

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Un-Audited 30-Jun-23 Shs'000	Un-Audited 30-Jun-22 Shs'000
Insurance revenue	16,585,900	12,400,074
Insurance service expenses	(11,842,973)	(11,402,437)
Net expenses from reinsurance contracts held	(2,820,986)	(884,571)
Net insurance service result	1,921,941	113,066
Interest and dividend income	6,821,988	5,380,505
Net income from investment property	284,196	158,908
Losses on financial assets at fair value through profit or loss	(1,797,993)	(2,268,731)
Net investment income	5,308,191	3,270,682
Finance expenses from insurance contracts issued	(5,039,202)	(2,348,207)
Finance income from reinsurance contracts held	326,805	117,415
Net insurance finance expenses	(4,712,397)	(2,230,792)
Net insurance and investment result	2,517,735	1,152,956
Fund management fees	320,294	341,007
Other income	330,148	194,877
Other operating expenses	(815,700)	(778,116)
Other finance costs	(59,889)	(123,576)
Profit before share of the profit of associates	2,292,588	787,148
Share of profit of associates accounted for using the equity method	89,236	24,758
Profit before tax	2,381,824	811,906
Income tax expense	(739,691)	(433,969)
Profit for the period	1,642,133	377,937
Total other comprehensive income	536,047	319,262
Comprehensive income for the period	2,178,180	697,199
Basic and diluted earnings per share (Shs per share)	0.65	0.15

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Un-Audited 30-Jun-23 Shs'000	Un-Audited 31-Dec-22 Shs'000	Un-Audited 01-Jan-22 Shs'000
Share capital	252,344	252,344	252,344
Share premium	13,237,451	13,237,451	13,237,451
Other reserves	14,233,964	13,069,573	15,794,838
Accumulated losses	(4,389,613)	(5,432,368)	(10,201,572)
Shareholder's funds	23,334,146	21,127,000	19,083,061
Non-controlling interest	210,918	239,884	142,384
Total equity	23,545,064	21,366,884	19,225,445
Assets			
Fixed and intangible assets	2,133,906	2,226,371	2,672,572
Investment assets	151,572,343	140,601,059	133,892,738
Insurance contract assets	-	2,196	-
Reinsurance contract assets	7,372,569	7,343,930	7,063,206
Other assets	4,933,593	3,692,213	3,707,855
Cash and bank balances	1,536,455	1,898,478	1,862,538
Total assets	167,548,866	155,764,247	149,198,909
Liabilities			
Insurance contract liabilities	130,561,091	122,253,587	109,934,123
Reinsurance contract liabilities	515,896	167,064	83,035
Borrowings	2,545,863	2,540,223	4,227,824
Provisions and other payables	10,380,952	9,436,489	15,728,482
Total liabilities	144,003,802	134,397,363	129,973,464
Net assets	23,545,064	21,366,884	19,225,445

SUMMARY CONSOLIDATED STATEMENT OF CASHFLOWS

	Un-Audited 30-Jun-23 Shs'000	Un-Audited 30-Jun-22 Shs'000
Operating activities		
Cash generated from operations	1,540,712	2,685,815
Income tax paid	(174,634)	(19,320)
Net cash generated from operating activities	1,366,078	2,666,495
Net cash used in investing activities	(70,789)	(78,442)
Net cash used in financing activities	(83,554)	(1,831,053)
Net increase in cash and cash equivalents	(154,343)	(1,909,495)
Movement in cash and cash equivalents		
At the start of the year	7,991,854	7,499,485
Increase	1,211,735	757,000
At end of the period	9,203,589	8,256,485

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Share premium Shs'000	Retained earnings and other reserves Shs'000	Total equity Shs'000
Balance at 31 December 2021	252,344	13,237,451	5,593,722	19,083,517
Adjustments of initial application of IFRS 9 and 17, net of tax	-	-	141,928	141,928
Restated balance at 1 January 2022	252,344	13,237,451	5,735,650	19,225,445
Profit for the year (restated)	-	-	1,729,876	1,729,876
Other comprehensive income for the year	-	-	411,563	411,563
Restated balance at 31 December 2022	252,344	13,237,451	7,877,089	21,366,884
Profit for the period	-	-	1,642,133	1,642,133
Other comprehensive income for the period	-	-	536,047	536,047
Balance as at 30 June 2023	252,344	13,237,451	10,055,269	23,545,064

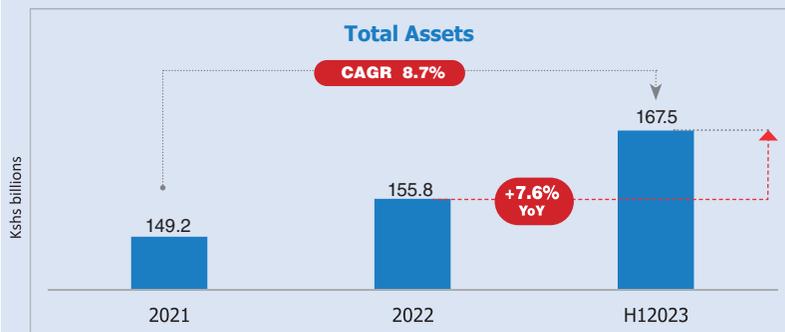
Gross Earned Premium and Fund Management Fees (IFRS 4)



Commentary on gross earned premium and fund management fees (IFRS 4)

The total gross earned premium and fund management fees in the six-month period were up 31% to KShs 20.7 billion compared to the KShs 15.8 billion in the same six month period in 2022. The International general insurance businesses generated 23% of the Group's total gross earned premiums and remain a key pillar of the Group's geographical diversification strategy.

IFRS 17 Performance



Profit Before Tax



Interest and Dividend Income



Commentary on the Group 2023 Half-Year Results

Britam has fully implemented the International Financial Reporting Standard (IFRS) 17 Insurance Contracts effective 1 January 2023 and the resulting adjustments on the net assets as at 1 January 2022 are included in the summary statement of changes in equity. The 2022 financial statements have been restated in compliance with the IFRS.

Implementation of IFRS 17 is not expected to significantly impact our business strategy, business operations, cash generation, solvency, and dividends but rather the Group's reporting and emergence of profits especially from our long-term insurance contracts. The Contractual Service Margin which represents the value of future unearned profits on contracts sold from long-term insurance contracts is systematically amortized into profit over time thereby creating long-term stability in profit emergence.

Britam has recorded a profit before tax of KShs. 2.4 billion in the six-month period to 30 June 2023. This is a significant improvement compared with the profit before tax of KShs. 812 million recorded in the same six-month period in 2022. The strong performance is attributed to the growth in insurance revenue and investment income.

Britam is in the third year of its customer centered transformational strategy and these results are a strong validation of the execution outcomes as the business continues to experience revenue growth and stabilization of its financial performance.

Total insurance revenue in the six-month period was up 34% to KShs. 16.6 billion compared to the KShs. 12.4 billion in the same six-month period in 2022. Britam's International general insurance businesses continue to contribute to the Group's revenues and profitability. The businesses generated 27% of the Group's total insurance revenue. The good underwriting experience is mainly driven by better performance from the motor business and continued strong performance from our life insurance business.

The growth in interest and dividend income by 27% to KShs 6.8 billion compared to KShs 5.4 billion recorded in the same period of 2022 was driven by growth in revenues and the ongoing re-alignment of investments portfolio to grow and stabilize yields.

Britam continues to focus on the improvement in operating efficiency and has managed to keep the underlying operating expenses ratio for the six-month period at 30% similar to the same period in 2022.

Despite the challenging macroeconomic environment which has witnessed yields shifting upwards, for the period under review, Britam recorded a 22% decline in net fair value losses from equities and government securities to KShs 1.8 billion compared to KShs 2.3 billion recorded as at June 2022.

The total shareholders' equity as at 30 June 2023 stood at KShs 23.5 billion, an increase of 10% from KShs 21.4 billion as at 31 December 2022 reflecting the improved financial performance in the six-month period.

The Group remains fundamentally strong. The ongoing execution of the Group's EPIC² #OneBritam Transformational Strategy is expected to continue improving the company's financial performance and business growth going forward.

Other Matters

Dividends

The Board of Directors does not recommend the payment of an interim dividend for the half-year period ended 30 June 2023.

The above summary consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and other disclosures are extracted from the unaudited financial results of the Group which were approved by the Board of Directors on 30 August 2023.

By Order of the Board:
Mr. Kuria Muchiru
Chairman

Mr. Tom Gitogo
Group MD & CEO