write-offs	(273,018)	(60,281)	-	(11,266)	-	(296)	(885)	(13,919)	(359,665)
Balance as at 31 December 2022	**765,216**	**277,522**	**29,502**	**108,220**	**12,610**	**31,079**	**55,238**	**288,920**	**1,568,307**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk Management Objectives and Policies (Continued)

(b) Credit risk- Group and Company (continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Company

	Cash and bank balances	Deposits with financial institutions	Government Securities	Corporate bonds at amortised cost	Loans and receivables from related parties	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Balance as at 1 January 2021	8	4,457	-	-	282,244	67,187	353,896
Changes in PDs/LGDs/EADs	(6)	(4,452)	30,344	-	84,847	46,245	156,978
New financial assets originated or purchased							
Net charge to profit or loss in the year	(6)	(4,452)	30,344	-	84,847	46,245	156,978
Other movements with no profit or loss impact:							
Balance as at 31 December 2021	2	5	30,344		367,091	113,432	510,874
Changes in PDs/LGDs/EADs	(1)	137	(30,344)	30,380	(472)	2,072	1,772
New financial assets originated or purchased	-	-	-	-	-	-	-
Net charge to profit or loss in the year	(1)	137	(30,344)	30,380	(472)	2,072	1,772
Other movements with no profit or loss impact:							
Balance as at 31 December 2022	1	142	-	30,380	366,619	115,504	512,646

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk Management Objectives and Policies (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group, though solvent either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can secure them only at excessive costs. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its

liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities and bank deposits.

The Group is exposed to daily calls on its available cash resources from maturing policies, claims and calls on cash settled contingencies. The investments and treasury department monitors liquidity on a daily basis.

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

31 December 2022 Liabilities	Carrying values Shs '000	0-3 Months Shs '000	4-12 Months Shs '000	1-5 Years Shs '000	Over 5 Years Shs '000	Total Shs '000
Amounts payable under deposit administration contracts	57,903,265	1,879,597	5,638,790	13,569,120	265,805,299	286,892,806
Liabilities under investment Contracts	5,600,675	(596,567)	(1,077,167)	298,610	12,835,178	11,460,054
Creditors arising out of reinsurance arrangements	1,626,902	-	1,626,902	-	-	1,626,902
Borrowings	2,540,223	39,919	1,318,079	1,500,304	-	2,858,302
Lease liability	672,066	79,449	280,490	435,490	665,551	1,460,980
Provisions and other payables	4,821,348	-	3,914,663	906,685	-	4,821,348
Total financial liabilities	73,164,479	1,402,398	11,701,757	16,710,209	279,306,028	309,120,392
31 December 2021 Liabilities	**Carrying values** **Shs '000**	**0-3 Months Months** **Shs '000**	**4-12 Months** **Shs '000**	**1-5 Years** **Shs '000**	**Over 5 Years** **Shs '000**	**Total** **Shs '000**
Amounts payable under deposit administration contracts	52,832,047	1,744,621	5,233,862	12,311,125	241,764,876	261,054,484
Liabilities under investment Contracts	4,276,660	(343,666)	(731,249)	(92,361)	8,822,949	7,655,673
Creditors arising out of reinsurance arrangements	1,659,096	1,643,049	16,047	-	-	1,659,096
Borrowings	4,150,304	141,576	1,436,498	2,936,802	1,500,304	6,015,180
Lease liability	441,126	99,493	299,194	535,230	697,321	1,631,238
Provisions and other payables	11,697,635	-	10,790,950	906,685	-	11,697,635
Total financial liabilities	75,056,868	3,285,073	17,045,302	16,597,481	252,785,450	289,713,306

All figures are in thousands of Kenya Shillings and are presented undiscounted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Company

At 31 December 2022	Carrying Values Shs '000	0 – 3 Months Shs '000	4 -12 Months Shs '000	1-5 Years Shs '000	Totals Shs '000
Liabilities					
Borrowings	1, 510,554	39,919	1,318,079	510,554	1,868,552
Lease liability	175,703	9,420	37,899	185,703	233,022
Provisions and other payables	1,382,648	448,252	27,711	906,685	1,382,648
Total financial liabilities	1,558,351	497,591	1,383,689	1,602,942	3,484,222

At 31 December 2021	Carrying values Shs '000	0 – 3 Months Shs '000	4-12 Months Shs '000	1-5 Years Shs '000	Totals Shs '000
Liabilities					
Borrowings	3,238,075	98,870	3,390,400	510,554	3,999,824
Lease liability	105,428	8,639	43,982	195,398	248,019
Provisions and other payables	7,478,696	272,012	7,206,684	-	7,478,696
Total financial liabilities	10,822,199	379,521	10,641,066	705,952	11,726,539

The table below shows the liquidity surplus/(gap) assessed on the carrying values

	Group		Company	
Liabilities	31 Dec 2022 Carrying values Shs '000	31 Dec 2021 Carrying values Shs '000	31 Dec 2022 Carrying values Shs '000	31 Dec 2021 Carrying values Shs '000
Amounts payable under deposit administration contracts	57,903,265	52,832,047	-	-
Liabilities under investment Contracts	5,600,675	4,276,660	-	-
Creditors arising out of reinsurance arrangements	1,626,902	1,659,096	-	-
Borrowings:			-	-
- Bank loan	1,000,000	2,650,000	1,000,000	2,650,000
- Other borrowings	1,500,304	1,500,304	510,554	510,554
Interest payable	39,919	77,521	39,919	77,521
Lease liability	672,066	441,126	175,703	105,428
Provisions and other payables	4,821,348	11,697,635	1,382,648	7,478,696
Total financial liabilities	73,164,479	75,134,389	3,108,824	10,822,199
Assets held for managing liquidity risk				
Cash and cash equivalents	7,991,854	7,499,485	171,460	192,615
Financial assets at fair value	85,271,314	89,699,146	102,383	4,124,052
Financials assets at amortised cost	23,921,608	8,051,262	990,100	-
Financial assets at fair value through other comprehensive income	-	6,716,098	-	4,278,933
Loans and receivables	5,952,768	8,508,204	634,595	690,143
Total assets	123,137,544	120,474,195	1,898,538	9,285,743
Liquidity surplus/(gap)	49,973,065	45,339,806	(1,210,286)	(1,536,456)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(d) Market risk

(i) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either at fair value through profit or loss or fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

Management considers a movement of 15% on the Nairobi Securities Exchange (NSE index) reasonable due to the relative stability of the NSE over the years.

At 31 December 2022, if the Nairobi Securities Exchange (NSE) prices had changed by 15% (2021: 15%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated post tax profit for the year would have been Shs 467,879,000 (2021: Shs 1,288,179,000) higher/lower, and the equity would have been Shs Nil (2021: Shs 2,453,817,000) higher/lower. The Company's post tax profit for the year would have been Shs. Nil (2021: Shs 612,614,000) higher/ lower, and the Company's equity would have been Shs. Nil (2021: Shs 1,254,454,000) higher/lower.

Similarly, a change in the price by 15% (2021: 15%) of equities held at fair value through other comprehensive income would affect the Group's reserves and other shareholder funds for the year by Shs Nil (2021: Shs 1,165,637,000), these equities would have been Shs Nil (2021: Shs 1,165,637,000) higher/lower. In the Company a change in the price by 15% (2021: 15%) of equities held at fair value through other comprehensive income would affect the Company's reserves and other shareholder funds for the year Shs Nil (2021: Shs 641,840,000), these equities would have been Shs Nil (2021: Shs 641,840,000) higher/lower.

The concentration on equities in general and on specific counters is closely monitored. As at 31 December 2022, the group held Shs Nil (2021: Shs 13,351,571,000) shares in Equity Group Holdings Plc amounting to 0% (2021: 9%) of the total assets.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow and interest rate risk as a result of holding interest bearing assets which comprise of quoted corporate bonds, mortgages, staff loans; inter-company loans, investment in liquid funds, government securities, fixed deposits with financial institutions and policy loans are all at fixed rate. Other assets; cash and interest earning bank balances are at floating rate. The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.
The Group manages its cash flow interest rate risk by ensuring that only minimum amounts necessary for running the business operations are kept as cash and bank balances.

At 31 December 2022, if interest rates on government securities classified as financial assets at fair value through profit and loss had been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Shs 980,928,000 (2021: Shs 852,505,000) higher/lower mainly as a result of increase or decrease in the fair value of the government securities. The Company did not have a material exposure to interest rate risk in 2022 and 2021.

(iii) Foreign exchange risk

Group

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Ugandan shilling (UGX), Rwanda Franc (RWF), South Sudan pound (SSP), Malawi Kwacha (MWK), Mozambique Metical (MZN), US dollar (USD) and the UK pound (GBP). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Directors have set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The percentages applied for each of the currencies below have been selected based on the stability of the currencies in the various economies.

At 31 December 2022, if the UGX had strengthened/weakened by 5% (2021: 5%) against the Kenya shillings with all other variables held constant, post-tax loss for the Group for the year would have been Shs 5,075,000 (2021: Shs 8,166,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of UGX denominated Net assets.

52. Risk management objectives and policies (continued)

(d) Market risk (continued)

(iii) Foreign exchange risk (Continued)

At 31 December 2022, if the RWF had strengthened/weakened by 5% (2021: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 964,000 (2021: Shs 2,064,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RWF denominated trade receivables and payables.

At 31 December 2022, if the TZS had strengthened/weakened by 5% (2021: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 9,844,000 (2021: Shs 2,695,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of TZS denominated trade receivables and payables.

At 31 December 2022, if the MWK had strengthened/weakened by 5% (2021: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 3,403,000 (2021: Shs 9,558,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MWK denominated trade receivables and payables.

At 31 December 2022, if the MZN had strengthened/weakened by 5% (2021: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 5,127,000 (2021: Shs 31,352,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MZN denominated trade receivables and payables.

At 31 December 2022, if the SSP had strengthened/weakened by 100% (2021: 100%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 19,844,000 (2021: Shs 29,696,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SSP denominated net assets. The Group had no material exposure to the USD, Euro and GBP as of 31 December 2022 and 31 December 2021.

Company

The Company did not have material exposure to foreign exchange risk.

(e) Capital management

The Group's objectives when managing capital, which is a broader concept than 'equity' on the statement of financial position, are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business;
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk; and
- To have sufficient capital to enable the Group subsidiaries comply with the capital requirements set by the various regulatory statutory acts in individual countries.

The Group's capital comprises share capital as disclosed on Note 16 (i) and the regulatory capital held in subsidiary companies. Management of each subsidiary monitors regulatory capital while the Business Planning Committee has the responsibility of allocating resources efficiently as well as ensuring these are aligned to the Groups risk appetite.

In addition to the capital requirements, the Group's insurance subsidiaries are subject to solvency requirements by Insurance Regulatory Authority in the case of Kenya and other regulatory bodies as disclosed in Note 53 for the other subsidiaries. These solvency requirements involve application of a formula that limits various assets by distribution of investment exposure to any single counter party, nature of asset etc and are established and revised from time to time

52. Risk management objectives and policies (continued)

(e) Capital management (continued)

by the regulatory body. Solvency margin is the difference between the required solvency as per the regulators and the actual solvency of the business.

The status of the capital requirements as at 31 December are set out below for each regulated subsidiary.

(i) Britam General Insurance Company (Kenya) Limited	2022		2021	
	Regulatory requirement Shs'000	Maintained by the Company Shs'000	Regulatory requirement Shs'000	Maintained by the Company Shs'000
Capital at 31 December	600,000	2,668,000	600,000	2,668,000
Solvency margin	1,848,390	2,807,594	1,543,804	2,300,169

(ii) Britam Insurance Company (Uganda) Limited	2022		2021	
	Regulatory requirement UGX '000	Maintained by the Company UGX'000	Regulatory requirement UGX'000	Maintained by the Company UGX '000
Short-term capital	6,000,000	14,360,000	6,000,000	14,360,000
Solvency margin	9,864,199	25,571,028	8,840,062	23,361,205

(iii) Britam Insurance Company Limited (South Sudan)	2022		2021	
	Regulatory requirement USD'000	Maintained by the Company USD'000	Regulatory requirement USD'000	Maintained by the Company USD'000
Capital at 31 December	4,500	4,500	4,500	4,500

(iv) Britam Insurance Company (Rwanda) Limited	2022		2021	
	Regulatory requirement Rwfs'000	Maintained by the Company Rwfs'000	Regulatory requirement Rwfs'000	Maintained by the Company Rwfs'000
Capital at 31 December	1,000,000	6,644,441	1,000,000	6,644,441
Solvency margin	500,000	1,027,781	500,000	1,533,290

(v) Britam - Companhia De Seguros De Mozambique S.A.	2022		2021	
	Regulatory requirement Mzns'000	Maintained by the Company Mzns'000	Regulatory requirement Mzns'000	Maintained by the Company Mzns'000
Capital at 31 December	97,000	300,907	97,000	300,907
Solvency margin	86,035	317,348	88,598	317,348

(vi) Britam Insurance (Tanzania) Limited	2022		2021	
	Regulatory requirement TShs'000	Maintained by the Company TShs'000	Regulatory requirement TShs'000	Maintained by the Company TShs'000
Capital at 31 December	2,108,744	2,289,000	2,108,744	2,289,000
Solvency margin	3,210,767	3,325,018	3,307,647	3,362,785

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(e) Capital management (continued)

(vii) Britam Insurance Company Limited (Malawi)	2022 Regulatory requirement Mwks'000	2022 Maintained by the Company Mwks'000	2021 Regulatory requirement Mwks'000	2021 Maintained by the Company Mwks'000
Capital at 31 December	750,000	1,864,343	750,000	1,864,343
Solvency margin	1,110,336	2,487,288	(526,921)	1,524,064

(viii) Britam Life Assurance Company (Kenya) Limited	2022 Regulatory requirement Shs'000	2022 Maintained by the Company Shs'000	2021 Regulatory requirement Shs'000	2021 Maintained by the Company Shs '000
Capital at 31 December	150,000	400,000	150,000	400,000
Solvency margin	5,433,093	8,520,593	6,088,208	7,241,532

The Group's asset management subsidiary, Britam Asset Managers (Kenya) Limited, files the required information with the Capital Markets Authority on a quarterly basis.

(ix) Britam Asset Managers (Kenya) Limited	2022 Regulatory requirement Shs'000	2022 Maintained by the Company Shs'000	2021 Regulatory requirement Shs'000	2021 Maintained by the Company Shs '000
Capital at 31 December	10,000	80,000	10,000	80,000
Working capital at 31 December	8,810	74,932	13,493	60,444

The Capital Markets Authority requires that the Company maintain a working capital which should not fall below the higher of 20% of the required minimum share capital of Shs 10 million or 3 times the average monthly operating costs. The amount reflected above is thus computed based on 3 times the average monthly operating costs.

(f) Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(f) Fair value estimation (continued)

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 December 2022 and 2021:

Group 2022		Level 1	Level 2	Level 3	Total
Assets	**Note**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Financial assets at fair value through profit or loss					
- Quoted ordinary shares	29	3,122,089	-	-	3,122,089
- Unquoted ordinary shares	29	-	-	50,175	50,175
- Government securities	29	-	74,775,531	-	74,775,531
- Unit trusts	29	-	7,323,519	-	7,323,519
Property and equipment – building (Note 21)	21	-	-	704,264	704,264
Investment property	27(i)	-	-	15,785,792	15,785,792
Total assets		3,122,089	82,099,050	16,540,231	101,761,370
Liabilities					
Liabilities under investment contracts	44	-	5,600,675	-	5,600,675
Total Liabilities		-	5,600,675	-	5,600,675

Group 2021		Level 1	Level 2	Level 3	Total
Assets	**Note**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Financial assets at fair value through profit or loss					
- Quoted ordinary shares	29	10,547,549	-	-	10,547,549
- Unquoted ordinary shares	29	-	-	46,617	46,617
- Government securities	29	-	74,050,579	-	74,050,579
- Unit trusts	29	-	5,054,402	-	5,054,402
Quoted ordinary shares at fair value through other comprehensive income	28	6,716,098	-	-	6,716,098
Property and equipment – building (Note 21)	21	-	-	665,784	665,784
Investment property	27(i)	-	-	16,597,058	16,597,058
Total assets		17,263,647	79,104,981	17,309,459	113,678,087
Liabilities					
Liabilities under investment contracts	44	-	4,276,660	-	4,276,660
Total Liabilities		-	4,276,660	-	4,276,660

There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (continued)

(f) Fair value estimation (continued)

Company 2022 Assets	Notes	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets at fair value through profit or loss					
- Government securities	29(i)	-	102,383	-	102,383
- Unit trusts	29(i)	-	-	-	-
Investment in property funds	27(ii)	-	-	2,095,016	2,095,016
Total assets		-	102,383	2,095,016	2,197,399

Company 2021 Assets		Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Financial assets at fair value through profit or loss					
- Quoted ordinary shares	29(i)	4,084,099	-	-	4,084,099
- Unit trusts	29(i)	-	39,953	-	39,953
Investment in property funds	27(ii)	-	-	2,088,895	2,088,895
Quoted ordinary shares at fair value through other comprehensive income	28	4,278,933	-	-	4,278,933
Total assets		8,363,032	39,953	2,088,895	10,491,880

There were no transfers between levels 1, 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

Instruments included in Level 1 comprise primarily NSE equity investments classified as at fair value through profit or loss or at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, government bonds and investments in unit trusts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices
- The fair value of government securities is based on a yield curve which is based on trades of equivalent bonds in the Nairobi stock exchange.
- The fair value of unit trusts is based on the computed net share in each fund which is based on applying the market value of underlying investments to units held.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group had Level 3 financial instruments (unquoted stock) amounting to Shs 50,175,000 as at 31 December 2022 (2021: 46,617,000). The unlisted equity investment relates to Uganda Re and TanRe that are held by Britam Insurance Company (Uganda) Limited and Britam Insurance Company (Tanzania) Limited respectively carried at cost. These shares are not quoted in an active market and their fair value cannot be reliably measured. The directors do not consider this unquoted investment to be impaired.

52. Risk management objectives and policies (continued)

(f) Fair value estimation (continued)

As such, the investment is measured at cost less accumulated impairment. The relationship between the subsidiaries and the investee entities is at arm's length. The subsidiaries do not intend to dispose of this investment in the foreseeable future.

The following table presents the changes in Level 3 instruments for the year ended 31 December.

Level 3 unquoted stock

	Group	
	2022	**2021**
	Shs '000	**Shs '000**
At start of year	46,617	10,297
Additions	1,259	35,806
Translation gain/(loss)	2,299	514
At end of year	50,175	46,617

There were no transfers in and out of level 3.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. For the unquoted ordinary shares carried by the Group in December 2022 and 2021, the fair values approximated their cost. The Group uses its judgment to select a variety of methods such as discounted cash flow analysis and comparable company analysis and make assumptions that are mainly based on market conditions existing at the financial reporting date. The key source of estimation uncertainty is the discount rate.

The table here below shows the fair value amounts of assets and liabilities being carried at amortised cost:

Group			2022		2021	
	Notes	**Fair value Level**	**Carrying amounts at amortised**	**Fair value**	**Carrying amounts at amortised**	**Fair value**
			Shs '000	**Shs '000**	**Shs '000**	**Shs '000**
Assets						
Government securities	30	Level 2	22,909,653	22,440,833	8,051,262	7,655,477
Corporate bonds	30	Level 2	1,011,955	1,011,955	988,944	988,944
Mortgage loans and receivables	31	Level 2	1,150,370	1,150,370	1,135,847	1,135,847
Loans and receivables to policy holders	32	Level 2	2,637,719	2,637,719	2,296,455	2,296,455
Other receivables	37	Level 2	2,165,042	2,165,042	2,200,042	2,200,042
Investments in liquid funds	38(i)	Level 2	-	-	11,367	11,367
Total assets			29,874,739	29,405,919	14,683,917	14,288,132
Liabilities						
Borrowings						
-Bank loan	14(i)	Level 2	1,000,000	1,000,000	2,650,000	2,650,000
-Other borrowings	14(i)	Level 2	1,500,304	1,500,304	1,500,304	1,500,304
-Interest payable	14(i)	Level 2	39,919	39,919	77,521	77,521
Provisions and other payables	46	Level 2	4,821,348	4,821,348	11,697,635	11,697,635
Total liabilities			7,361,571	7,361,571	15,925,460	15,925,460

The fair value of the Group's other financial assets and liabilities other than government securities approximate the respective carrying amounts due to the generally short periods to contractual repricing or maturity dates. Refer to Note 52(b) for the collateral amounts for mortgage loans and receivables and loans and receivables to policy holders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group

The Executive Management Committee, which serves as the chief operating decision-maker, has determined the operating segments based on the reports they review and that they use to make strategic decisions. All operating segments used by Executive Management Committee meet the definition of a reportable segment under IFRS 8.

The Group is organised on a business line basis into five operating segments. Lines of business are based on the distinct nature of products being offered and their significance/contribution to the Group's revenue and/or profit. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes.

These segments and their respective operations are as follows:

Long term insurance business

The products of this line of business provide protection to the Group's customers against the risk of death, disability, critical illness and other accidents. All contracts in this segment offer fixed and guaranteed benefits over the contractual term. Revenue from this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Life insurance offers an extensive range of products that serve the wide array of insurance needs of its customers including unit linked products, education plans, whole life plans and other conventional products. It also provides group life and critical illness products, disability products, individual pension plans, umbrella pension plans and corporate pension plans.

Short term insurance business

The products of this line of business provide protection to customers' assets (particularly their properties, both for personal and commercial business.) All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premiums, investment income, net realised gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Asset management

The asset management products include discretionary/segregated portfolio management services, wealth management services as well as Unit Trust Funds.

Property

The property business is inclusive of purchase and sale of property. It also includes buying of land, developing it and selling it off to third parties or even renting it out.

Most of the contracts are long term in nature. The major sources of income will be from sale of property, rent income and from property revaluation.

Corporate and other

Includes corporate operations, after allocations to operating segments. Corporate operations consist primarily of (1) corporate-level income and expenses; (2) returns from investments not allocated to any operating segments, including debt-financed investment portfolios.

53. Segmental information - Group (continued)

The segment information provided to the Executive Management Committee for the reportable segments for the year ended 31 December 2022 and 2021 is as follows:

(a) Profit per segment

2022	Long term insurance business Shs'000	Short term insurance business Shs'000	Asset Management Shs'000	Property Shs'000	Corporate and other Shs'000	Total Shs'000
Gross revenue	15,119,146	17,625,281	736,337	-	-	33,480,764
Insurance premium ceded to reinsurers	(705,425)	(6,372,272)	-	-	-	(7,077,697)
Net revenue	14,413,721	11,253,009	736,337	-	-	26,403,067
Net income from investment property	647,823	9,386	14,990	400,634	17,777	1,090,610
Interest and dividend income	10,818,652	1,860,192	20,880	17,990	346,777	13,064,491
Net realised gains on financial assets	(19,798)	(2,038)	-	-	16,751	(5,085)
Net unrealised fair value gains on financial assets at fair value through profit or loss	(3,482,726)	(425,018)	-	-	(257)	(3,908,001)
Commissions earned	157,632	1,445,424				1,603,056
Other operating income	24,603	615,656	(792)	41,267	8,115	688,849
Net income	22,559,907	14,756,611	771,415	459,891	389,163	38,936,987
Insurance claims and loss adjustment expenses	7,613,228	10,109,385	-	-	-	17,722,613
Insurance claims recovered from reinsurers	(305,624)	(3,194,647)	-	-	-	(3,500,271)
Change in actuarial value of policyholders benefits	3,637,861	-	-	-	-	3,637,861
Net insurance benefits and claims	10,945,465	6,914,738	-	-	-	17,860,203
Interest payments/ increase in unit value	4,922,686	-	-	-	-	4,922,686
Acquisition expenses	1,431,903	2,210,965	187,172			3,830,040
Finance costs	22,950	36,578	44,767	12,698	218,617	335,610
Expenses	2,984,255	4,090,588	551,491	59,796	903,655	8,589,785
Net expenses	20,307,259	13,252,869	783,430	72,494	1,122,272	35,538,324
Reportable segment (loss)/profit	2,252,648	1,503,742	(12,015)	387,397	(733,109)	3,398,663
Share of profit of associates	(41,014)	-	-	-	38,254	(2,760)
Segment (loss)/profit before tax	2,211,634	1,503,742	(12,015)	387,397	(694,855)	3,395,903
Tax expense/(credit)	(663,491)	(546,088)	(43,875)	(515)	(6,786)	(1,260,755)
Segment (loss)/profit after tax	1,548,143	957,654	(55,890)	386,882	(701,641)	2,135,148

The reconciliation of the segment profit after tax for all segments to the consolidated income statement is shown in Note 53 (b).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (continued)

(f) Profit per segment (continued)

2021	Long term insurance business Shs'000	Short term insurance business Shs'000	Asset Management Shs'000	Property Shs'000	Corporate and other Shs'000	Total Shs'000
Gross revenue	14,195,178	17,643,855	783,878	17,688	-	32,640,599
Insurance premium ceded to reinsurers	(959,212)	(5,864,183)	-	-	-	(6,823,395)
Net revenue	13,235,966	11,779,672	783,878	17,688	-	25,817,204
Net income from investment property	(47,199)	7,720	(4,923)	383,639	(139,896)	199,341
Interest and dividend income	8,893,038	1,707,660	8,910	5,575	206,379	10,821,562
Net realised gains on financial assets	336	(2,277)	-	-	(5,554)	(7,495)
Net unrealised fair value gains on financial assets at fair value through profit or loss	619,938	(137,647)	-	-	1,318,424	1,800,715
Commissions earned	169,077	1,290,470	-	-	-	1,459,547
Other operating income	40,993	608,248	4,557	162,466	(18,496)	797,768
Net income	**22,912,149**	**15,253,846**	**792,422**	**569,368**	**1,360,857**	**40,888,642**
Insurance claims and loss adjustment expenses	7,729,745	11,648,351	-	-	-	19,378,096
Insurance claims recovered from reinsurers	(845,668)	(4,007,563)	-	-	-	(4,853,231)
Change in actuarial value of policyholders benefits	3,315,561	-	-	-	-	3,315,561
Net insurance benefits and claims	10,199,638	7,640,788	-	-	-	17,840,426
Interest payments/ increase in unit value	5,230,998	-	-	-	-	5,230,998
Acquisition expenses	1,479,610	2,455,063	182,427	-	-	4,117,100
Finance costs	26,989	35,228	21,895	-	367,162	451,274
Expenses	3,433,210	4,527,486	717,904	162,314	2,841,234	11,682,148
Net expenses	**20,370,445**	**14,658,565**	**922,226**	**162,314**	**3,208,396**	**39,321,946**
Reportable segment (loss)/profit	2,541,704	595,281	(129,804)	407,054	(1,847,539)	1,566,696
Share of profit of associates	(170,927)	-	-	-	(115,158)	(286,085)
Segment profit/(loss) before tax	2,370,777	595,281	(129,804)	407,054	(1,962,697)	1,280,611
Tax expense/(credit)	(711,233)	(216,278)	(10,772)	(1,054)	-	(939,337)
Segment profit/(loss) after tax	1,659,544	379,003	(140,576)	406,000	(1,962,697)	341,274

The revenue from external parties reported to the Executive Management Committee is measured in a manner consistent with that in the income statement. The Executive Management Committee assesses the performance of the operating segments based on the profit before tax as detailed above.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information – Group (continued)

(b) Reconciliation of segments profit after tax to the consolidated income statement

	2022 Shs'000	2021 Shs'000
Total profit as per segmental reporting	2,135,148	341,274
Income from intra-segmental adjustments		
Intercompany loan interest income	(62,693)	(37,285)
Rental income from related parties	(80,074)	(78,500)
Management fees from related parties	(77,871)	(116,708)
Dividend income from subsidiaries	(50,352)	(15,511)
Share of Britam Tower LLP net assets in Britam Holdings Plc and Britam Life Assurance Company (Kenya) Limited	(372,090)	(274,600)
Property and equipment revaluation adjustment (on part of building occupied by related parties)	(21,407)	(70,338)
Britam Insurance Company (Malawi) Limited intercompany income derecognised	-	(188,000)
Impairment of subsidiary (Note 26)	-	6,452
Tanzania shared costs derecognised	(142,979)	-
Other income/mark up	(966)	(4,909)
Total adjustments on income	(808,432)	(779,399)
Expenses from intra-segmental adjustments		
Intercompany loan interest expense	62,693	37,285
Mark up charge	966	4,909
Tanzania Shared Costs reversal	142,979	-
Management fees expense from related parties	77,871	116,708
Provision for intercompany balance receivable from Britam Property Company (Kenya) Limited	-	51,409
Britam Insurance Company (Malawi) Limitedintercompany income reversed	-	188,000
Provision on intercompany balance	-	33,438
Rental income to related parties	80,074	78,500
Total adjustments on expenses	364,583	510,249
Profit as per the consolidated income statement	1,691,299	72,124

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information – Group (continued)

(c) Other segment reporting disclosures

2022	Long term insurance business Shs'000	Short term insurance business Shs'000	Asset Management Shs'000	Property Shs'000	Corporate and other Shs'000	Total Shs'000
Depreciation and amortisation	284,510	239,912	70,598	6,408	62,334	663,762
Investments in associates	1,895,587	-	-	-	632,588	2,528,175
Additions to non-current assets	66,000	94,675	-	-	12,083	172,758
Total assets	119,001,860	31,197,133	1,001,592	9,074,887	10,950,207	171,225,679
Total liabilities	109,052,280	24,189,390	536,066	2,074,155	3,308,809	139,160,700
2021						
Depreciation and amortisation	61,878	76,528	4,918	5,128	36,879	185,331
Investments in associates	816,117	-	-	-	549,910	1,366,027
Additions to non-current assets	79,544	99,829	7,544	23,212	13,060	223,189
Total assets	108,116,246	28,933,753	963,316	8,736,106	19,196,212	165,945,633
Total liabilities	99,794,193	22,660,752	453,032	2,097,928	10,911,250	135,917,155

The amounts provided to the Executive Management Committee with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

(d) Income by geographical segments

The entity is domiciled in Kenya. The results of its revenue from external customers are as follows:

	2022 Shs'000	2021 Shs'000
Kenya	25,683,085	24,381,299
Uganda	2,496,940	2,303,212
South Sudan	921,980	1,752,341
Rwanda	620,375	586,344
Tanzania	1,755,233	1,576,492
Malawi	1,107,404	1,207,241
Mozambique	895,747	821,484
Total	33,480,764	32,628,413

Revenues are allocated based on the country in which the insurance and other contracts are issued. Management considers its external customers to be the individual policyholders and investors; as such the Group is not reliant on any individual customer. No individual customer accounts for more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information – Group (continued)

(e) The total of all assets are allocated as follows:

	2022 Shs'000	2021 Shs'000
Kenya	149,771,693	145,865,090
Uganda	4,076,352	3,580,436
South Sudan	1,069,679	1,449,706
Rwanda	1,235,209	1,078,547
Tanzania	2,772,540	2,592,998
Malawi	2,408,714	2,246,465
Mozambique	1,957,989	1,613,123
Total	163,292,176	158,426,365

(f) The total of non-current assets

- other than financial instruments, deferred tax assets, post-employment benefits and risks arising under insurance contracts are allocated as follows:

	2022 Shs'000	2021 Shs'000
Kenya	25,700,946	25,348,830
Uganda	481,316	473,088
South Sudan	61,543	47,107
Rwanda	83,445	66,349
Tanzania	77,188	98,654
Malawi	101,844	88,554
Mozambique	36,390	42,898
Total	26,542,672	26,165,480

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. New and revised Accounting standards

(i) New and revised IFRS that are effective for the year ended 31 December 2022

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
IFRS 16, 'Leases' COVID-19- Related Rent Concessions Amendment	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.	The Group had no impact to its financial statements.
Annual improvements cycle	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.	The Group had no impact to its financial statements.

54. New and revised Accounting standards (continued)

(i) New and revised IFRS that are effective for the year ended 31 December 2022 (continued)

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	The Group had no impact to its financial statements.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	The Group had no impact to its financial statements.
Amendment to IFRS 3, 'Business combinations'	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.	The Group had no impact to its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. New and revised Accounting standards (continued)

(ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2022

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
IFRS 17, 'Insurance contracts'	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	The group anticipates significant impact as indicated in note 2(b) a result of the implementation of the standard.
IFRS 17, 'Insurance contracts' Amendments	In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.	The group anticipates significant impact as indicated in note 2(b) a result of the implementation of the standard.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment	The Group anticipates no impact to its financial statements.

54. New and revised Accounting standards (continued)

(ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2022 (continued)

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	The Group anticipates no impact to its financial statements.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.	The Group anticipates no impact to its financial statements.

55. Events after the balance sheet date

There were no material events after the balance sheet date.

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OTHER CORPORATE INFORMATION

Notice of the 27th Annual General Meeting

To the Shareholders of Britam Holdings Plc

NOTICE IS HEREBY GIVEN THAT IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF THE COMPANY, THE 27TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD VIA ELECTRONIC COMMUNICATION ON WEDNESDAY, 28TH JUNE 2023 AT 10:00 A.M., WHEN THE BUSINESS SET OUT BELOW WILL BE TRANSACTED.

ORDINARY BUSINESS

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the meeting.
3. To receive and, if approved, adopt the audited Consolidated Financial Statements for the year ended 31 December 2022, together with the Chairman's, the Directors' and Auditor's Reports thereon.
4. To note that the Directors do not recommend the payment of a dividend for the financial year ended 31st December 2022.
5. Directors:
   i) Ms. Josephine Ossiya retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer herself for re-election.
   ii) Dr. Peter K. Munga retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.
   iii) Mr. Jimnah M. Mbaru retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as director of the company.
   iv) AfricInvest III SPV 1, a Corporate Director represented by Mr. George Odo that was appointed to fill a casual vacancy retires in accordance with Article 114 of the Articles of Association of the Company and being eligible, offers itself for re-election as a director of the Company.
   v) Ms. Celestine Munda who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers herself for re-election.
   vi) Mr. Julius Mbaya who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.
   vii) Mr. Lotfi Baccouche who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.
   viii) Ms. Susan Abisola who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers herself for re-election.
   ix) Mr. Tom Gitogo who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.
6. In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit & Risk Committee be elected to continue to serve as members of the said committee: -
   a) Ms. Celestine Munda
   b) Mrs. Caroline Kigen
   c) Ms. Susan Abisola
7. Directors' Remuneration: -
   a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2022.
   b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2022 and to authorize the Board to fix the remuneration of the Directors.
8. To re-appoint PricewaterhouseCoopers LLP (PwC) as the independent auditor in accordance with Section 721 (2) and 724 of the Companies Act, No.17 of 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.
9. To consider any other business of which due notice has been received.

By Order of the Board

Hilda Njeru
Ag. Company Secretary
P O Box 30375 – 00100
NAIROBI
Date: 7 June, 2023

Notice of the 27th Annual General Meeting (Continued)

Notes:

1. Britam Holdings Plc has convened and is conducting this virtual annual general meeting in accordance with article 58 of the Company's Articles of Association.
2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:
   a) Dialing ***483*903#** for all networks and follow the various prompts regarding the registration process; or
   b) Sending an email request to be registered to britamagm@image.co.ke; or
   c) Shareholders with email addresses will receive a registration link via email which they can use to register.

   In order to complete the registration process, Shareholders will need to have their ID/Passport Numbers, which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, Shareholders should dial the following helpline number: +254 709 170 039 from 9.00 a.m. to 4 p.m. from Monday to Friday or send an email to britamagm@image.co.ke.
3. Registration for the AGM opens on 7 June 2023 at 9:00 a.m. and will close on 26 June 2023 at 11.00 a.m. Shareholders will not be able to register after 26 June at 11.00am.
4. In accordance with Section 283 (2) (c) of the Companies Act, the following documents are available for viewing on the Company's website https://www.britam.com: (i) a copy of this Notice; (ii) the proxy form (iii) Copy of the audited Financial Statements for the year 2022.

   The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by one of the following options:
   i) Sending their written questions by email to agm@britam.com ; or
   ii) Shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialing the USSD code above and selecting the option (ask Question) on the prompts.
   iii) To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Britam Towers, 28th Floor or to Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
   iv) Sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 30375, GPO 00100, Nairobi.
6. Shareholders must provide their full details (full names, Kenyan national identity/passport Number/CDSC Account Number) when submitting their questions and clarifications.
7. All questions and clarification must reach the Company on or before 26 June 2023 at 10.00 a.m.

   Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return email address provided by the Shareholder by 27 June 2023. A full list of all questions received and the answers thereto will be published on the Company's website not later than 30 June 2023.
8. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company, but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: https://www.britam.com. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street.
9. A proxy must be signed by the appointor or his attorney duly authorised in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorised attorney of such corporation or Government office.
10. A completed form of proxy should be emailed to britamagm@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P O Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 26 June 2023 at 10.00 a.m.
11. The AGM will be streamed live via a link, which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent at least one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time. The link will be sent to registered shareholders via SMS and Email 24 hours before the meeting.
12. Duly registered Shareholders and proxies may follow the proceedings of the AGM using the livestream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts or via the VOTE button on the livestream link.
13. A Poll shall be conducted for all the Resolutions put forward in this Notice.
14. Shareholders will receive an SMS prompt with instructions on their registered mobile phone numbers alerting them to propose or to second the resolutions put forward in the notice.
15. Results of the voting on resolutions at the AGM shall be published within 48 hours following conclusion of the AGM on the Company's website www.britam.com.
16. The Company strongly encourages all Shareholders to monitor the Company's website (https://www.britam.com/) for further updates or changes in relation to the AGM.

Tangazo La Mkutano Mkuu Wa Mwaka Wa 27

Kwa Wenyehisa wa Britam Holdings Plc

IMNAARIFIWA KWAMBA KUFUNGAMANA NA KANUNI ZA KAMPUNI, MKUTANO MKUU WA KILA MWAKA WA 27 WA KAMPUNI UTAFANYIKA KWA NJIA YA MAWASILIANO YA SIMU NA MITANDAO YA KIDIJITALI JUMATANO, JUNI 28, 2023, KUANZIA SAA NNE ZA ASUBUHI ILI KUENDESHA SHUGHULI ZIFUATAZO:

SHUGHULI ZA KAWAIDA

1. Kuwasilisha majina ya wawakilishi wa wenyehisa wanaoruhusiwa kisheria kuhudhuria na kupiga kura katika mkutano lakini wakakosa nafasi ya kufika, na kuthibitisha kuna idadi ya watu inayohitajika ili mkutano ufanyike.
2. Kusoma ilani ya kuitisha mkutano mkuu wa mwaka.
3. Kupokea, kutathmini, na ikikubaliwa, kuidhinisha taarifa za jumla za hesabu zilizokaguliwa za mwaka uliomalizika Desemba 31, 2022, pamoja na taarifa za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuarifu kwamba wakurugenzi hawatapendekeza malipo ya mgawo wa faida ya mwaka uliomalizika Desemba 31, 2022.
5. Wakurugenzi:
   - i) Bi Josephine Ossiya anastaafu katika mkutano huu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ingawa anastahili, hakujitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - ii) Dkt Peter K. Munga anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ametimiza umri wa miaka 70 na anastaafu kwa mujibu wa Mwongozo wa Kanuni za Usimamizi wa Mashirika kwa Watoaji Amana kwa Umma wa 2015. Kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - iii) Bw Jimnah M. Mbaru anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ametimiza umri wa miaka 70 na anastaafu kwa mujibu wa Mwongozo wa Kanuni za Usimamizi wa Mashirika kwa Watoaji Amana kwa Umma wa 2015. Kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - iv) AfricInvest III SPV 1, Shirika Mkurugenzi linalowakilishwa na Bw George Odo lililoteuliwa kujaza nafasi iliyotokea katika bodi kabla mwaka haujamalizika na bila kuidhinishwa na wenyehisa, linastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile linastahili, linajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - v) Bi Celestine Munda aliyeteuliwa kujaza nafasi iliyotokea katika Bodi kabla mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - vi) Bw Julius Mbaya aliyeteuliwa kujaza nafasi iliyotokea katika Bodi kabla mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - vii) Bw Lotfi Baccouche aliyeteuliwa kujaza nafasi iliyotokea katika Bodi kabla mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - viii) Bi Susan Abisola aliyeteuliwa kujaza nafasi iliyotokea katika Bodi kabla mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   - ix) Bw. Tom Gitogo aliyeteuliwa kujiunga na Bodi mwaka ukielekea kumalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
6. Kupitisha azimio la kawaida kwa mujibu wa Kifungu 769 cha Sheria ya Makampuni ya 2015, kwamba wakurugenzi wafuatao walio kwenye Kamati ya Bodi ya Ukaguzi wa Hesabu na Udhibiti wa Hatari za Kibiashara kwa Kampuni wachaguliwe kuendelea kutumikia kamati hiyo. Wao ni: -
   - a) Bi Celestine Munda
   - b) Bi Caroline Kigen
   - c) Bi Susan Abisola
7. Malipo ya wakurugenzi: -
   - a) Kuidhinisha Sera ya Malipo ya Wakurugenzi kama ilivyoonyeshwa kwenye taarifa ya kifedha iliyokaguliwa ya mwaka uliomalizika Desemba 31, 2022.
   - b) Kuidhinisha ripoti ya malipo ya wakurugenzi kama ilivyoonyeshwa kwenye taarifa ya kifedha iliyokaguliwa ya mwaka uliomalizika Desemba 31, 2022, na kuipatia Bodi kibali cha kuweka kiwango cha malipo kwa wakurugenzi.
8. Kuwateua Messrs PricewaterhouseCoopers LLP (PwC) kuwa wakaguzi wa hesabu za Kampuni kulingana na Vifungu 721 (2) na kuwaruhusu wakurugenzi kuamua malipo ya wakaguzi hao wa hesabu ya mwaka unaofuata kwa mujibu wa kifungu 724 (1) cha Sheria ya Makampuni ya 2015.
9. Kushughulikia suala jingine lolote na ambalo ilani ifaayo ilishatolewa awali.

Kwa amri ya bodi ya wakurugenzi

Hilda Njeru
Kaimu Katibu wa Kampuni
S. L. P. 30375 GPO 00100
NAIROBI
June 7, 2023

Kumbukeni Kwamba:

1. Britam Holdings Plc imeitisha na inafanya mkutano huu mkuu wa kila mwaka kwa mawasiliano ya simu na mitandao ya kidijitali kuambatana na sehemu 58 ya Kanuni za Kampuni hii.

2. Mwenyehisa yeyote anayenuia kushiriki katika mkutano huo kwa mawasiliano ya simu na mitandao ya kidijitali, anapaswa kujiandikisha kwa kufanya yafuatayo:

   a) Bonyeza ***483*903#** ukitumia laini ya huduma yoyote ya simu, na kufuata maagizo yote kuhusiana na utaratibu wa usajili huo;

   b) Tuma ombi la email la kusajiliwa kwa britamagm@image.co.ke; au

   c) Wenyehisa walio na anwani za email watapokea kiungo cha usajili wanachoweza kukitumia kujisajili.

   Ili kukamilisha usajili, wenyehisa watahitaji kuwa na namba zao za vitambulisho au pasipoti walizozitumia wakinunua hisa au namba za akaunti zao za CDSC. Wenyehisa watakaohitaji kusaidiwa kuukamilisha usajili huo wanaweza kupiga simu kwa nambari (+254) 709 170 039 kati ya saa tatu za asubuhi na saa kumi za alasiri kati ya Jumatatu na Ijumaa ama watume email kwa britamagm@image.co.ke.

3. Usajili kwa wanaokusudia kushiriki katika mkutano mkuu wa kila mwaka utaanza June 7, 2023 saa tatu za asubuhi na kufungwa saa tano za asubuhi ya Jumatano, Juni 26, 2023. Wenyehisa hawataweza kujiandikisha kushiriki katika mkutano huo baada ya saa tano za asubuhi ya Juni 26, 2023.

4. Kwa mujibu wa Kifungu 283(2)(c) cha Sheria za Makampuni, hati zifuatazo zinapatikana katika tovuti ya Kampuni https://www.britam.com:

   i) Tangazo hili;
   ii) Fomu ya uteuzi wa wawakilishi katika mkutano; na
   iii) Taarifa za hesabu za kampuni zilizokaguliwa za mwaka 2022.

   Mwenyehisa anaweza pia kuomba ripoti hizo kwa kubonyeza *483*903# na kuchagua ripoti kwenye orodha. Ripoti na ajenda zinaweza pia kupatikana kwenye kiungo cha kuwasilisha mkutano moja kwa moja unapoendelea.

5. Mwenyehisa yeyote anayenuia kuuliza swali ama kuomba ufafanuzi wa suala lolote kuhusiana na mkutano mkuu wa kila mwaka anaweza kufanya hivyo kwa:

   i) Kuandika na kutuma email ya barua ya maswali kupitia kwa agm@britam.com; au

   ii) iWenyehisa ambao watakuwa wamejiandikisha kushiriki katika mkutano huo wataweza kuuliza maswali kwa huduma ya ujumbe mfupi wa simu (SMS) wakibonyeza *483*903# na kuchagua 'uliza swali' kwenye jukwaa la yaliyomo;

   iii) Iwapo itawezekana, mwenyehisa apeleke barua ya maswali iliyo na anwani yake ya posta au ya barua pepe katika afisi zilizosajiliwa za Kampuni kwenye ghorofa ya 28 ya Britam Towers, Upperhill, Nairobi, ama afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, Nairobi; au

   iv) Kutuma maswali yakiwa na anwani ya posta kwa njia ya barua za kusajiliwa kwa Kampuni akitumia S.L.P. 30375 GPO 00100, Nairobi, au ayatume kwa email.

6. Wenyehisa wakiwasilisha maswali au hoja za kuomba ufafanuzi, wanapaswa kujitambulisha kikamilifu, yaani jina kamili na nambari ya kitambulisho, pasipoti au akaunti ya CDSC.

7. Ni lazima maswali yote na hoja za kuomba ufafanuzi ziifikie Kampuni mnamo au kabla ya saa nne za asubuhi ya Jumatano, Juni 26, 2023.

   Baada ya kupokea maswali na hoja za ufafanuzi, Wakurugenzi wa Kampuni watatoa majibu na ufafanuzi hitajika na kuyatuma wakitumia anwani za email zilizoandamana na barua za wenyehisa mnamo Juni 8, 2023. Orodha kamili ya maswali yaliyopokelewa, na majibu yake itachapishwa kwenye mtandao kufikia Juni 30, 2023.

8. Kufungamana na Kifungu 298(1) cha Sheria ya Makampuni, wenyehisa wanaostahili kuhudhuria na kupiga kura katika mkutano lakini hawana nafasi ya kufika, wana haki kisheria kumchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yao. Si lazima mwakilishi awe mwenyehisa wa Kampuni. Iwapo mwenyehisa hakumteua Mwenyekiti wa mkutano kuwa mwakilishi wake, mteuliwa anahitaji kuwa na simu ya mkono.

9. Fomu ya kumteua mwakilishi inaweza kupatikana katika tovuti ya kampuni, https://www.britam.com. Fomu zinapatikana pia kwenye afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, Nairobi.

   Ni lazima fomu ya uwakilishi ijazwe kikamilifu na kutiwa sahihi na mwenye hisa au wakili wake. Iwapo mteuzi ni shirika, barua ya uteuzi wa mwakilishi ni lazima iwe na muhuri rasmi wa shirika au saini ya afisa au wakili wa shirika, ama afisi ya Serikali.

10. Fomu iliyojazwa itumwe kwa email kwa britamagm@image.co.ke au ipelekwe kwenye afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, S.L.P. 9287, GPO 00100, Nairobi, na zipokelewe kufikia saa nne za asubuhi ya Juni 26, 2023.

11. Mkutano utaletwa moja kwa moja kwa simu na mitandao mingine ya kidigitali kupitia kwa kiungo ambacho kitatumiwa wenyehisa watakaokuwa wamejiandikisha kushiriki. Wenyehisa waliojiandikisha pamoja na wawakilishi wao watapata ujumbe mfupi wa simu kuwakumbusha kuhusu mkutano saa 24 kabla haujaanza. Ujumbe wa pili SMS kuwakumbusha saa za mkutano utatumwa saa moja kabla kikao hakijaanza. Wenyehisa na wawakilishi wao waliojiandikisha watapokea kwa SMS au email kiungo cha kidijitali cha kuwawezesha kushiriki mkutanoni saa Ishirini na nne kabla haujaanza.

12. Wenyehisa na wawakilishi wao waliojiandikisha wataweza kushiriki mkutanoni wakitumia jukwaa la kidijitali linalowasilisha matangazo ya moja kwa moja. Wenyehisa waliojiandikisha pamoja na wawakilishi wao wataweza kupiga kura (wakifuata maagizo ya mwenyekiti) kwa njia ya ujumbe mfupi au kwa kubonyeza VOTE kwenye kiungo maalumu cha matangazo ya moja kwa moja.

13. Maazimio yote yaliyopendekezwa katika ilani hii yatapigiwa kura mkutanoni.

14. Wenyehisa watapokea SMS kwa namba za simu walizoandikisha za kuwapatia maagizo kuhusu kupendekeza na kuunga mkono mapendekezo yaliyowasilishwa kwenye ilani.

15. Matokeo ya kura yatachapishwa kwenye tovuti ya kampuni https://www.britam.com katika muda wa saa 48 baada ya mkutano kufika kikomo.

16. Kampuni inawahimiza wenyehisa kuzidi kuchunguza tovuti ya Kampuni (https://www.britam.com/) ili kuendelea kupata habari zaidi au ripoti za mabadiliko yo yote kuhusiana na mkutano mkuu wa kila mwaka.

BRITAM HOLDINGS PLC ANNUAL GENERAL MEETING PROXY FORM

Britam Holdings Plc	**CDSC ACCOUNT NO......................................**
PO Box 30375 - 00100 GPO,	**SHAREHOLDER No...**
Nairobi, Kenya	**ID/REGISTRATION No. ....**

I/We ....

of (address) ....

being a member/members of **BRITAM HOLDINGS PLC** hereby appoint: ....

of:(address) ....

TEL. No: ....Email Address...

or failing him/her: ....

of: (address) ....

TEL. No: ....Email Address..

and failing him/ her the Chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the 2023 Annual General Meeting to be held on Wednesday 28 June 2023 at 10.00 AM and at any adjournment thereof.

As witness my/our hand this .... day of 2023

Signature(s) ....

	AGENDA ITEMS	Accept	Reject	Dissenting Opinion
	ORDINARY BUSINESS:			
3	To receive and, if approved, adopt the audited Consolidated Financial Statements for the year ended 31 December 2022, together with the Chairman's, the Directors' and Auditor's Reports thereon.			
4	To note that the Directors do not recommend the payment of a dividend for the financial year ended 31st December 2022.			
5	Directors: (i) Ms. Josephine Ossiya retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer herself for re-election.			
	(ii) Dr. Peter K. Munga retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.			
	(iii) Mr. Jimnah Mbaru retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.			
	(iv) AfricInvest III SPV 1, a Corporate Director represented by Mr. George Odo that was appointed to fill a casual vacancy retires in accordance with Article 114 of the Articles of Association of the Company and being eligible, offers itself for re-election as a director of the Company.			
	(v) Ms. Celestine Munda who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers herself for re-election.			
	(vi) Mr. Julius Mbaya who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.			
	(vii) Mr. Lotfi Baccouche who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.			
	(viii) Ms. Susan Abisola who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers herself for re-election.			
	(ix) Mr. Tom Gitogo who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.			
6	In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit & Risk Committee be elected to continue to serve as members of the said committee: - (a) Ms. Celestine Munda (b) Mrs. Caroline Kigen (c) Ms. Susan Abisola			
7	Directors' Remuneration: - (a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2022. (b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2022 and to authorize the Board to fix the remuneration of the Directors			
8	To re-appoint PricewaterhouseCoopers (PwC) as auditors in accordance with Section 721 (2) and 724 of the Companies Act, No.17 of 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.			

Notes:

1. If a member is unable to attend personally, this proxy form should be completed, duly signed and delivered to the offices of the Company's shares registrar, Image Registrars Limited, 5th floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, P.O Box 9287-00100 GPO Nairobi or be scanned and emailed to britamagm@image.co.ke, to be received not later than 10.00 am, 26 June 2022 i.e. 48 hours before the meeting or any adjournment thereof.
2. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 26 June 2023 at 10.00 am.
3. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 26 June 2023 to allow time to address any issues.
4. This proxy form must be signed by the appointor or his attorney duly authorized in writing.
5. In case of a member being a corporate body, the Proxy Form must be under given under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
6. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. A proxy need not to be a shareholder of the Company.
7. Completion and submission of the Proxy Form will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy: ....

Proxys' Mobile Number ....

Please tick the boxes below and return to Image Registrars at P.O. Box 9287 – 00100 Nairobi, 5 th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on 28 June 2023. ☐

Consent for use of the Mobile Number provided

I/WE give my/our consent for the use of the mobile number provided for purposes of voting at the AGM ☐

Signature: ....

Date: ....

Corporate Information

REGISTERED OFFICE

BRITAM HOLDINGS PLC
Britam Tower
Hospital Road
Upper Hill
P.O Box 30375, 00100 Nairobi, Kenya
Tel: (+254) 020 2833 000/2710 927
Fax: (+254) 020 2717 626
E-mail: info@britam.com
Website (Group): www.britam.com

The Chief Executive Officers (CEOs) and /or Principal Officers for the entities below are the individuals that held office as at the time of approval of these consolidated financial statements.

LOCAL SUBSIDIARIES

The subsidiaries share physical and postal addresses with the Company as below;

BRITAM LIFE ASSURANCE COMPANY (KENYA) LIMITED
CEO/Principal Officer: Mr. Ambrose Dabani
E-mail: insurance@britam.com

BRITAM ASSET MANAGERS (KENYA) LIMITED
Principal Officer (Ag.): Mr. Charles Kimani
E-mail: assetmanagement@britam.com

BRITAM PROPERTIES (KENYA) LIMITED
Head of Property Management (Ag.): Mr. Charles Kanugi
E-mail: Property@britam.com

BRITAM GENERAL INSURANCE COMPANY (KENYA) LIMITED
CEO/Principal Officer: Mr. Jackson Theuri
Email: info@britam.com

REGIONAL SUBSIDIARIES

BRITAM INSURANCE COMPANY (UGANDA) LIMITED
CEO/ Principal Officer: Mr. Allan S. Mafabi
Plot 24A, Akii-Bua Road, Nakasero
P.O Box 36583, Kampala Uganda
Tel: (+256) 417 702 600
Email: britamug@britam.com

BRITAM INSURANCE COMPANY (UGANDA) LIMITED share physical and postal addresses with the subsidiary below;

BRITAM ASSET MANAGERS (UGANDA) LIMITED
General Manager: Ronald Kasolo
Email: britamug@britam.com

BRITAM INSURANCE COMPANY LIMITED (SOUTH SUDAN)
CEO/Principal Officer: Mr. John K. Githinji
The Britam Place, Hai Malakal Juba, South Sudan
Tel:(+211) 911 006 001/2
Email: britamss@britam.com

BRITAM INSURANCE COMPANY (RWANDA) LIMITED
CEO/Principal Officer: Andrew Kulayige
Kigali Investment Company, 5th Floor
P.O Box 913, Kigali, Rwanda
Tel: (+250) 252 579 031/2/3
Email: rwanda@britam.com

BRITAM INSURANCE (TANZANIA) LIMITED
CEO/ Principal Officer: Mr. Raymond Komanga
PPF Tower 2nd Floor, Garden/Ohio Street
P. O. Box 75433, Dar es Salaam, Tanzania
Tel: (+255) 22 2138058/ 762
Email: britamtz@britam.com

BRITAM INSURANCE COMPANY LIMITED (MALAWI)
CEO/ Principal Officer (Ag.): Mr. Wales Meja
Delamere House, Victoria Avenue,
P.O. Box 442, Blantyre, Malawi
Tel: (+265) 01 824 044/ 08 81893856 /09 91461230
Email: britammw@britam.com

BRITAM COMPANHIA DE SEGUROS DE MOÇAMBIQUE, SA
CEO/ Principal Officer: Mr. Martin Mandivenga
Av Marginal No 4067 R/C Caixa
Postal 3681, Maputo Mozambique
Tel: (+258) 21 492840/8/9
Email: britammz@britam.com

LOCALLY RELATED PARTIES

HF GROUP PLC
Rehani House
Kenyatta Avenue/Koinange Street
Nairobi Kenya
Tel: (+254) 020 3262000
Email: info@hfgroup.co.ke

EQUITY GROUP HOLDINGS PLC

Equity Centre
Upper Hill - Hospital Road
Nairobi Kenya
Tel: (+254) 020 2262000,
Email: info@equitybank.co.ke

SHARE REGISTRAR

Image Registrars Limited
Absa Plaza, 5th Floor.
Loita Street
P.O Box 9287-00100, Nairobi
Tel: (+254) 020 2230330
Email: info@image.co.ke

AUDITOR

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

SECRETARY

Hilda Njeru (Ag.)
Britam Tower
Hospital Road
Upper Hill
P.O Box 30375, 00100 Nairobi, Kenya

ACTUARIAL SERVICES

QED Actuaries and
Consultants (Pty) limited.
Sandton, South Africa.
Triangle Actuarial Services
Wake Forest, North Carolina, USA

LEGAL ADVISORS

Kaplan & Stratton, Advocates
CMS Daly Inamdar Advocates
Bowmans (previously Coulson Harney Advocates)
Walker Kontos Advocates
Ngatia and Associates
South Sudan Associated Advocates
Katende, Ssempebwa & Co Advocates (Uganda)
FK Advocates (Rwanda)
Tanscar Attorneys (Tanzania)
Nanthuru & Associates (Malawi)
Costa Amanze (Mozambique)

BANKERS

Equity Bank Limited
NCBA Bank
Barclays Bank of Kenya Limited
Citibank
Kenya Commercial Bank Limited
National Bank of Kenya Limited
Standard Chartered Bank Limited
Co-operative Bank of Kenya Limited
HFC Bank Limited

ACHIEVEMENTS & ACCOLADES

Overall General Insurance Company of The Year 2022 and Overall Life Company of the Year Award for the 16th consecutive year in the 2022 Association of Kenya Insurers (AKI) Annual Awards.

Irene Aki Wins This Year's Future Leaders of Insurance 2022 Award

Hearty congratulations to our very own shining star, Irene Aki for bagging this year's Future Leaders of Insurance 2022 award, by Association of Kenya Insurers (AKI).

Britam wins at this year's Digital Media Awards

Britam won the Advanced Audience Targeting Award at this year's Digital Media Awards for our #BritamHomeInsurance campaign. The campaign featured selection of target audience segments based on topics that they're most interested in when it comes to safeguarding household goods and possessions they hold dear. This allowed us to have a high level of granularity when choosing where the campaign eventually appeared.

THE 2025-2021 Strategy

is about Delighting the Customer

1. We will transform Britam by putting Customer needs at the centre of everything we do
2. Our Customers will experience “One Britam”; We will deploy deep customer insights and data analytics to understand their needs and provide solutions they want.
3. We will leverage our People, Technology and Culture and enable our partners to deliver meaningful interactions, satisfying experiences, all the time

The EPIC² ...#OneBritam Experience

KENYA | UGANDA | SOUTH SUDAN | RWANDA | MALAWI | MOZAMBIQUE | TANZANIA

www.britam.com BritamEA BritamEA

Head Office: Britam Tower, Hospital Road, Upper Hill
Tel: 0705 100 100 | Email: info@britam.com