



2015

Britam Holdings Limited
Annual Report & Financial Statements



Britam Tower

- 45% of water saved on recycling
- Self cleaning, anti-sun glass
- Bamboo paneling to save forests
- Designed to keep cool naturally



Mission

To provide outstanding financial services to our customers

Vision

To be YOUR most trusted financial services partner

Brand Position

YOUR JOURNEY is our journey

The Britam **BRAND IDEA**

INTERNALIZE

Values

Respect

Integrity

Continuous Improvement & Innovation

Passion

OPERATING PRINCIPLES

Market Leadership

Professionalism

Synergy

Operational Excellence

EXTERNALIZE

Personality

Visionary

Approachable



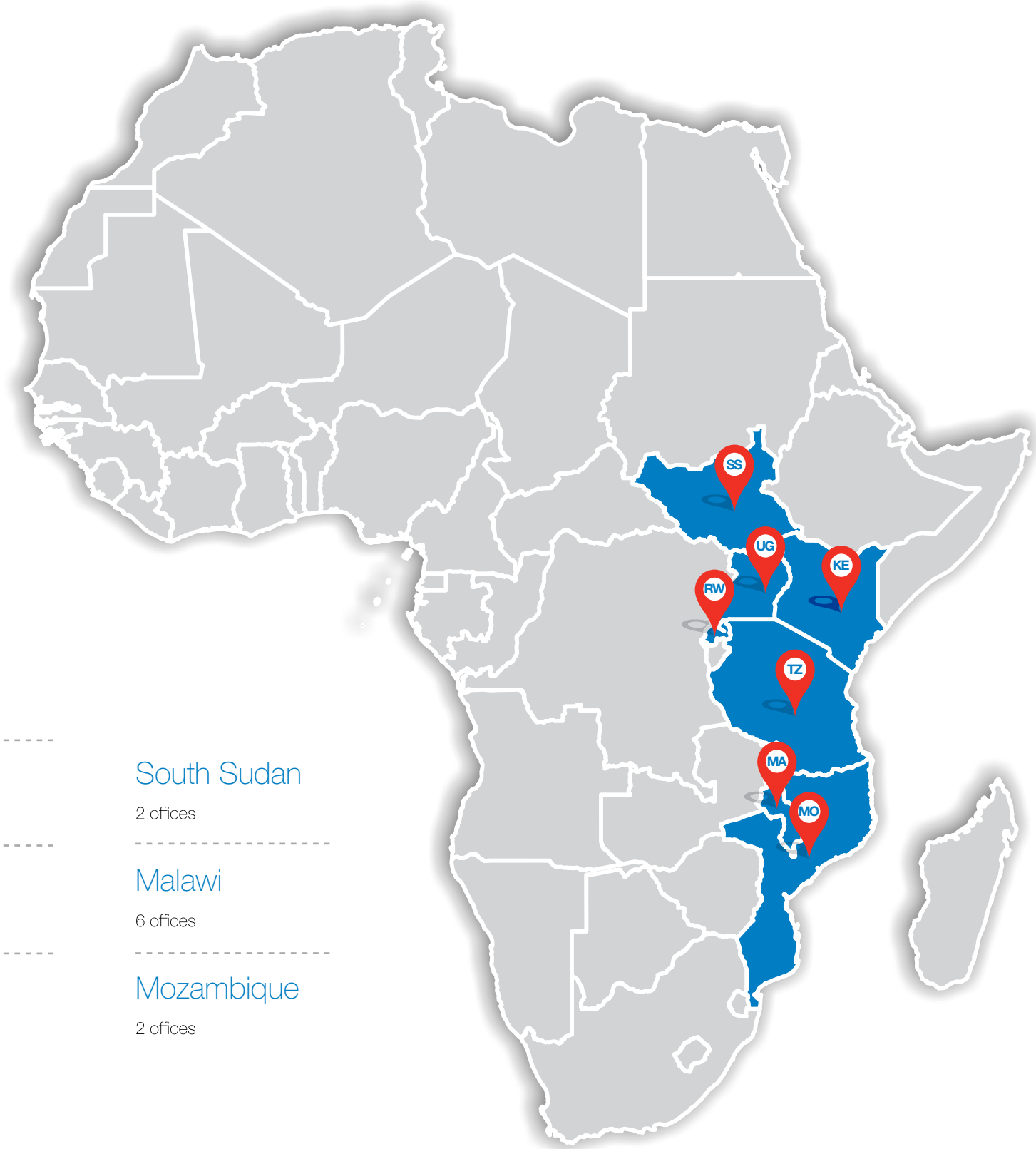
SUPER E-PLUS

Quality Education

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Britam Footprint



Kenya

41 offices

Uganda

7 offices

Tanzania

8 offices

Rwanda

1 office

South Sudan

2 offices

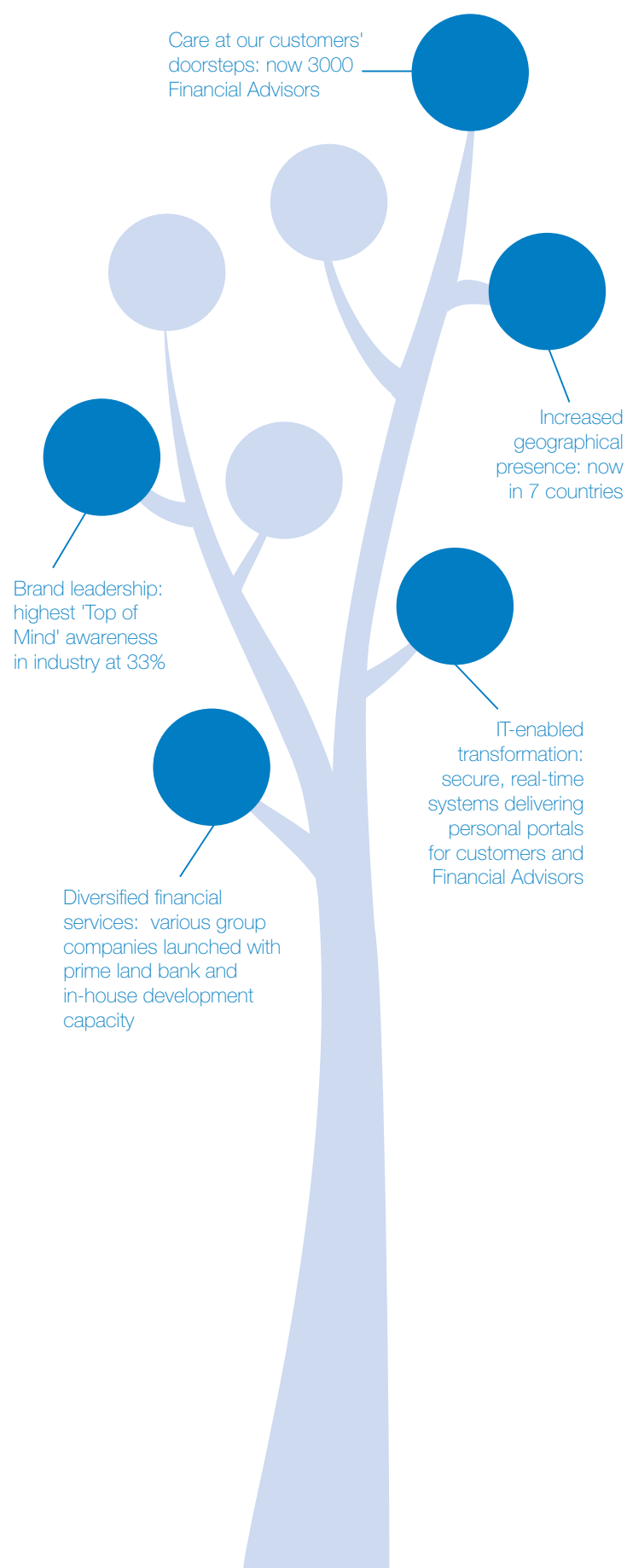
Malawi

6 offices

Mozambique

2 offices

2015 Achievements



Growing with you

Britam is a vision driven group developing rapidly on the basis of successive five-year strategic plans. The current strategic plan concludes in 2016 and has been transformative. Britam is today a diversified, Pan-African financial services group, spanning a life assurance business in Kenya, and general (non-life) insurance businesses in seven African nations.

The Group's next largest business is the Asset Management Company, with Shs 90.5bn in Assets Under Management, while the newest business, in property, is poised to become the largest institutional property developer in the region. Britam also has strategic portfolio investments in Equity Bank and HF Group. Our strategy is now directed at consolidating our position as the leading integrated Pan-African financial services group.

Awards

1. Dr Benson I. Wairegi, Britam Group Managing Director - 2015 Industrialist of the Year, East Africa	All Africa Business Leaders Awards (AABLA) with CNBC
2. Britam - Superbrands Status	Superbrands East Africa
3. Britam - Overall Winner CIO 100, 2015	CIO East Africa
4. Jack Maina, Group CIO - CIO 100, 2015 CIO of the Year	CIO East Africa
5. Britam - Company of the Year	Association of Kenya Insurers (AKI)
6. Britam - Best Insurance Company in Kenya	Capital Finance International (CFI.co)
7. Britam - Overall Winner, Marketing Initiative of the Year	Think Business Insurance Awards
8. Britam Asset Managers - Best Performing Equity Fund	Think Business Investment Awards
9. Britam - Winner in Use of ICT in Insurance, 2015	Computer Society of Kenya ICT Excellence Awards
10. Britam - Best Life Insurance Company in Kenya, 2015	World Finance
11. Britam - Winner in Use of ICT in Insurance 2015	Information Communication Technology Association of Kenya ICTVA Awards

Our 50 Year Journey

Offices



1



2



3

1. Nairobi Office, Extelcom House
2. Britam Centre
3. Britam Tower

1965

First office set up on University Way, Nairobi, a subsidiary of the Bahamas-based holding company

1979

British American incorporated as a Kenyan company

1991

Completed Britam Centre in Upper Hill

1997

Company completes first real estate project, Hurlingham Park

1998

Computerised records introduced

2004

British American Asset Managers (BAAM) incorporated.

2004

Group acquires strategic stakes in Equity Bank, Kenya's biggest bank, and Housing Finance, the largest mortgage finance provider in East Africa.

Performance

MANPOWER						
	1980	1981	1983	1984	1985	1986
DISTRICT MANAGERS	9	9	9	9	9	9
STAFF MANAGERS	14	18	19	19	16	13
HOME OFFICE	28	30	27	25	24	25
AGENTS	110	131	131	132	146	276
	161	188	186	185	195	323



5 YEAR AGENCY FIELD MANAGEMENT AND SALES PROJECTIONS					
	1987	1988	1989	1990	1991
AGENCY MANAGERS	10	11	11	11	11
ASST MANAGERS	15	19	20	20	20
AGENTS	560	700	875	1050	1260
	585	730	906	1081	1291

People



1



2



3

1. Mr. F. Muchiri (left); Ben Mumo, Area Manager (middle); Dr. Benson I. Wairegi (right).
2. Mr Peyton R. Woodson III (left), Chairman British American Company Bahamas with Dr. Benson I. Wairegi (right).
3. Dr. Benson I. Wairegi (left) with Ben Mumo, Area Manager (middle); Moses Kimani, Marketing Manager (right).

2011

British American lists on NSE

2013

Britam acquires Real Insurance Company

2014

The Group issues first ShS6bn corporate bond

2015

Consolidation of the General Insurance Business, as it restructures into a 7-nation Pan-African financial services group

Five Year Financial Highlights

Summary statement of comprehensive income

	2015	2014	2013	2012	2011
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenues					
Gross earned premiums	19,605,675	14,045,772	8,847,166	6,849,692	5,607,621
Net earned premiums	16,373,722	11,792,162	7,751,199	5,956,691	4,936,707
Fund management fees	718,537	696,056	613,511	377,208	238,315
Investment income	4,550,017	3,477,271	2,992,190	2,016,570	1,212,865
(Losses)/gains on financial assets at fair value through profit or loss	(2,836,211)	4,102,165	3,355,542	3,032,092	(3,306,063)
Commissions earned & other income	1,324,922	624,681	417,616	360,823	300,860
Total revenue	20,130,987	20,692,335	15,130,058	11,743,384	3,382,684
Expenses					
Net insurance benefits and claims	10,614,215	8,023,291	4,902,058	3,669,331	2,999,016
Interest payments/increase in unit value	495,774	2,035,986	2,204,587	1,608,828	(765,689)
Operating and other expenses	6,716,741	4,616,406	3,210,990	2,286,578	1,760,544
Finance costs	802,155	350,290	-	-	-
Commissions payable	3,291,904	2,712,987	1,873,285	1,476,086	1,192,335
Total expenses	21,920,789	17,738,960	12,190,920	9,040,823	5,186,206
Share of profit of the associate	594,864	259,007	181,685	146,845	79,436
(Loss)/profit before tax	(1,194,938)	3,212,382	3,120,823	2,849,406	(1,724,086)
Total comprehensive (loss)/ income for the year	(3,183,698)	6,013,313	3,650,561	3,652,688	(4,186,381)
Earnings per share	(0.50)	1.31	1.21	1.37	(1.01)

Summary statement of financial position

	2015	2014	2013	2012	2011
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Shareholders' funds	17,674,448	21,439,672	14,752,342	10,843,908	8,557,448
Total assets	77,632,352	72,450,354	46,902,578	35,820,165	25,639,244
Total liabilities	59,957,904	51,010,682	32,150,236	24,976,257	17,081,796



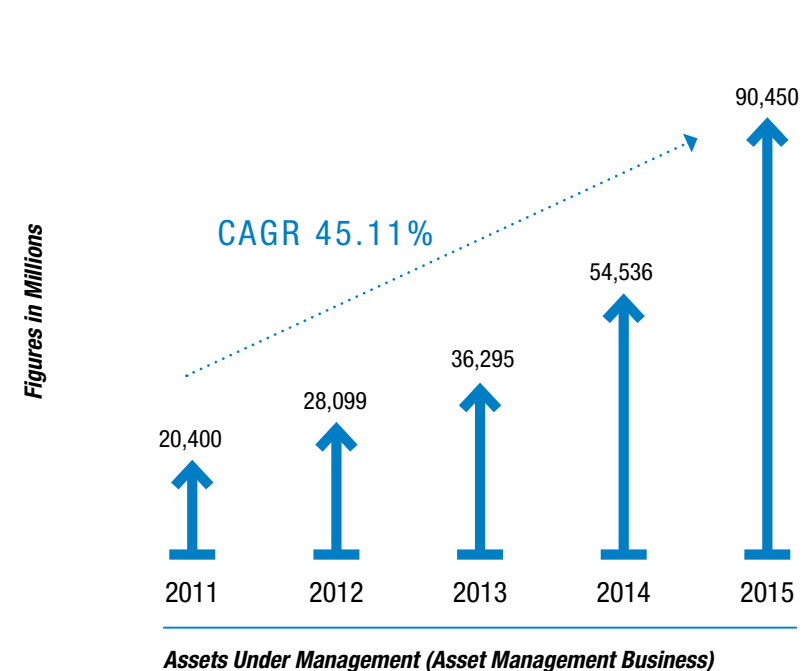
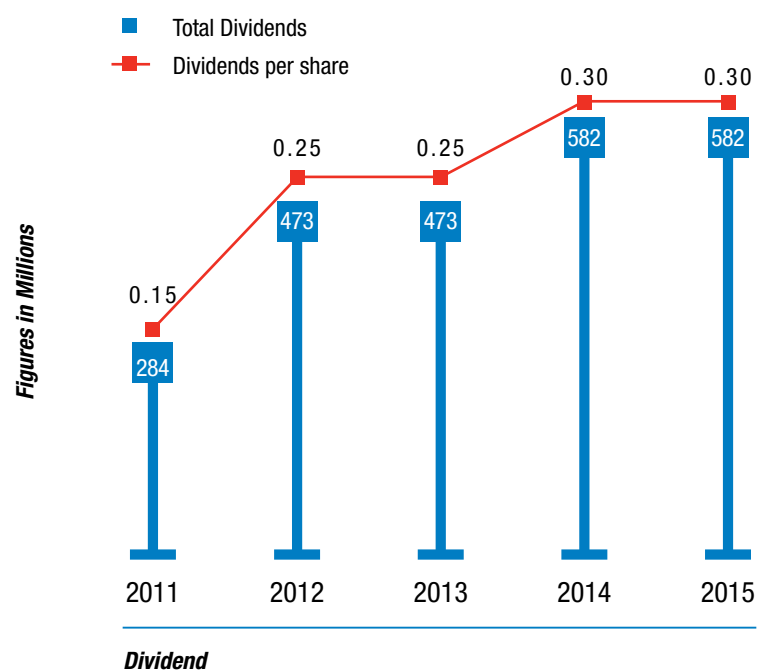
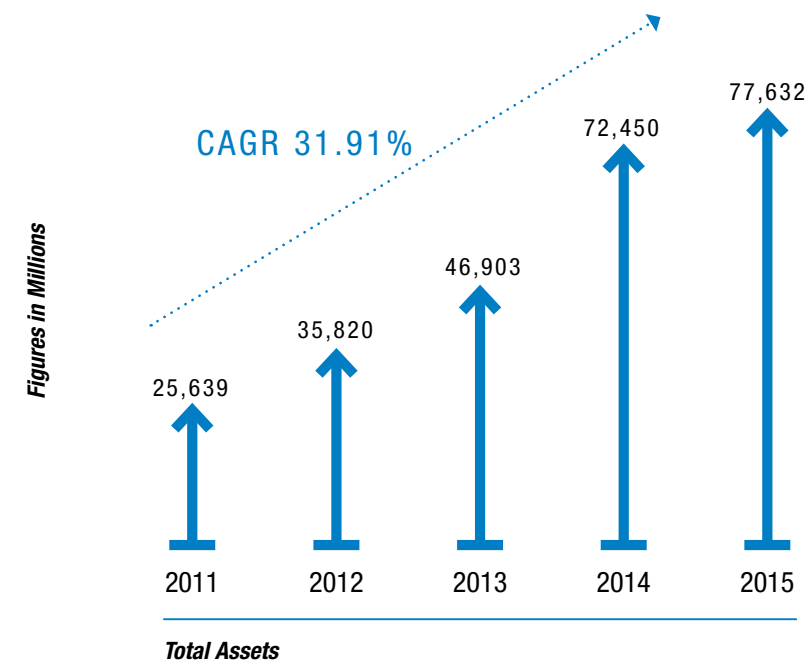
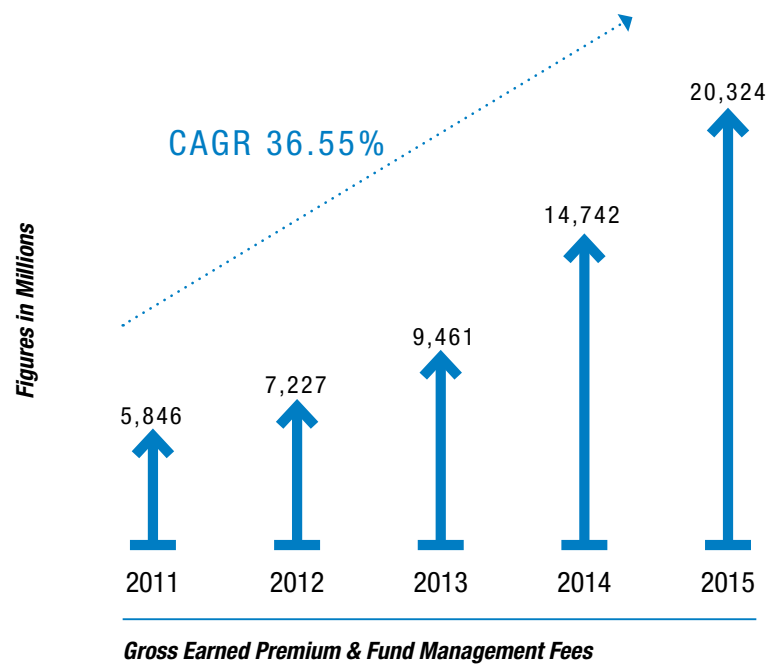
Five Year Financial Highlights

Britam enjoyed one of its strongest operational years in 2015, but its results were impacted by the marked decline of the Nairobi Securities Exchange. This substantially reduced the fair value of the Group's investment portfolio.

This fair value write down did not impinge on cash flow or slow the operational take off, following the Group's strategic acquisition of Real Insurance in 2014, and its rebranding and restructuring to achieve a group

structure with seven national, general insurance businesses and stand-alone life assurance, asset management and property businesses.

The strength of the premium growth was additionally driven by the first product launches enabled by the Group's new and comprehensive digital platform, which will, in 2016, facilitate further launches across all of the Group's business activities.



Notice of the Annual General Meeting

To the Shareholders of BRITAM HOLDINGS LIMITED (Formerly British-American Investments Company (Kenya) Limited)

NOTICE IS HEREBY GIVEN THAT THE 20th ANNUAL GENERAL MEETING of the Company will be held at Safari Park Hotel, Nairobi on Friday, 24th June 2016 at 10.00 a.m. to transact the following business:

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the meeting.
3. To receive, consider and if approved, adopt the audited consolidated financial statements for the year ended 31st December 2015, together with the Chairman's, Directors' and Auditors' reports thereon.
4. To approve the payment of a final dividend for the year ended 31st December 2015 of Kshs. 0.30 per ordinary share of Kshs. 0.10 each, subject to withholding tax where applicable, to shareholders on the register of members at the close of business as at 9th June 2016.
5. Rotation and election of Directors:
 - i) Mr. Nduva Muli retires by rotation in accordance with Articles 92 and 93 of the Articles of Association of the Company and being eligible, does not offer himself for re-election as a director;
 - ii) Mr. Richard K. Langat retires by rotation in accordance with Articles 92 and 93 of the Articles of Association of the Company and being eligible, does not offer himself for re-election as a director;
 - iii) Mr. Samson K. Kamau retires by rotation in accordance with Articles 92 and 93 of the Articles of Association of the Company and having attained the age of seventy years further 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.
 - iv) Mr. Peter K. Munga 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.
 - v) Mr. Stephen O. Wandera who was appointed to fill a casual vacancy retires in accordance with Article 115 of the Articles of Association of the Company and being eligible, offers himself for re-election as a director of the Company.
6. To approve the remuneration of the Directors' for the year ended 31st December 2015.
7. To note that the auditors Messrs Deloitte & Touche, being eligible and having expressed their willingness, will continue in office in accordance with Section 159 of the Companies Act (Cap 486) and to authorise the directors to fix their remuneration;
8. To consider any other business for which due notice has been given.

Notes:

1. A member entitled to attend and vote at the meeting and who is unable to attend, is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company.

A Proxy Form may be obtained from the Company's website www.britam.com, registered office of the Company, Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, P.O. Box 30375 – 00100, Nairobi, or offices of the Company's shares registrar firm, Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, Nairobi.

To be valid, a form of Proxy, must be duly completed by the member and lodged with the Company Secretary at the registered office of the Company, Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, P.O. Box 30375 – 00100, Nairobi or at the registered office of the Shares Registrar, Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, Nairobi, not later than Wednesday, 22nd June 2016 at 10.00 a.m., failing which it be invalid. Alternatively, duly signed proxies can be scanned and emailed to info@image.co.ke in pdf format. In the case of a corporate body, the proxy must be under its common seal.

2. In accordance with Article 151 of the Articles of Association of the Company, a copy of the entire Annual Report & Accounts may be viewed at the Company's website at www.britam.com or a printed copy may be obtained from the registered office of the Company, Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, P.O. Box 30375 – 00100, Nairobi or at the registered office of the Shares Registrar, Image Registrars Limited, Barclays Plaza, 5th Floor, Loita Street, Nairobi,.
3. Transport shall be provided to shareholders from Kencom bus stop to the Safari Park Hotel from 7.30 a.m. to 9.00.a.m. on 24th June 2016.

By Order of the Board, Nancy K. Kiruki, Company Secretary. P.O. Box 30375 – 00100, NAIROBI. 30th May 2016

Tangazo la Mkutano Mkuu wa Mwaka

Kwa wanahisa wa BRITAM HOLDINGS LIMITED (iliyojulikana kama British-American Investments Company (Kenya) Limited)

ILANI INATOLEWA KWAMBA MKUTANO MKUU WA 20 WA KILA MWAKA wa kampuni utafanyika katika Safari Park Hotel, Nairobi, mnamo Ijumaa, Juni 24, 2016, kuanzia saa nne za asubuhi ili kuendesha shughuli zifuatazo:

1. Kuwasilisha majina ya wawakilishi na kuthibitisha kuna wingi wa watu wanaohitajiwa ili mkutano uweze kufanyika.
2. Kusoma ilani ya kuitisha mkutano mkuu wa mwaka.
3. Kupokea, kukagua na ikikubaliwa, kuidhinisha taarifa za jumla za hesabu zilizokaguliwa za mwaka uliomalizika Desemba 31, 2015, pamoja na taarifa za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuidhinisha malipo ya mgao wa mwisho ya mwaka uliomalizika Desemba 31, 2015, ya Kshs0.30 kwa kila hisa ya kawaida ya Kshs0.10, baada ushuru wa faida ya akiba panapofaa, kwa wenyehisa watakaokuwa kwenye rejista ya wamiliki wa kampuni kufikia Juni 9, 2016.
5. Kuchagua wakurugenzi:
 - i) Bw. Nduva Muli anastaafu kwa zamu kulingana na Vifungu 92 na 93 vya Kanuni za Kampuni na ingawa anastahili, hakujitolea kuchaguliwa tena kuwa mkurugenzi;
 - ii) Bw. Richard K. Langat anastaafu kwa zamu kulingana na Vifungu 92 na 93 vya Kanuni za Kampuni na ingawa anastahili, hakujitolea kuchaguliwa tena kuwa mkurugenzi;
 - iii) Bw. Samson K. Kamau anastaafu kwa zamu kulingana na Vifungu 92 na 93 vya Kanuni za Kampuni na kwa vile ametimiza umri wa miaka 70 anastaafu kulingana na Mwongozo wa Kanuni za Usimamizi wa Mashirika kwa Watoaji Amana kwa Umma 2015 na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi.
 - iv) Bw. Peter K. Munga ametimiza umri wa miaka 70 na anastaafu kulingana na Mwongozo wa Kanuni za Usimamizi wa Mashirika kwa Watoaji Amana kwa Umma 2015 na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi.
 - v) Bw. Stephen O. Wandera aliyeteuliwa bila kuidhinishwa na wenyehisa anastaafu kwa zamu kulingana na Kifungu 115 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi.
6. Kuidhinisha malipo ya Wakurugenzi kwa mwaka uliomalizika Desemba 31, 2015.
7. Kutambua kwamba wakaguzi wa hesabu wa Messrs Deloitte & Touche, ambao wanastahili na wametangaza kwamba wako tayari, waendeleo kuhudumu kulingana na Kifungu 159 cha Sheria ya Kampuni (Cap 486) na kuwaruhusu wakurugenzi kuamua malipo ya wakaguzi hao.
8. Kushughulikia suala jingine lolote na ambalo ilani ifaayo ilishatolewa awali.

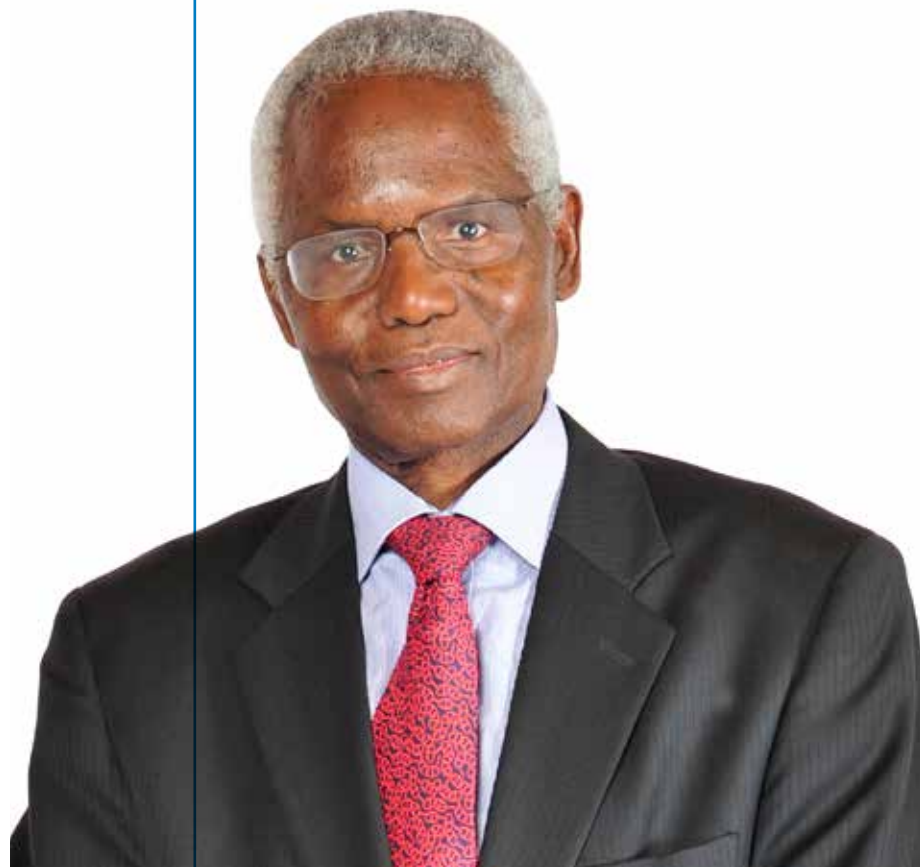
Ilani:

1. Mwenyehisa yeyote anayeruhusiwa kisheria kuhudhuria na kupiga kura katika mkutano lakini hana nafasi ya kufika, ana haki kisheria kumchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Si lazima mwakilishi awe mwenyehisa wa kampuni.

Fomu ya kumteua mwakilishi inaweza kupatikana katika tovuti ya kampuni www.britam.com, afisi iliyosajiliwa ya kampuni ambayo ni Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, S.L.P. 30375 – 00100, Nairobi, ama afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, Barclays Plaza, Orofa ya 5, Loita Street, Nairobi.

Ili kukubaliwa, fomu ya mwakilishi lazima ijazwe kikamilifu, itiwe sahihi na mwenye hisa na ipelekwe kwa Katibu wa Kampuni katika afisi zilizosajiliwa za Kampuni, Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, S.L.P. 30375 – 00100, Nairobi ama afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, Barclays Plaza, Orofa ya 5, Loita Street, Nairobi, mnamo ama kabla ya Jumatano, Juni 22, 2016, saa nne za asubuhi, ama siyo fomu haitakubaliwa. Vinginevyo, fomu za uwakilishi zilizosajiliwa zinaweza kunakiliwa kielektroniki na kusafirishwa kwa barua pepe kutumia anwani info@image.co.ke zikiwa katika muundo wa pdf. Ikiwa ni shirika, fomu ya uwakilishi lazima ipigwe muhuri rasmi.

2. Kulingana na Kifungu 151 cha Kanuni za Kampuni, nakala ya Ripoti yote ya Mwaka na Taarifa ya Hesabu inapatikana katika tovuti ya Kampuni www.britam.com. Nakala iliyochapishwa inapatikana kwenye afisi zilizosajiliwa za Kampuni, Britam Centre, Mara/Ragati Roads, Upperhill, Nairobi, S.L.P. 30375 – 00100, Nairobi ama afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, Barclays Plaza, Orofa ya 5, Loita Street, Nairobi.
3. Wenyehisa watatasafirishwa kutoka kituo cha mabas cha Kencom hadi Safari Park Hotel kuanzia saa moja u nusu hadi saa tatu za asubuhi mnamo Juni 24, 2016.



Amb. Dr. Francis K. Muthaura, MBS, EGH (Chairman)

Dear Shareholder,

Last year was a momentous year for our Company. In our 50th year, we changed from being a Kenyan company with foreign subsidiaries to a Pan-African multinational company, spanning seven African nations, with a single brand, harmonised systems, and surging revenue growth.

Chairman's Statement

It is hard to overstate the importance of this business transformation, made possible through the faith of our shareholders, the vision of our board, the skills of our management, and the dedication of our staff. The result in 2015 was our name change to Britam Holdings Limited (Britam) and the creation of a Pan-African group.

I am, therefore, pleased to present to you the Annual Report and Financial Statements for the year ended 31st December 2015 on behalf of the board of directors.

Operating Environment

Globally, 2015 was a challenging year, with many emerging markets experiencing a degree of slowdown as Chinese growth ticked lower, and commodity prices and oil prices tumbled. The general deterioration in key global indicators introduced a new strain on many economies as export earnings tightened alongside tighter borrowing conditions. For many African countries, this brought currency weakening that then had

a secondary impact on local bourses, as foreign investors exited to close out currency losses.

In Kenya, this general market slump was compounded by changes in capital gains tax and some selling of banking stocks generally, following the regulator's suspension of two individual banks.

Yet, despite this generally negative climate, global analysts moved to highlight our East African region as one of the world's fastest growth spots. Thus, while our own markets suffered a dip in confidence, and some market setbacks, our region latterly witnessed accelerated interest and investment based on its relatively vibrant growth.

Tanzania held elections that delivered stable outcomes. Tanzania and Mozambique maintained their position as the fastest growing of the economies served by Britam, both delivering GDP growth of more than 7 per cent.

In Tanzania, the relatively low insurance penetration of 0.7 per cent of GDP, compared with 2.9 per cent in Kenya, makes for a particularly significant market opportunity alongside such marked GDP growth.

In Uganda, which delivered robust economic growth of more than 5 per cent last year, insurance penetration is lower still at 0.8 per cent, making for another strong market for its growth potential.

Malawi, likewise, offers strong potential for market development, but suffered a challenging year in 2015, as a primarily agricultural economy where late rains brought poor harvests and inflation of more than 20 per cent. It, nonetheless, recorded GDP growth of above 5 per cent.

Only in South Sudan did the protracted civil conflict see state capacity weakened, a surge in informal business, and some marked instability. Yet the country continued to maintain a fragile economic balance.

Thus, despite the general global and market strains, GDP growth in the regional economies served by Britam continued to surpass 5 per cent a year, outstripping Sub-Saharan Africa as a whole, at 4.5 per cent, and global growth of 3.5 per cent.

Strategy

Last year marked a year of fruition in strategic objectives under our 2012 to 2016 strategic plan.

The 100 per cent acquisition of Real Insurance amounted to a great leap in securing our aim of regional expansion. Across 2015, we worked intensively to restructure the Group as a multi-national company. The harmonisation of our seven national operations now sees all seven running under the Britam brand, deploying the same risk policies, served by the same software, and applying the same business models and practices. This process of moving to a harmonised group structure represents a watershed in our development, and I would like to thank, in particular, the executive management and staff who have worked so hard to secure the implementation of this seamless operational unity.

Last year also marked a historic step in our second strategic driver in achieving the technological advancement to underpin our IT-enabled business transformation. In October last year, our Project Jawabu ERP went live, drawing our finance, HR and supply chain software and operations into confluence, and opening the way to multiple business opportunities, including the region's first on-the-spot insurance, issued in real time.



Our strategic emphasis on local business development saw us operationalise Britam Properties Limited, which now has a professional team in place. We drew back into our sole ownership the funds and assets formerly committed to the partnership with Acorn and aggressively pursued our in-house property development. In the final quarter of 2016, we shall additionally complete the Britam Tower, built to state-of-the-art principles in the prime location of Upper Hill.

In sum, in our 50th year, we reaped the benefits of many earlier investments in organisational repositioning and product diversification. Strategically, we continue to recognise the strength that comes from robust business development and thoroughness in execution and delivery. These are the ingredients that saw us mark our 50th year as one of the largest and most successful businesses in our region. They are also the principles that we shall continue to adhere to as we now map out our next strategic plan to run from 2016 to 2020.

Key Performance Indicators

Against this backdrop, the last year has proven that Britam is robust enough and secure enough to survive even such a significant equity market downturn through the considerable growth of its operational revenue streams.

Overall, the Group registered gross premium revenues of Shs19.6bn in 2015, a growth of 40 per cent from Shs14bn in 2014. However, it made a pretax loss of Shs1.2bn compared to a pretax profit of Shs3.2bn in 2014, with a comprehensive loss of Shs3.2bn, compared to comprehensive income of Shs6.0bn in 2014. The decrease was mainly attributable to the loss on the net unrealised fair value of financial assets of Shs2.8bn, which compared to a gain of Shs4.1bn in 2014.

Dividend

On the basis of these results, the board of directors recommends a dividend for the year of Shs581.5m (2014: Shs581.5m) or 30 cents per share (2014: 30 cents per share).

Board and Governance

During 2015, a shareholding in Britam held by former Britam director Mr Dawood A. Rawat was placed under the control of the Mauritian government as a consequence of Mauritian companies Bramer Bank and BAI (Mtius) Ltd., of which Mr Dawood A. Rawat was the principal

shareholder and beneficiary, being placed under administration. Mr Dawood A. Rawat and Mr Moussa I. Rawat resigned from the Britam board in April 2015. The Group is in close contact with the Mauritian government to ensure a smooth transition in the ownership of Mr Dawood A. Rawat's former shareholding in Britam.

Bramer Bank and BAI (Mtius) Ltd. have no cross shareholdings with Britam, nor any business connections, and the circumstances relating to the receivership of these businesses have no implications on the operations or governance of the Britam Group.

We remain committed to outstanding corporate governance and international best practice in ensuring direction, checks and balances for the Group. This commitment prompted an intensive board level initiative during 2015 to generate best practice risk management policies, which are key to our mission of serving shareholders and customers.

In May 2015, Dr. James N. Mwangi, Chief Executive Officer and Managing Director at Equity Group Holdings Limited, voluntarily resigned from the board in order to prevent any possibilities of conflict of interest as the Group extended its shareholding to 48.82 per cent in banking services provider Housing Finance Group. He continued to retain his shareholding in the company. I wish to thank Dr. Mwangi for his considerable contribution to the Britam board.

Dr. Mwangi was replaced by Mr. Walter Andrew Hollas, a former Chief Executive Officer of PricewaterhouseCoopers responsible for operations in East, West and Central Africa.

Mr. Hollas brings to the board a wealth of Pan-African and international management experience.

Future Outlook

At a time of real strain across the global economy, Britam is now positioned in the seven fastest growth markets in Africa.

The Group is also on the threshold of a series of product innovations that will strengthen our leadership, reduce our costs, and transform the experience of our customers, staff and agents.

In 2016, Kenyan GDP is forecast by the International Monetary Fund to grow by 5.7 per cent, up from a revised 5.4 per cent in 2015. The combined impact of the measured recovery in tourism arrivals, high levels of construction activity, and steady rises in agricultural output and financial services bode well for a strong year of growth.

Our markets elsewhere in Africa, likewise, continue to exhibit vibrant growth and accelerated GDP growth. Notably, Mozambique, Tanzania and Rwanda are all expected to maintain growth at above 7 per cent.

I am, therefore, confident of an excellent year ahead in which our region's growth will drive forward the benefits from our strategic positioning.

The outlook is for clear further progress in Britam Holding Limited's rise as the leading Pan-African diversified financial services group, serving all our stakeholders as a vision driven and sustainable business.

Recognition

In the course of the considerable progress in 2015, our Group Managing Director was named Industrialist of the Year in East Africa by the All Africa Business Leaders Awards. This is an honour that I believe he richly deserves for his great contribution to the insurance industry, and I wish to extend my own hearty congratulations.

Acknowledgements

I would like to extend my gratitude to our esteemed customers, investors, strategic alliance partners, business associates and the regulators for their continued support and trust: we greatly value your support.

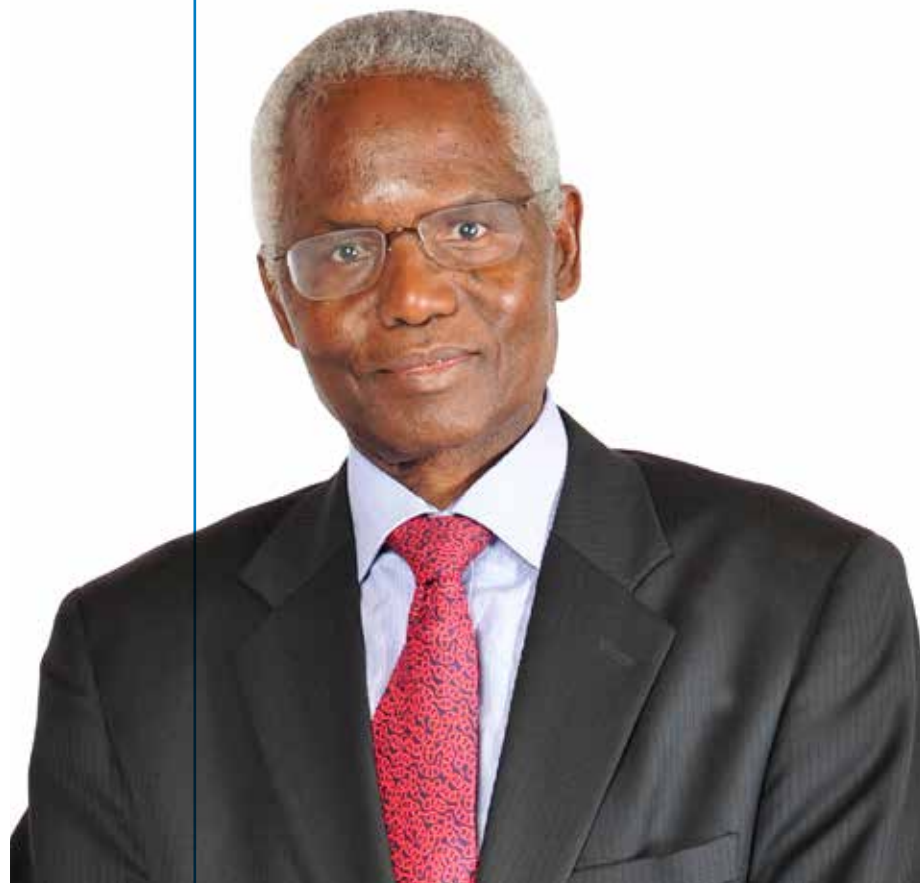
I also would like to thank my fellow directors for their wise counsel and to thank all our staff and Financial Advisors for their dedication, loyalty and commitment. Lastly, I would like to thank the shareholders for their support and belief in Britam, and in the Group's strategy and exciting future.

Thank you very much.

Amb. Dr. Francis K. Muthaura, MBS, EGH
Chairman

A handwritten signature in black ink, appearing to read 'Francis K. Muthaura'.

Date: 18 April, 2016

**Balozzi Dkt. Francis K. Muthaura, MBS, EGH (Mwenyekiti)**

Mwaka uliopita ulikuwa wa maana sana kwa kampuni. Ni katika mwaka huo ambapo tukiadhimisha miaka 50 tangu kuanzishwa, kampuni yetu iliyosajiliwa Kenya lakini ilikuwa na kampuni tanzu katika nchi za nje, ilibadilika kuwa kampuni ya kimataifa yenye mizizi yake kote Afrika, na ambayo inafanyia biashara katika nchi saba za Afrika, yenye sura moja, mifumo inayolingana na mapato yanayozidi kuongezeka.

Taarifa ya Mwenyekiti

Ni vigumu kutokariri umuhimu wa mageuzi hayo ya kibiashara, ambayo yalifanikishwa na imani ya wenyehisa wetu, uwezo wa halmashauri ya wakurugenzi kuona mbali, ustadi wa wasimamizi wetu na moyo wa kujitolea na kujituma wa wafanya kazi wa Britam Holdings Limited (Britam) na kuzinduliwa kwa shirika lenye shughuli za biashara kote katika Afrika.

Ndiposa nina furaha kuwawasilishia ripoti hii ya mwaka na taarifa za hesabu za mwaka uliomalizika Desemba 31, 2015, kwa niaba ya Halmshauri ya Wakurugenzi.

Mazingira ya Utendakazi

Mwaka wa 2015 ulikuwa na changa moto nyingi kote ulimwenguni, huku kiwango cha ukuaji wa masoko mengi ibuka kikapungua, kima cha ongezeko la biashara za China kikapungua, na bei za bidhaa na mafuta zikashuka kabisa. Kuzorota kwa jumla kwa ishara muhimu za kibiashara za kimataifa kulizongezea chumi nyingi mzigo kutokana na kupungua kwa mapato ya kuuza nje bidhaa na huduma na kukazwa kwa masharti ya kupata mikopo. Matokeo ya hali hiyo kwa nchi nyingi za Afrika yakawa ni kushuka kwa thamani ya pesa,

hali iliyoathiri masoko ya hisa, huku wawekezaji wa kigeni wakiuza mtaji wao ili kuepuka hasara zaidi kutokana na kushuka kwa thamani ya pesa.

Nchini Kenya, hali hiyo ya kuanguka kwa biashara ilizoroteshwa kwa jumla na mabadiliko yaliyofanyiwa mfumo wa kodi ya faida ya mtaji na uuzwaji wa baadhi ya hisa za banki kufuatia hatua ya Banki Kuu ya Kenya kufunga banki mbili.

Licha ya hali hiyo mbaya ya kibiashara, wadadisi wa kimataifa walikuwa na habari njema kwa Afrika Mashariki, kwani uchunguzi na ubashiri wao zilionesha kuwa eneo hili ni mojawapo ya sehemu zinazokua kasi ulimwenguni. Hivyo basi, ingawa wawekezaji wengi walipoteza imani yao na masoko yetu, hali iliyoyarudisha nyuma baadhi ya masoko hayo, eneo letu baadaye lilianza tena kupendeka na kuvutia wazalishaji mali kutokana na msisimko wa ukuaji kiasi ulioanza kuonekana.

Nchini Tanzania, uchaguzi ulifanyika bila misukosuko. Tanzania na Msumbiji zilidumisha nafasi ya kwanza ya kuwa na uchumi uliozidi kustawi haraka miongoni mwa nchi ambamo Britam inaendesha biashara. Kima cha mkondo kamili wa bidhaa na huduma zilizozalishwa nchini hizo mbili kiliongezeka kwa zaidi ya asilimia saba.

Katika Tanzania, walioandikisha bima ni asilimia 0.7 pekee ya mkondo kamili wa bidhaa na huduma zilizozalishwa nchini, ikilinganishwa na asilimia 2.9 nchini Kenya. Tukitilia maanani ustawi wa uchumi wa Tanzania, bila shaka pana nafasi nzuri ya kukuza soko la bima.

Katika Uganda ambamo kima cha uchumi kiliongezeka kwa zaidi ya asilimia tano mwaka uliopita, walioandikisha bima ni asilimia 0.8 pekee, hali inayoashiria nafasi muafaka ya kukuza soko.

Malawi pia inatoa nafasi muafaka ya kustawisha shughuli zetu za kibiashara, hata baada ya taifa hilo ambalo uchumi wake unategemea kilimo kuathiriwa na mvua kuchelewa mwaka uliopita na matokeo yake yakawa ni mavuno hafifu. Kadhalika, nchi hiyo ilikabiliwa na changamoto ya kushuka kwa thamani ya fedha zake kwa zaidi ya asilimia 20. Hata hivyo, uchumi wake ulikua kwa zaidi ya asilimia tano.

Ni katika Sudan Kusini pekee ambamo vita vya wenyewe kwa wenyewe ambavyo vimeendelea kwa muda viliyumbisha usimamizi wa serikali, vikasababisha ongezeko la biashara za jua kali na kuzoroteshwa uchumi kwa kiwango fulani. Hata hivyo, nchi hiyo ilijitahidi kuusawazisha uchumi wake dhaifu.

Ndiposa ingawa hali ya jumla ulimwenguni na kwenye masoko ilikuwa na athari zake, kima cha mkondo kamili wa bidhaa na huduma zilizozalishwa katika nchi za Afrika ambamo Britam inafanyia biashara, kiliendelea kuongezeka kwa zaidi ya asilimia tano kwa mwaka, na kuzidi kile cha jumla cha nchi zote zilizo kusini ya Jangwa la Sahara cha asilimia 4.5 na kima cha jumla cha ustawi wa uchumi wa mataifa yote ya ulimwengu cha asilimia 3.5.

Mkakati

Mwaka uliopita ulishuhudia kufaulu kwa malengo ya kimkakati ya mpango wa mikakati wa kipindi cha 2012 hadi 2016.

Hatua ya kupata asilimia 100 ya kampuni ya Real Insurance ilikuwa ni muhimu katika kufanikisha lengo letu la kupanua shughuli zetu katika Afrika. Katika mwaka wote wa 2015, tulijitahidi kuifanyia kampuni mabadiliko makubwa ili iwe shirika la kimataifa. Kupatanishwa kwa shughuli zetu saba za kitaifa kumetuhakikishia kwamba kote katika mataifa hayo saba, tunaendesha biashara yetu chini ya kampuni moja ya Britam, tunatumia sera zinazolingana za kukabiliana na hatari zozote zinazoweza kuathiri biashara yetu, zinazohudumiwa na programu moja ya kompiuta, na kuzingatia taratibu na kanuni sawa za biashara. Utaratibu huu wa kupatanisha shughuli na utendakazi wa kampuni unaashiria hatua muhimu ya maendeleo yetu na ningependa kuwashukuru, hasa maafisa wakuu wa usimamizi na wafanya kazi ambao wamejitahidi kufanikisha mradi huu wa kuleta umoja katika utendaji kazi wa kampuni zetu zote.



Mwaka uliopita ulikuwa wa kihistoria katika kufanikisha lengo letu la pili la kimkakati kufuatia kufanikiwa kuzindua utumiaji wa teknolojia ya kisasa kwa kuhakikisha tunaendesha biashara kwa mawasiliano ya njia ya mtandao. Mnamo Oktoba, mradi wetu wa Project Jawabu ERP ulizinduliwa, ukaleta pamoja shughuli zetu za hazina, masuala ya wafanya kazi, programu ya kompiuta ya uagizaji wa huduma na bidhaa, na ukafungua milango ya nafasi nyingi za biashara, ikiwa ni pamoja na kuifanya Britam kuwa ya kwanza kutoa bima papo hapo katika eneo hili la Afrika.

Mkazo wa kimkakati uliotiliwa ustawi wa biashara nchini Kenya, uliambatana na kuzinduliwa kwa Britam Properties Limited, kampuni ambayo tayari imeajiri kundi la wataalamu wa masuala ya ujenzi na nyumba. Tukiwa shirika moja, tulitumia fedha na mali ambazo awali zilitengewa ushirika wetu na kampuni ya Acorn na kufuatilia kwa ari na bidii mpango wetu wa kustawisha ujenzi wa nyumba na majengo ya biashara. Mnamo robo ya mwisho ya 2016, tutakamilisha ujenzi wa jumba la kisasa la Britam Tower lililoko katika eneo linalowavutia wawekezaji wengi la Upper Hill.

Kwa jumla, katika mwaka wetu wa 50 tangu kampuni ilipoanzishwa, tulijipatia manufaa ya uzalishaji na kulimbikiza mtaji tuliofanya awali katika kuliweka shirika kwenye nafasi mpya na kuwa na huduma mbali mbali. Kimkakati, tutazidi kutambua umuhimu wa uthabiti utokana na ustawi imara wa biashara na makini katika kutekeleza na kufanikisha shughuli zetu. Hivyo ndivyo viungo ambavyo vilituwezesha kuadhimisha miaka 50 kama mojawapo ya biashara zilizofaulu zaidi katika eneo letu la Afrika Mashariki na Kati. Ni kanuni na maadili ambayo tutaendelea kuzingatia hata sasa tunapofanya maandalizi ya mpango wa mikakati wa kipindi kinachoanzia 2016 hadi 2020.

Vidokezi muhimu vya utendakazi

Kuzingatia yote hayo ambayo nimeyazungumzia, mwaka uliopita umetuthibitishia kwamba Britam ni imara na salama kuhimili vishindo muhimu kama vile kushuka kwa mapato katika soko la hisa kutokana na jinsi kima chake cha mapato kutokana na shughuli zake za biashara kiliongezeka.

Kwa ujumla, Shirika lilipata jumla ya Shs19.6 bilioni mnamo 2015 za mapato ya ada za bima, pato ambalo lilikuwa juu kwa asilimia 40 likilinganishwa na lile la Shs14 bilioni la 2014. Hata hivyo Shirika lilipata hasara ya Shs1.2 bilioni kabla ya kodi ikilinganishwa na faida ya Shs3.2 bilioni kabla ya kodi mnamo 2014, huku ikipata hasara ya jumla ya Shs3.2 bilioni, ikilinganishwa na jumla ya faida ya Shs6.0 bilioni mnamo 2014. Kupunguka kwa kima hicho kulitokana na kushuka kwa thamani ya hisa kwa Shs2.8 bilioni, ikilinganishwa na faida ya Shs4.1 bilioni mnamo 2014.

Mgao wa faida

Kuzingatia matokeo haya, Bodi ya Wakurugenzi inapendekeza kiasi cha Shs581.5 milioni (2014: Shs581.5 milioni) ama senti 30 kwa kila hisa (2014: senti 30 kwa kila hisa) kulipwa wanahisa wa kampuni.

Bodi ya Wakurugenzi na usimamizi

Mnamo 2015, hisa zilizomilikiwa na aliyekuwa mmoja wa wakurugenzi wa Britam, Bw Dawood A. Rawat, ziliwekwa chini ya usimamizi wa serikali ya Mauritius, baada ya kampuni za Bramer Bank na BAI (Mtius) Ltd katika nchi hiyo na ambazo Bw Dawood A. Rawat alikuwa mwenyehisa mkuu na mfadhiliwa ziliwekwa chini ya usimamizi wa serikali. Bw Dawood A. Rawat na Bw Moussa I. Rawat walijiuzulu kutoka bodi ya Britam mnamo Aprili 2015. Britam inashirikiana na serikali ya Mauritius kuhakikisha mabadiliko ya umilikaji wa hisa alizokuwa nazo Bw Dawood katika Britam yanafanikishwa pasina tatizo.

Bramer Bank na BAI (Mtius) Ltd hazina hisa katika Britam, wala mahusiano yoyote ya kibiashara na sababu za kampuni hizo kuwekwa chini ya usimamizi maalumu wa serikali hazina uhusiano wowote na utendaji kazi ama usimamizi wa Britam Group.

Tumejitolea kikamilifu kuzingatia usimamizi wa kipekee na kufuata maadili bora zaidi ya kimataifa katika kuhakikisha uongozi kamili unadumishwa na vyombo vya shirika vinadhibitiana ili kuzuia matumizi mabaya ya madaraka. Azma hii iliitia bodi ari ya kuvumbua sera bora zaidi mnamo 2015 ya kuinga kampuni kutokana na madhara, jambo ambalo ndilo nguzo kuu ya lengo letu la kuhudumia wenyehisa na wateja.

Mnamo Mei 2015, Dkt. James N. Mwangi, Afisa Mkuu na Meneja Mkurugenzi wa Equity Group Holdings Limited, alijiuzulu kwa hiari kutoka kwenye bodi ili kuzuia uwezekano wa mgongano au upendeleo wa kibiashara wakati Shirika lilipoongeza umiliki wa hisa zake katika banki ya Housing Finance Group kwa asilimia 48.82. Hata hivyo, Dkt Mwangi angali mmoja wa wanahisa wa kampuni. Ninamshukuru Dkt Mwangi kwa mchango wake mkuu katika bodi ya Britam.

Mahala pa Dkt Mwangi palichukuliwa na Bw. Walter Andrew Hollas, Afisa Mkuu wa PricewaterhouseCoopers aliyesimamia utendaji kazi wa kampuni hiyo katika Afrika Mashariki, Magharibi na Kati. Bw. Hollas anao ujuzi mwingi wa usimamizi kote katika Afrika na kimataifa ambao utanufaisha sana bodi yetu.

Matarajio

Wakati huu ambapo kima cha cha ustawi wa kiuchumi ulimwenguni kimeshuka, Britam imeshikilia nafasi muafaka katika mataifa saba ya Afrika yenye masoko yanayokua kwa kasi zaidi barani.

Shirika limefikia hatua muhimu katika safu ya uzinduzi wa huduma mpya ambazo zitaimarisha uongozi wetu kibiashara, kupunguza gharama na kubadilisha kabisa waliyoyazoea wateja wetu, wafanya kazi na maajenti.

Mnamo 2016, Shirika la Fedha Ulimwenguni linakadiria kwamba uchumi wa Kenya utaimarika kwa asilimia 5.7, ikilinganishwa na kima cha asilimia 5.4 mnamo 2015. Matokeo ya pamoja ya kuendelea kuongezeka kwa idadi ya watalii wanaozuru Kenya, shughuli nyingi za ujenzi na ongezeko thabiti la mazao ya kilimo pamoja na kuimarika kwa huduma za kifedha ni ishara muafaka kwamba 2016 utakuwa ni mwaka wa ustawi mkubwa.

Masoko yetu kwingineko katika Afrika pia yanaonyesha ishara za kukua kasi na kustawisha uchumi. Na hasa Msumbiji, Tanzania na Rwanda zinatarajiwa kustawi kiuchumi kwa kiwango cha zaidi ya asilimia saba.

Ndiposa nina imani kwamba tuna mwaka mzuri mbele yetu, kipindi ambacho ustawi katika eneo la Afrika Mashariki na ya Kati kitaitea kampuni yetu manufaa makubwa kutokana na nafasi ambayo tunashikilia kimkakati katika kanda hii.

Ni matarajio yangu kwamba kuendelea kuinuka kwa Britam Holding Limited na kuwa shirika linaloongoza kutoa huduma anuwai za kifedha kote Afrika, kutaliwezesha shirika kuzidi kuhudumia washikadau wetu wote kama shirika lenye uoni wa mbali na biashara endelevu.

Utambuzi

Kwa kutambua hatua za kimaendeleo ambazo shirika lilipiga mnamo 2015, Meneja Mkurugenzi Mkuu wetu alitangazwa kuwa mfanya biashara bora zaidi katika Afrika Mashariki na All Africa Business Leaders Awards. Sina shaka ailiistahili tuzo hilo kwa mchango wake mkuu katika shughuli za bima na ninampongeza kwa ushindi huo.

Shukrani

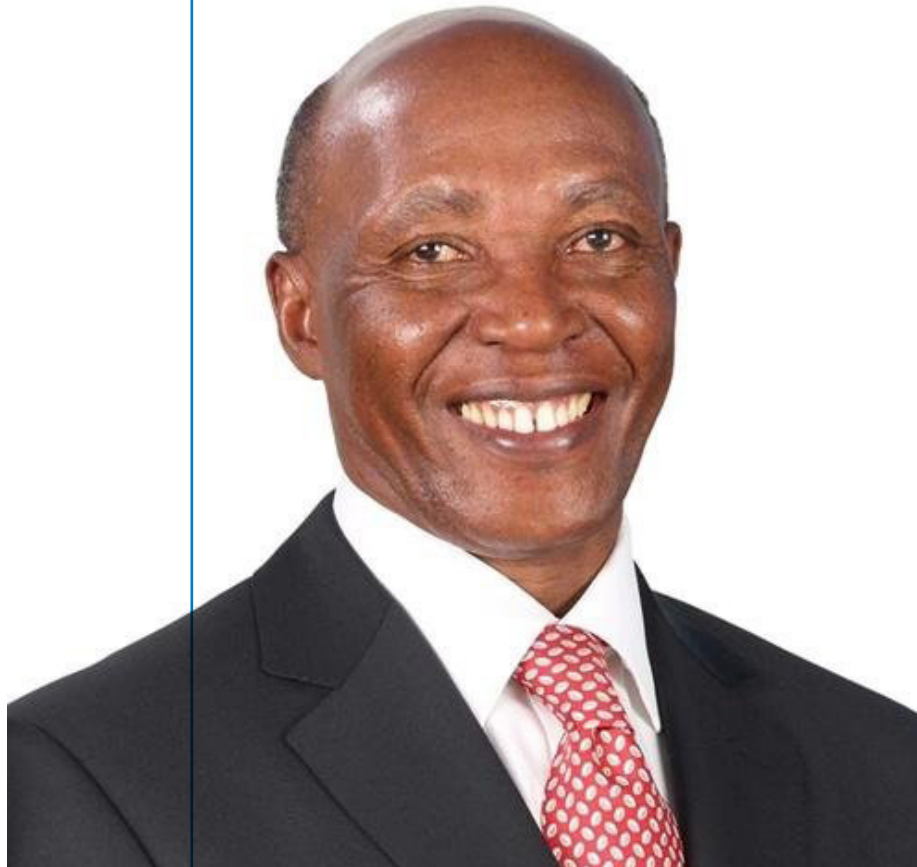
Ninawashukuru sana wateja wetu watukufu, wawekezaji, washirika katika mikakati yetu, washirika katika biashara na vyombo vya kudumisha sheria kwa kuendelea kushirikiana nasi na imani yao kwetu, na tunawahakikishia kwamba tunathamini pakubwa ushirika huo wenu.

Ninawashukuru pia wakurugenzi wenzangu kwa mashauri yao ya busara, na pia wafanya kazi wote na washauri wa kifedha kwa kujitolea, uaminifu na kujituma kazini. Mwishowe, ninawashukuru wenye hisa wote kwa ushirikiano wao na kwa imani yao kwa Britam na pia mikakati ya kampuni na mafanikio tunayoyatarajia siku zijazo.

Ahsanteni sana.

Balozi Dkt. Francis K. Muthaura, MBS, EGH
Mwenyekiti

Aprili 18, 2016



Dr. Benson I. Wairegi, EBS (Group Managing Director)

Dear Shareholder,
I am pleased to present you a report on the Group's performance for the financial year ended December 31, 2015.

Group Managing Director's Statement

This being the 50th year anniversary since Britam was established in Kenya, we brought to fruition many elements of our 2012-2016 strategic plan, which included delivering new revenue streams, more efficient operations, and our new status as a Pan-African multinational company. Core investments in new business structures and systems, regional expansion, and diversification have seen us take giant strides from our humble beginnings in 1965, to our position today as a group spanning four diversified businesses, across seven countries of operation.

Strategic Thrust

At the heart of the transformation that has taken place within Britam is our five-year strategic plan, which laid out ambitious targets in regional expansion, product diversification, IT-enabled transformation, innovation, and in the development of a strong brand.

In 2015, we changed the name of the Group to Britam Holdings Limited and incorporated the life assurance and general insurance businesses as separate legal entities. We also incorporated our

property development and management business, and the new Britam Foundation, which will drive our Corporate Social Responsibility programs.

This change in our organisational structure was accompanied by deep-rooted changes in our reporting lines, job descriptions, and business processes, to deliver an efficient and more productive organisation.

We achieved an instrumental milestone with the launch of the first set of IT-enabled systems under 'Project Jawabu'. In October 2015, the Group went live with a range of platforms that included the new Enterprise Resource Planning (ERP) System, a new and advanced pension management system and an electronic document management system. These systems enabled us to launch our first stakeholder portals and will now open the way to personalised channels for customers, intermediaries and Financial Advisors in 2016.

The Group also upgraded its network infrastructure and designed IT security architecture and policies that will deliver increased efficiency, lower expense ratios, and improved management reporting and decision making.

The breadth, depth and business transformation encompassed by 'Project Jawabu' resulted in Mr. Jack Maina, Group Chief Information Officer being named the overall winner of the CIO East Africa Awards in 2015 for this ground breaking implementation.

The acquisition of Real Insurance Company Limited created a further distinct set of complementary business benefits across our, now, continental business. We additionally made enormous advances with a new risk management program that will ensure continuous improvement in all our businesses based on embedded monitoring and reporting.

We are now engaged in formulating our 2017 to 2020 strategic plan to facilitate further growth, consolidation and development and deliver greater shareholder value.

Group Financial Performance

The Group achieved strong operational growth in 2015 arising from the execution of our strategic plan. The Group registered gross premiums of Shs19.6bn in 2015, a growth of 40 per cent from Shs14bn in 2014.

The robust performance of the Group's core businesses was offset, however, by the weak performance of the investment portfolio, caused principally by the falls recorded on the Nairobi Securities Exchange. These generated fair value losses of Shs2.8bn, compared to fair value gains of Shs4.1bn in 2014.

As a result of the opposite movements of operational growth and investment valuations, the Group realised a loss before tax of Shs1.2bn in 2015, compared to a pretax profit of Shs3.2bn in 2014.

The financial position of the Group continues to be strong, with total Group assets reaching Shs77.6bn in 2015, compared with Shs72.5bn in 2014, a growth of 7 per cent.

The impact was felt, however, on shareholders' funds, which decreased to Shs17.7bn in 2015, from Shs21.4bn in 2014.



Life Assurance Business

The life assurance business registered sustained growth in 2015, with gross earned premiums growing by 14 per cent, from Shs6.46bn in 2014, to Shs7.39bn in 2015. The rise was driven by the steady growth in ordinary life policies, and a 57 per cent rise in pension contributions. This growth was driven by the addition of 1000 Financial Advisors to our existing network of 2000, and the roll out of the first phase of the Financial Advisors' portal, equipping Financial Advisors to serve customers with instant insurance products.

The new IT systems also facilitated the launch of two pension products, which triggered rapid revenue growth towards year end.

The gains in life assurance profitability were depressed, however, by the fair value losses on investments. On the inclusion of the fair value losses, the life assurance business recorded an overall pretax loss of Shs84.1m.

General Insurance Business

The non-life business expanded last year to encompass the general insurance operations in the Group's seven national subsidiaries. As a result, gross earned premiums in general insurance rose by 61.4 per cent, from Shs7.57bn in 2014, to Shs12.22bn in 2015.

The regional businesses reported considerable organic growth last year, with gross premium income in both Uganda and Rwanda rising by more than 100 per cent.

Before currency impacts, the strongest business growth was recorded in South Sudan, at 183 per cent.

Growth in Tanzania and Mozambique was more subdued, while strong growth in Malawi was dampened by high prevailing inflation.

The gains in the regional business contributed significantly to Group performance.

Conversely, poor returns in the motor insurance retail market affected the overall performance of general insurance in Kenya, triggering remedial action towards year end in the form of raised premiums and increased minimum insurance premiums.

The business recorded a solid performance in motor commercial and medical insurance. In total, medical insurance gross written premium

was Shs3.65bn, with an underwriting profit of 8 per cent, speaking to the acumen of our team. Initiatives rooted in the deployment of the 'Project Jawabu' platform are further set to increase profitability in the general insurance business through advanced premium receipting and reduced processing costs.

In 2015, the business also settled exceptional claims on fire and on flooding in Narok.

As a result, the general insurance business recorded a pretax loss of Shs94.2m in 2015, compared with a pretax profit in 2014 of Shs375.6m.

Asset Management Business

The Asset Management Company moved into strong growth in 2015, with an 64.9 per cent increase in Assets Under Management to Shs90.4bn from Shs54.5bn in 2014.

This was mainly due to new institutional business from large pension funds.

As a result, revenues grew by 5 per cent to Sh732.5m in 2015 from Shs696m in 2014. Profit before tax increased by 27.5 per cent to Sh179.9m from Shs141.1m in 2014.

In 2015, rental and capital yield returns were 15 per cent, as a result of full occupancy of the Langata House. This outstanding growth was recognised by Think Business and the Company won seven awards for its outstanding achievements during the year.

Property Business

The real estate company was incorporated in 2015. The new specialist, in-house property development team is at advanced planning stages for the development of the Group's land bank, across shopping malls, serviced apartments, mixed use facilities, master-planned communities and

Class A office space. With the asset management business now enjoying its first, strong investment property returns, these developments will create synergies for the Group across the value chain.

Our flagship project, the iconic 31 storey Britam Tower located in Upper Hill, Nairobi, will be completed in fourth quarter 2016, offering the city's highest level of Grade A office accommodation, in an energy efficient and sustainable building.

Human Capital and Performance Management Strategy

The Group's greatest strength and the reason for its market leadership is its human capital, with our number of employees reaching 898 in 2015, with an attrition rate of just 4 per cent, and an expansion in our Financial Advisors, to 3000.

The Group completed a new organisational structure, job description, and talent mapping. It also invested in leadership, technical and soft skills training in order to achieve motivated, engaged staff and an alignment of Group and individual goals.

The Group uses the Balanced Scorecard performance management tool to measure business and staff performance on the four perspectives, which are financial, customer, internal business processes and learning and growth.

Risk Management

In the course of 2015, the board and management rolled out the Enterprise Risk Management Framework across all group entities. The framework is benchmarked against international best practice and is aligned with the regulatory developments in the insurance industry in all seven countries as well as in the capital markets.

The backbone of the framework is based on a "three lines of defence" concept.

“ The Group achieved strong operational growth in 2015 from the execution of our strategic plan. ”

The first line of defence is the board and senior management which is accountable and responsible for the management of the business by ensuring that there are appropriate internal controls, risk management and governance structures at the business. The second line of defence is risk monitoring by the risk and compliance department. The risk and compliance department provides enterprise risk management, compliance management and business continuity management. The third line of defense provides an independent assurance of the framework.

Under the framework, we have set aims for the next three to five years, for growth, profitability, capital adequacy and our credit rating and are taking all the necessary steps in order to achieve an AA- credit rating, despite the challenges of achieving an international first class risk profile that surpasses the norms in our markets.

“ Britam committed Shs 200 million towards CSR and sponsorships in 2015 ”

We have also reviewed all potential risks to the business and developed policies for managing such risks, as well as new reporting tools and reporting lines, and new methods of risk monitoring and measurement. We are further subjecting the business to international models of ‘stress testing’ on a regular basis to ensure that any risks are fully addressed and mitigated on an ongoing basis.

Corporate Social Responsibility

In 2015, we incorporated Britam Foundation as the vehicle through which the Group will carry out its Corporate Social Responsibilities (CSR) activities. The Foundation will focus on supporting health, education, sports and performing arts initiatives in order to enrich the lives and livelihoods of marginalised people throughout the region in a sustainable manner.

The overarching criteria are that these initiatives should provide a sustainable solution to the recurring problems of the less fortunate.

In pursuit of these aims, Britam committed Shs200m towards CSR and sponsorships in 2015. The Group partnered with Mathare United Football Club, which was founded in 1994 to help youth and their families escape poverty in the Mathare slums. The decision to support this team was made on evaluating the vision, mission and background of the Mathare United team and Britam is excited at the prospect of working together to grow sporting talent and nurture economic empowerment.

Last year also saw the Group partner with Sports Kenya and the Government to upgrade and maintain sports facilities. To this end, Britam was granted the rights to brand and maintain Kenya’s second largest sporting facility, Nyayo National Stadium.

Britam also contributed to the First Lady’s “Beyond Zero Campaign” and to the building of eight classrooms at the Olympic Primary School in Kibera. The extra classrooms are expected to accommodate an additional 300 students.

Future Prospects

The culmination of our current five year strategic plan, and the positioning it has afforded us as a market leader in Eastern and Central Africa, prepares the Group for the next phase of growth. We expect to now realise the benefits of our investment in superior technology, human capital management and risk management. This will be evidenced by an increase in the contribution of core business activities to the profits of the Group.

Our markets are additionally experiencing buoyant economic growth, with intensive investment in infrastructure, accelerating foreign direct investments, and a stable stock market, interest rate and inflation outlook. In the Group’s largest market, Kenya, the IMF forecasts GDP growth of 5.7 percent in 2016.

At the same time, the expanding middle class, increased urbanisation and heightened awareness are raising demand across all our businesses.


Going forward, we are confident that Britam is now ideally positioned to benefit from the successful implementation of our strategic initiatives.

Acknowledgement

The Group appreciates the support we continue to receive from all our esteemed clients and business partners. We thank them for this support and look forward to working closely with them to help them achieve and exceed their financial security and investment objectives.

I would also like to express my gratitude to the board, management team, staff and Financial Advisors for their hard work, dedication and commitment to the business during the year. This commitment has gone a long way in ensuring that Britam will continue to prosper for the benefit of all our stakeholders.

Dr. Benson I. Wairegi, EBS
Group Managing Director



Date: 18 April 2016

Taarifa ya Meneja Mkurugenzi wa Shirika



Dkt. Benson I. Wairegi, EBS Meneja Mkurugenzi wa Shirika

Mwenye hisa mpendwa,
Nina furaha kukuwasilishia
ripoti kuhusu matokeo ya
shughuli za kibiashara za
Shirika kwa mwaka wa
kifedha uliomalizika
Desemba 31, 2015.

Huu ukiwa mwaka wa maadhimisho ya miaka 50 tangu Britam ianzishwe, tulitimiza mengi ya tuliyoazimia katika mpango wa mikakati wa kipindi cha 2012-2016, yakiwemo kuanzisha mbinu mpya za kulipatia Shirika mapato, kuimarisha zaidi shughuli za kampuni, na hadhi yetu mpya kama kampuni inayoendesha shughuli za kibiashara kote katika Afrika kufikia kiwango cha kimataifa. Shughuli zilizo kiini chetu cha uzalishaji na ulimbikizaji wa mtaji kwenye miundo na taratibu mpya za biashara, upanuzi wa biashara yetu katika Afrika na pia upanuzi wa shughuli kwa kutoa huduma mbali mbali, zimetuhakikishia kupiga hatua kubwa tangu tulipoanza mnamo 1965 tukiwa kampuni ndogo, hadi kufikia kiwango chetu cha sasa ambapo Shirika lina biashara nne tofauti katika mataifa saba.

Msukumo wa kimkakati

Kiini cha mabadiliko makubwa ambayo yametokea katika Britam ni mpango wa mikakati wa miaka mitano, ambao uliweka malengo makuu ya upanuzi wa shughuli zetu katika nchi nyingine za Afrika, kuongeza idadi ya huduma na bidhaa zetu, kuleta mabadiliko ya kuimarisha

utumiaji wa mitambo na teknolojia za kisasa za mawasiliano, na kuinua ubora wa kampuni.

Mnamo 2015, tulibadilisha jina la kampuni, ikaitwa Britam Holdings Limited na kushirikisha uandikishaji wa bima za maisha na bima za kawaida kama vyombo tofauti. Tuliandikisha pia biashara ya usimamizi wa nyumba na pia Britam Foundation, wakfu ambao utashughulikia miradi ya huduma kwa jamii.

Mabadiliko hayo makubwa katika biashara za kampuni yaliandamana pia na mageuzi ya vyeo na nyadhifa, majukumu ya kikazi na taratibu za biashara kwa lengo la kuinua utendakazi wa shirika letu.

Kuzinduliwa kwa mfumo wa kwanza wa utenda kazi wa mitambo na teknolojia ya kisasa ya mawasiliano chini ya 'Project Jawabu' lilikuwa tukio la kihistoria. Mnamo Oktoba 2015, shirika lilianzisha utumiaji wa mfumo huo wa kielektroniki, ikiwa ni pamoja na mfumo mpya wa kupanga rasilmali za biashara, Enterprise Resource Planning (ERP), ulioendelezwa

wa usimamizi wa akiba na malipo ya pensheni na utaratibu wa kielektroniki wa kuhifadhi hati. Mifumo hiyo ilituwezesha kuzindua milango ya kielektroniki ya kuwasiliana moja kwa moja na washika dau wetu, wasuluhishi kati na washauri wa kifedha mnamo 2016.

Shirika lilitawisha pia muundo msingi wake wa mtandao wa mawasiliano na kubuni pia taratibu za usalama wa upashanaji na uhifadhi wa habari na hati kielektroniki. Tulibuni pia sera ambazo zitaimarisha huduma, kupunguza gharama na kuimarisha utoaji wa ripoti za usimamizi na taratibu za kufanikisha utoaji wa maamuzi.

Upana, kina na mageuzi ya kibiashara yaliyoshikamana na 'Project Jawabu', zilipelekea Bw. Jack Maina, Afisa Mkuu wa Habari katika kundi, kuibuka mshindi katika tuzo za 2015 za CIO East Africa Awards kwa utekelezaji wa mradi huo wa kipekee.

Kwa kuinunua Real Insurance Limited, Shirika lilijipatia kampuni ya kipekee ambayo manufaa yake ya kibiashara yanalingana na shughuli zetu kote katika bara. Tulipiga pia hatua kubwa kwa kuzindua mpango mpya wa kusimamia dhima ambao utatuhakikishia kuimarishwa kila mara kwa biashara zetu zote kuzingatia taratibu za kindani za usimamizi na utoaji ripoti.

Kwa sasa, tunaandaa mpango wa mikakati wa kipindi cha 2016-2020 ambao utatuwezesha kukua na kustawi zaidi na kuinua faida na manufaa kwa washikadau wetu.

Utendakazi wa shirika

Kima cha shughuli za Shirika kiliongezeka pakubwa na kwa uthabiti mnamo 2015 kufuatia kutekelezwa kwa mpango wetu wa mikakati. Shirika lilipata jumla ya Shs19.6 bilioni mnamo 2015 za mapato ya ada za bima, pato ambalo lilikuwa juu kwa asilimia 40 likilinganishwa na lile la Shs14 bilioni la 2014.

Hata hivyo, Mapato hayo mazuri yaliathiriwa na kipato cha chini cha shughuli ya uwekezaji, hali iliyosababishwa na kupungua kwa mapato katika Soko la Hisa la Nairobi. Hali hiyo ilisababisha kushuka kwa thamani ya hisa za kampuni kwa Shs2.8 bilioni, ikilinganishwa ongezeko la Shs4.1 bilioni mnamo 2014.

Kutokana na hali hiyo ya ukinzani katika ustawi wa kuongezeka kwa mapato katika biashara kuu ya shirika na makadirio ya thamani ya uwekezaji katika hisa, Shirika lilipata hasara ya Shs1.2 bilioni mnamo 2015 kabla ya ushuru, ikilinganishwa na faida

Shs3.2 bilioni kabla ya ushuru mnamo 2014.

Hali ya kifedha ya shirika iliendelea kuimarika, huku jumla ya mali ambayo shirika linamiliki kisheria ikifikia Shs77.6 bilioni mnamo 2015, ikilinganishwa na Shs72.5 bilioni mnamo 2014, ongezeko la asilimia saba.

Hata hivyo, fedha za wenye hisa ziliathirika na kupunguka hadi Shs17.7 bilioni mnamo 2015, kutoka Shs21.4 bilioni mnamo 2014.

Biashara ya bima za maisha

Biashara ya bima ya maisha iliimarika mnamo 2015, huku ada za malipo ya bima zikiongezeka kwa asilimia 14, kutoka Shs6.46 bilioni mnamo 2014, ikilinganishwa na Shs7.39 bilioni mnamo 2015. Ongezeko hilo lilichangiwa na kukua kwa kiwango thabiti kwa uandikishaji wa bima za kawaida za maisha, na ongezeko la asilimia 57 katika akiba ya pensheni. Kadhalika, kuongezwa kwa washauri 1,000 zaidi wa masuala ya fedha na hazina katika mtandao wetu uliokuwa na washauri 2,000, na kuzinduliwa kwa awamu ya kwanza ya mlango wa kielektroniki kwa washauri hao, kuliwapatia chombo muhimu cha kuandikisha mara moja huduma za bima.

Mfumo mpya wa mtandao wa mawasiliano ulifanikisha kuzinduliwa kwa huduma mbili za akiba ya pensheni, jambo ambalo lilichangia kuongezeka kasi kwa mapato kufikia mwishoni mwa mwaka.

Faida kutokana na bima ya maisha, hata hivyo, iliathiriwa na kupungua kwa thamani ya mapato ya uwekezaji. Hasara hiyo katika uwekezaji ikijumuishwa, biashara ya bima ya maisha ilipata hasara kabla ya kodi ya jumla ya Shs84.1 milioni.

Biashara ya bima za kawaida

Biashara ya bima zisizo za maisha ilipanuka mwaka uliopita na kushirikisha shughuli za biashara hiyo katika kampuni tanzu saba za kitaifa za Shirika. Matokeo yake ni kwamba mapato ya ada za bima hizo za kawaida yaliongezeka kwa asilimia 61.4, kutoka Shs7.57 bilioni mnamo 2014, hadi Shs12.22 bilioni mnamo 2015.

Biashara yetu katika mataifa ya Afrika ilikua kiasi kuzingatia mfumo uliolingana mwaka uliopita, huku mapato kutokana na malipo ya bima katika Uganda na Rwanda yakiongezeka kwa zaidi ya asilimia 100.

Kabla ya kutilia maanani athari za thamani ya pesa, Sudan Kusini iliandikisha ongezeko kubwa zaidi na thabiti la asilimia 183.

Ukuaji katika Tanzania na Msumbiji ulikuwa wa taratibu, huku ongezeko la wastani katika Malawi likiathiriwa pakubwa na mfumuko wa bei.

Mapato katika shughuli za kibiashara za matifa mengine ya Afrika yalichangia pakubwa utendakazi wa Shirika.

Kwa upande mwingine, mapato duni katika biashara ya uandikishaji rejareja wa bima za magari uliathiri mapato ya shughuli za bima zisizo za maisha. Kukabiliana na tatizo hilo, hatua zilichukuliwa mwishoni mwa mwaka kwa kuongeza ada za bima na kupandisha kiwango cha chini cha thamani ya motokaa kinachofaa kuandikishiwa bima.

Shirika lilipata matokeo ya kuridhisha katika bima za magari ya biashara na afya. Kwa jumla, malipo ya bima za afya zilizoandikishwa yalikuwa ni Shs3.65 bilioni, huku Shirika likipata faida ya asilimia nane ya uandikishaji wa bima hiyo, thibitisho la upevu wa timu yetu. Uwezo wa kuanzishia shughuli kupitia kwa 'Project Jawabu' utaisaidia kuongeza faida katika uandikishaji wa bima zisizo za maisha kwa utoaji risiti za malipo wa hali ya juu na kupunguza gharama ya kutayarisha bima hizo.

Mnamo 2015, biashara ya bima ilifidia madai ya kipekee ya hasara iliyosababishwa na moto na mafuriko katika Narok.

Matokeo yake yakawa ni biashara ya bima isiyoye maisha kuandikisha hasara ya Shs94.2 milioni kabla ya kodi mnamo 2015, ikilinganishwa na faida kabla ya kodi ya Shs375.6 milioni mnamo 2014.

Biashara ya usimamizi wa mali

Kampuni ya Usimamizi wa Mali ilikua pakubwa mnamo 2015, huku mali zilizowekwa chini ya usimamizi wake zikiongezeka kwa asilimia

64.9 hadi Shs90.4 bilioni ikilinganishwa na Shs54.5 bilioni mnamo 2014. Ongezeko hilo la mapato lilitokana hasa na biashara mpya ya mashirika yenye hazina kubwa za pensheni.

Matokeo yake yamekuwa ni kuongezeka kwa mapato kwa asilimia tano hadi Shs732.5 milioni mnamo 2015 kutoka Shs696 milioni mnamo 2014. Faida kabla ya kodi iliongezeka kwa asilimia 27.5 hadi Shs179.9 milioni ikilinganishwa na Shs141.1 milioni mnamo 2014.

Mnamo 2015, mapato ya kodi na faida ya mtaji zilikuwa asilimia 15 kutokana na kukodishwa kwa jumba lote la Langata House. Ongezeko hili maalumu lilitambuliwa na Think Business na Britam ikajinyakulia tuzo saba kwa mafanikio yaliyojitokeza mnamo 2015.

Biashara ya ujenzi na uuzaji wa nyumba

Kampuni ya uuzaji na ujenzi wa nyumba ilibuniwa 2015. Kundi letu mpya la wataalamu wa ustawi wa makao limepiga hatua kubwa katika mipango yake ya kustawisha ardhi za shirika kote kwenye majumba makubwa ya biashara za maduka na afisi, vyumba vya kuishi vyenye fanicha, vifaa na huduma nyingine muhimu, vifaa vya matumizi tofauti, makao ya jamii yenye mipango thabiti ya ujenzi, na afisi za kiwango cha A. Huku biashara ya usimamizi wa mali ikifurahia faida yake ya kwanza, shughuli za ujenzi na uuzaji wa nyumba zitaleta ushirikiano bora kwa shirika katika shughuli zake tofauti za biashara.

Mradi wetu maalumu wa jumba la gorofa 31 la Britam Tower katika Upper Hill, Nairobi, utakamilika katika robo ya nne ya 2016 na kulipatia jiji kuu afisi za kiwango cha A katika jumba litakalotegemea mwanga wa jua na kupata nguvu za umeme kutoka kwa vianzo asili na kwa njia endelevu.

Mkakati wa usimamizi wa wafanya kazi na utenda kazi

Nguzo muhimu zaidi katika shughuli za shirika na sababu kuu ya uongozi wake katika biashara ni wafanya kazi. Idadi ya wafanya kazi wetu iliongezeka hadi 898 mnamo 2015, huku asilimia nne pekee wakiondoka kwa sababu tofauti, nao washauri wetu wa kifedha wakiongezeka hadi 3,000.

Shirika lilimaliza utaratibu mpya wa ngazi za kikazi, ufafanuzi wa majukumu ya kila mfanya kazi na mipango ya kutambua na kukuza vipawa. Imetumia pia kiasi kikubwa cha pesa kugharamia

“ Kima cha shughuli za Shirika kiliongezeka pakubwa na kwa uthabiti mnamo 2015 kufuatia kutekelezwa kwa mpango wetu wa mikakati. ”

mafunzo ya uongozi, kitaalamu na kukuza ustadi wa mahusiano ya kibinadamu kwa lengo la kuwa na wafanya kazi wenye ari na moyo ya kujituma, wanaofanya kazi kikamilifu na kuambatanisha malengo ya shirika na yale ya binafsi.

Shirika hutumia mkakati wa utenda kazi wa Balanced Scorecard kupima kiwango cha biashara na utendaji kazi wa waajiriwa unaozingatia vipengee vinne ambavyo ni masuala ya kifedha, wateja, taratibu za kindani za biashara, na mafunzo na ustawi.

Bima ya shirika

Mnamo 2015, halmashauri ya usimamizi ilizundua utaratibu wa kukinga shirika kutokana na mambo yasiyotabirika yawezayo kudhuru biashara, yaani Enterprise Risk Management Framework, kote katika kampuni za shirika. Utaratibu huo unaambatana na mifumo sawa iliyo bora zaidi ulimwenguni na unazingatia kanuni za kisheria katika biashara ya bima kwenye mataifa yote saba na pia masoko ya mtaji.

Msingi wa muundo huo unafungamana na dhana ya kanuni tatu za kinga. Kanuni ya kwanza ya kujikinga ni kuwa na wanabodi wasimamizi wakuu ambao wanawajibika ipasavyo kwa usimamizi wa biashara kwa kuhakikisha kwamba kuna taratibu kamili za usimamizi wa fedha na mali, usimamizi wa dhima na taratibu za uongozi katika biashara. Kinga ya pili ni uchunguzi wa kila mara wa madhara yawezayo kukabili shirika unaofanywa na idara ya bima na ridhaa. Idara hiyo husimamia bima ya maamuzi ya kibiashara na ubunifu, ridhaa na usimamizi wa jinsi ya kuendeleza biashara hata madhara yoyote yakitokea. Kinga ya tatu ni bima huru ya utaratibu huo.

Tukizingatia muundo huo, tumejiwekea malengo ya kutekelezwa katika miaka mitatu hadi mitano ijayo katika ustawi, kuinua faida, utoshelevu wa mtaji na kiwango cha ukopaji na tunachukua kila hatua kuhakikisha kwamba tunapata gredi AA- kwa mikopo, hata kama kuna changamoto za kufikia kiwango cha kwanza cha kimataifa katika kukinga shirika kutokana na athari zinazoweza kuathiri biashara, kiwango ambacho si cha kawaida katika masoko yetu.

Tumechunguza pia athari zote zinazoweza kukumba biashara yetu na kuandaa sera za kukabiliana na athari hizo, ikiwa ni pamoja na vyombo na ngazi za upigaji ripoti na pia mbinu mpya za kukabiliana na kupima hatari hizo. Tunahakikisha kwamba biashara yetu inawekwa mara kwa mara katika mitihani ya

kimataifa ya kuhimili vishindo ili kuhakikisha kwamba vitisho vyote vinashughuliwa ipasavyo na hatua zifaazo za kujikinga zinachukuliwa kila mara.

Uwajibikaji wa shirika kwa jamii

Mnamo 2015, tulianzisha Britam Foundation kuwa chombo cha kutekeleza shughuli za kufadhili jamii. Wakfu wa Britam utaangazia misaada kwa huduma za afya, elimu, michezo na sanaa za uigizaji kwa lengo la kuimarisha maisha na riziki za watu maskini na waliosukumwa pembeni kote katika nchi ambamo shirika linaendesha biashara na kwa njia endelevu. Kigezo muhimu cha juhudi hizo ni kutoa suluhisho la kudumu la matatizo sugu yanayokumba wasiobahatika katika jamii.

Kufikia malengo hayo, Britam ilitenga Shs200 milioni kugharamia miradi ya kijamii na kulipia karo mnamo 2015. Shirika lilijitolea kudhamini Mathare United Football Club, kilabu ambacho kilibuniwa 1994 kuwasaidia vijana na familia zao kuukwepa umaskini katika mtaa wa mabanda wa Mathare. Uamuzi wa kukisaidia kifedha kilabu hicho ulifikiwa baada ya kuchunguza kwa makini ruwaza, shabaha na historia ya timu ya Mathare United. Britam inafurahia ushirikiano wake na timu hiyo kukuza vipawa vya spoti na kuwawezesha kiuchumi wana-Mathare United.

Mwaka jana pia, Shirika lilishirikiana na Sports Kenya na Serikali kuimarisha na kutunza viwanja na vifaa vya michezo. Ndiposa Britam ilipewa kibali cha kupamba na kuchapa alama zake na pia kukarabati uwanja mkubwa wa michezo nchini wa Nyayo National Stadium.

Britam ilichangia pia mradi wa Mama wa Taifa wa "Beyond Zero Campaign" na ikajenga madarasa manane katika Shule ya Msingi ya Olympic iliyoko Kibra. Inatarajiwa madarasa hayo yatatoa nafasi kwa wanafunzi 300 zaidi.

Matarajio

Kufikia kilele kwa mpango wa sasa wa mikakati wa miaka mitano, na nafasi ambayo umetuweka ya kuwa kiongozi kibiashara kwenye shughuli zetu katika Afrika Mashariki na Kati, shirika limejiandaa kwa awamu ijayo ya kuongeza kima chake. Tunatarajia sasa kupata manufaa ya kugharamia teknolojia ya kiwango cha juu, wafanya kazi na kukinga biashara yetu kutokana na madhara. Manufaa ya yote hayo yatajitokeza kwa mchango wake kwenye ongezeko la faida za Shirika.

Masoko yetu pia yanashuhudia ustawi thabiti wa kiuchumi, huku kukiwa na utumiaji wa rasilimali na fedha nyingi kugharamia muundo msingi, kuongezeka kwa uwekezaji wa moja kwa moja wa wawekezaji wa kigeni katika nchi tunamofanyia biashara, uthabiti wa soko la hisa, viwango vya riba na matarajio ya kutokuwa na mfumuko wa bei. Shirika la Fedha Ulimwenguni (IMF) linatarajia kwamba Kenya, soko kubwa zaidi la Britam, itastawi kwa asilimia 5.7 mnamo 2016.

Wakati huo huo, idadi inayozidi kuongezeka ya watu wenye kipato cha katikati, kuongezeka kwa maeneo ya miji na kuinuka kwa kiwango cha elimu na ufahamu zinachangia ongezeko la kiasi cha bidhaa na huduma ambazo wateja wako tayari kujipatia ya biashara zetu zote.

Kuendelea mbele, hatuna shaka Britam iko tayari kujifaidi kutokana na utekelezaji kamili wa mikakati yake.

Shukrani

Shirika linashukuru wateja watukuka na washirika wetu kibiashara kwa kuendelea kushirikiana nasi. Tunawashukuru wote kwa ushirika huo, huku tukitarajia ushirika zaidi ili kutusaidia kutimiza na kuzidisha malengo yao ya kujitosheleza kifedha na uzalishaji mali.

Ningependa pia kushukuru halmashauri ya wakurugenzi, wasimamizi, wafanya kazi na washauri wa kifedha kwa bidii yao, kujitolea na kujituma kutenda kazi mnamo 2015. Moyo huo wa kujitolea na kujituma umechangia pakubwa katika kuhakikisha kwamba Britam itaendelea kustawi kwa manufaa ya washika dau wetu wote.

Dkt. Benson I. Wairegi, EBS



Meneja Mkurugenzi wa Shirika

Aprili 18, 2016

Corporate Governance

Britam Holdings Limited is committed to the highest standards of corporate governance and business ethics and recognises that good corporate governance is key to the enhancement of our business performance. Our corporate values and ethics are entrenched in our strategic and business objectives, which are focused on transforming and accelerating growth in value for the benefit of all our stakeholders.

“ Our corporate values and ethics are entrenched in our strategic and business objectives. ”

The Board of Directors

The board of directors consists of the Chairman, who is an independent non-executive director, seven other non-executive directors, and one executive director. Three of the non-executive directors are considered independent directors.

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. It strives to act above and beyond minimum requirements and benchmarks its performance against best international practice.

The board maintains a transparent procedure for appointment of new board members. All non-executive directors are required to submit themselves for re-election in accordance with the Company's Articles of Association. Each director undertakes to always act in the best interest of the Group.

Board Management

The board of directors maintains an appropriate balance of skills, experience, independence and knowledge of the Group and its business. The board meets at least once every quarter and operates to a formal schedule. 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 all requests. All 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 as well as to independent professional advice. Directors may seek briefing from management on specific matters as well as seek independent professional advice.

The directors of the Group are under a fiduciary duty to act honestly. 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 refrain from discussion or voting on matters of potential conflict of interest. The Company Secretary is responsible for ensuring that meeting procedures are followed and facilitates the induction of new directors and the improvement and monitoring of corporate governance processes.

Each director is provided with a comprehensive and tailored induction process covering the Group's business and operations and their legal and regulatory obligations. This encompasses training by independent corporate governance bodies.

The remuneration of the directors is based on the demands made on them and their availability to consult. Sitting allowances are paid on attendance at board or committee meetings. The emoluments and fees paid to directors are disclosed in note 40(iv). It is the opinion of the board that the directors' remuneration is sufficient to attract and retain directors to run the company effectively and is competitively structured.

In pursuit of the objective of promoting board effectiveness, the board undertook a self-evaluation exercise facilitated by a consultant. The recommendations from this evaluation are being implemented.

Business Management

The Group's business is conducted to 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 by the management teams and quarterly by the respective boards in the Group.

The board recognises 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. All employees execute a compliance statement in which the employee commits to reporting any violations of the code.

The board is satisfied that the Group has, to the best of its knowledge, complied with all applicable laws and that no director, employee or agent of the Group committed any indictable offence under the Anti Corruption laws in conducting the business of the Group nor was involved as a conduit for money laundering or any other illegal activity.

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

Actuaries: Mr P. C. Falconer of QED Actuaries and Consultants (Pty) Limited acts as the insurance company's statutory actuary responsible for independently examining the financial soundness of the company. The actuary reports independently and directly to the board. Mr R. Leiser-Banks of Triangle Actuarial Services provides actuarial services in regard to the Britam Group employee pension scheme.

Tax advisor: Deloitte & Touche is the Group's independent tax advisor. It liaises with management to ensure that the Group optimises its tax position and complies with all tax laws and regulations.

Risk management: The Company is implementing an Enterprise Risk Management Framework developed in 2011 with the assistance of consultants. In light of the changing regulatory environment, particularly in the area of risk management and compliance, we will continue to involve professionals to ensure that our risk management programs meet the regulatory requirements and are in line with best practice.

Board Charter

The board is guided by a board charter which documents the constitution, roles and responsibilities of the board. Some of the provisions of the board charter are:

- The shareholders shall appoint the board of directors
- The board's primary responsibilities include determining the company's purpose and value, providing governance, and adopting strategic plans
- The number of directors shall not be less than five, and not more than eleven
- One third of the directors shall be non-executive and independent and the chairman of the board shall always be a non-executive director
- The board shall appoint the Chief Executive Officer
- The roles of the Chairman and Chief Executive Officer shall be separate
- 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
- Directors are required to disclose to the board for recording and disclosure to the external auditors, any business or other interests that are likely to create a potential conflict of interest

Meetings Held	9
Amb. Dr. Francis K. Muthaura	9
Mr. Peter K. Munga	7
Mr. Jimnah M. Mbaru	5
Dr. Benson I. Wairegi	9
Dr. James N. Mwangi (resigned 18 May 2015)	1
Mr. Nduva Muli	6
Mrs. Agnes N. Odhiambo	6
Mr. Samson K. Kamau	9
Mr. Richard K. Langat	5
Mr. Andrew Hollas (Appointed 18 May 2015)	2

COMMITTEES OF THE BOARD

The board is responsible for the management of the Group. It has delegated the detailed discussions to five committees, each of which meets at least three times a year with specific terms of reference.

Audit 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, makes recommendations to the board on the appointment of the external auditor, and ensures the Group's compliance with legal and regulatory requirements. The internal auditor reports directly to the Audit Committee. The Committee has authority to conduct or authorize investigations, and may delegate authority to subcommittees. The Committee held four meetings during the year. Members:

- Mrs. Agnes N. Odhiambo (Chairperson) - Attendance 100%
- Mr. Nduva Muli - Attendance 75%
- Mr. Andrew Hollas - Attendance 100%

Investments and Strategy Committee

The Investments and Strategy Committee determines the Group's investment strategy and policy, considers the proposed strategic investments and makes recommendation to the board. It also maintains an interactive strategic planning, implementation and monitoring process with management. The Committee met six times during the year. Members:

- Mr. Peter K. Munga (Chairman) - Attendance 100%
- Mr. Jimnah M. Mbaru - Attendance 83%
- Mr. Nduva Muli - Attendance 83%
- Mr. Samson K. Kamau - Attendance 75%

Risk and Compliance Committee

The Committee develops and implements the risk management framework, policies, procedures and standards. It also monitors the Group's compliance with laws and regulations, risk policies, and reviews management's implementation and maintenance of appropriate systems, procedures and Codes of Conduct in accordance with the Group's risk policy guidelines. The Committee met four times during the year. Members:

- Mr. Samson K. Kamau (Chairman) - Attendance 100%
- Mr. Richard K. Langat - Attendance 100%
- Mrs. Agnes N. Odhiambo - Attendance 100%

Compensation and Human Resource Committee

The Committee ensures an empowered, motivated and productive workforce. It reviews and recommends to the board the remuneration for non-executive directors and senior management and the overall staff remuneration budget, including performance bonuses. It also ensures compliance with the Human Resources Policies. The Committee met four times during the year. Members:

- Amb. Dr. Francis K. Muthaura (Chairman) - Attendance 100%
- Mr. Peter K. Munga - Attendance 75%
- Dr. Benson I. Wairegi - Attendance 100%

Nomination and Governance Committee

The Committee reviews proposals for the appointment of new directors and ensures that the Group adheres to the Corporate Governance Guidelines. The Committee met three times during the year. Members:

- Amb. Dr. Francis K. Muthaura (Chairman) - Attendance 100%
- Mr. Peter K. Munga - Attendance 67%
- Mr. Jimnah M. Mbaru - Attendance 67%
- Dr. Benson I. Wairegi - Attendance 100%

The Board of Directors



1. Nduva Muli, EBS (Non-Executive and Independent Director)

Mr. Muli has held senior management positions in both the public and private sector, is a member of the Institute of Directors and a successful entrepreneur.

2. Jimnah M. Mbaru, EBS (Non-Executive Director)

Mr. Mbaru is the Chairman of Dyer and Blair Investment Bank Limited and a director of the Nairobi Securities Exchange and Sanlam Africa Core Real Estate Investors Limited. He is a former chairman of the African Stock Exchanges and the National Economic and Social Council.

3. Agnes N. Odhiambo (Non-Executive and Independent Director)

Mrs. Odhiambo is the Controller of Budget of the Government of Kenya and a board member of the Kenya Women Microfinance Bank. She is the former Chief Executive Officer/Secretary to the Constituencies Development Fund Board.

4. Richard K. Langat (Non-Executive Director)

Mr. Richard Langat is a former Managing Trustee and Chief Executive Officer of the National Social Security Fund.

The Board of Directors



5. Amb. Dr. Francis K. Muthaura, MBS, EGH (Non-Executive Chairman)

Amb. Dr. Muthaura, a career diplomat and civil servant, is also chairman of the LAPSSET Corridor Development Authority, and a former Head of Public Service and Secretary to the Cabinet, Government of Kenya. Amb. Dr. Muthaura was the Ambassador of Kenya to the European Union.

6. Samson K. Kamau (Non-Executive Director)

Mr. Samson K. Kamau was until 2014, the chairman of the board of directors of Real Insurance Company Limited, a position he held from 2008.

7. Dr. Benson I. Wairegi, EBS (Group Managing Director)

Dr. Wairegi is also a Director of Housing Finance Group, the Chancellor of Kenyatta University, and former chairman of the Association of Kenya Insurers.

8. Walter A. Hollas (Non-Executive and Independent Director)

Mr. Hollas is a former PricewaterhouseCoopers (PwC) Senior Partner and was responsible for PwC East, Central and West Africa operations.

9. Peter K. Munga, CBS (Non-Executive Director)

Mr. Munga is a retired Deputy Secretary in the Government of Kenya. He is the Chairman of Equity Group Holdings, Equatorial Nut Processors Ltd and Freshco International Limited.

Directors' Shareholding

No.	Names	Roles	Shares
1	Amb. Dr. Francis K. Muthaura	Chairman	-
2	Dr. Benson I. Wairegi	Group Managing Director	100,398,400
3	Mr. Jimnah M. Mbaru	Director	200,300,100
4	Mr. Peter K. Munga	Director	75,000,000
5	Mr. Nduva Muli	Director	-
6	Mrs. Agnes N. Odhiambo	Director	-
7	Mr. Richard K. Langat	Director	-
8	Mr. Samson K. Kamau	Director	-
9	Mr. Walter A. Hollas	Director	-

Communication with stakeholders

The Group places a great deal of importance on the quality and detail of financial disclosures to its stakeholders. It has embraced technology to ensure this is done efficiently and regularly. Communication with stakeholders also takes place via the Group's website, Twitter, Facebook, mobile short message services (SMS) and blogs.

Shareholder Register Management

The Management of the Register of shareholders is out-sourced to Image Registrars Limited who are specialised service providers and attend to all shareholder maintenance queries.

Share Capital

The authorised and issued share capital of Britam consists of ordinary shares as disclosed on note 18 of the financial statements. The holders of the ordinary shares are entitled to attend the Annual General Meeting in person or through proxies.

Shareholders Rights

The rights and restrictions attaching to the shares are set out in the articles, which can only be amended at the Annual General Meeting (AGM). All shareholders are entitled to receive the annual report and financial statements and such distributions from the Group as may lawfully be declared. All shareholders are entitled to attend, speak and vote at the AGM including through the appointment of proxies. Shareholders are entitled to one vote for each share held. There are no shares carrying special rights.

Distribution of Shareholding

Shareholder Volume Analysis as at 31 December 2015

No.	Shareholding	Shareholders	No. of Shares held	Percentage Shareholding
1	1 to 500	2,754	754,054	0.04%
2	501 to 5000	17,782	42,178,696	2.18%
3	5001 to 10000	2,680	20,871,760	1.08%
4	10001 to 100000	2,383	61,640,723	3.18%
5	100001 to 1000000	234	70,620,170	3.64%
6	1000001 and above	48	1,742,350,435	89.89%
Grand totals		25,881	1,938,415,838	100.00%

Top Ten Shareholders

No.	Names	Shares	Percentage
1	British American (Kenya) Holdings Limited	452,504,000	23.34%
2	Equity Holdings Limited	405,000,000	20.89%
3	Jimnah M. Mbaru	200,300,100	10.33%
4	Dr. Benson I. Wairegi	100,398,400	5.18%
5	Kenya Commercial Bank Nominees A /C 915B	96,959,585	5.00%
6	Peter K. Munga	75,000,000	3.87%
7	Dr. James N. Mwangi	75,000,000	3.87%
8	Co-Op Bank Custody A/C 4012	60,000,000	3.10%
9	Filimbi Limited	58,453,600	3.02%
10	Royal Ngao Holdings Limited	36,330,988	1.87%
11	Others	378,469,165	19.52%
Grand totals		1,938,415,838	100.00%

Return Summary

Investor Pool	Records	Shares	Percentage
Local institutions	940	799,259,560	41.23%
Local individuals	24,807	600,545,747	30.98%
Foreign investors	134	538,610,531	27.79%
Grand totals	25,881	1,938,415,838	100.00%

Risk Management

Risk management is an integral element of our business, essential to our sustainability and to achieving shareholder value. The Group has undertaken extensive development of its risk management framework and policy under the current five year strategic plan to achieve world class risk management benchmarked against international best practice.

The Group now undertakes monthly risk management reporting, based on structured risk assessment measures, and produces quarterly and annual risk management reports. The risk management programme is executed by specialist risk professionals within the Group and according to a clearly delineated process of board direction and supervision.

“ The risk management programme is executed by specialist risk professionals ”

In 2015, the board set risk appetite measures, defining a set of four overall performance indicators and a cascading set of contributory indicators across all of the Group's businesses. These performance measures are now subjected to constant monitoring to ensure they are within the normal and acceptable performance range.

The risk appetite schedule defines the actions to be taken in the case of any underperformance in any of these measures. The risk framework has additionally built a risk assessment structure into all business planning at every management level, which ensures all assumptions or unknowns are captured from the start of every project and in all businesses, and monitored every month.

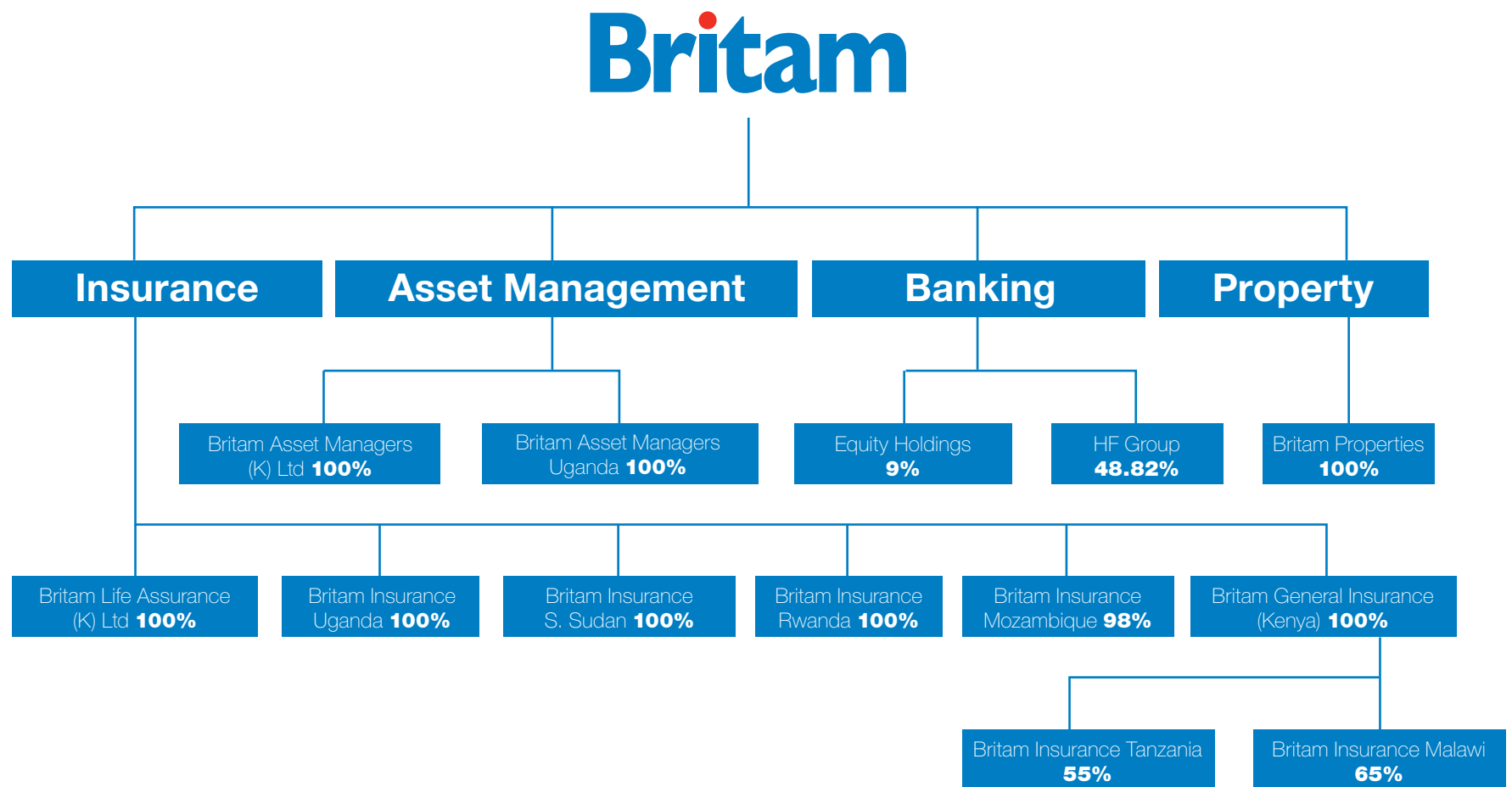
Britam Group Risk Assessment Framework

Counterparty Risk	The risk that a counterparty will fail to meet its agreed obligations.
Market Risk	The risk that market movements - including in interest or exchange rates, equity or real estate prices – cause fluctuations in asset values, liabilities, or income from assets.
Insurance Risk	The uncertainty due to differences between the actual and expected amount of claims and benefits.
Operational Risk	The risk of loss from inadequate or failed internal processes, people, or systems, or from external events.
Legal Risks	Any potential loss from legal disputes or settlements, instituted by customers, counter parties, employees, shareholders, the authorities or third parties against the company.
Compliance risk	The risk of non-compliance with laws, regulations and standards, which relate to markets, pricing, taxes and regulations, and of new laws or regulations that require changes in business practices that may lead to financial loss.
Liquidity Risk	The risk a company may fail to meet its liabilities as and when they fall due.
Concentration Risk	The risk posed by any single or group of exposures that have the potential to produce losses large enough to threaten the ability of the company to continue operating.
Strategic Risk	The potential for loss as a result of inaction, ineffective strategies, or poor implementation of strategies.
Reputational risk	The potential that negative publicity, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. This risk may result from a failure to effectively manage any or all of the other risk types.

Risk Management Programme - 2015 Achievements

- Implemented Whistleblowing Programme and Hotline
- Introduced Biennial Risk Culture Survey
- Introduced a Risk Appetite Framework
- Developed a 3 year Risk Management training plan for the entire Group
- Designed Code of Conduct & Ethics Training to be rolled out in 2016
- Developed KPIs and KRIs to be embedded in Balanced Scorecards in 2016
- Procured an External Quality Assurance review in 2015
- Scheduled a Benchmarking or External Quality Assurance review every 5 years.
- Launched a Management Risk Committee for every business unit
- Launched quarterly reviews / continuous monitoring
- Established strategic and operational risk registers for each business unit
- Incorporated strategic risk reviews with each strategic plan review
- Recruited a Financial Risk and Operational Risk Manager to provide specialised risk management oversight for the Group
- Implemented risk reporting requirements

Corporate Structure



Executive Management Team



Dr. Benson I. Wairegi

Group Managing Director



Gladys M. Karuri

Group Finance & Strategy Director



Muthoga Ngera

Director, Marketing & Corporate Affairs



Nancy K. Kiruki

Director, Legal & Company Secretary



Stephen O. Wandera

Director, Insurance Business



Benson Kamau

Assistant General Manager, Property



Steve B. Magati

Group Head of Internal Audit



Jack W. Maina

Group Chief Information Officer



Kenneth Kaniu

CEO Britam Asset Managers



Edward Kuria

Chief of Staff



James Maito

Director Human Resources



Kennedy B. Aosa

Director International Insurance Business



Carol O. Misiko

Chief Risk & Compliance Officer



Ambrose Dabani

General Manager Life & Pensions



Allan Mafabi

CEO / Principal Officer Uganda



Charles Muyodi

General Manager Microinsurance



John Githinji

CEO / Principal Officer South Sudan



George Sithole

CEO / Principal Officer Mozambique



Reuben W. Kibiru

CEO/Principal Officer Rwanda



Margaret Kathanga

Acting CEO / Principal Officer General Insurance



Stephen Lokonyo

CEO / Principal Officer Tanzania



Grant Mwenechanya

CEO / Principal Officer Malawi

Business Review

Britam is a Pan-African, diversified, financial services group that has invested heavily in recent years to create a platform for accelerated growth through innovation and synergies across its investment management and distribution channels.

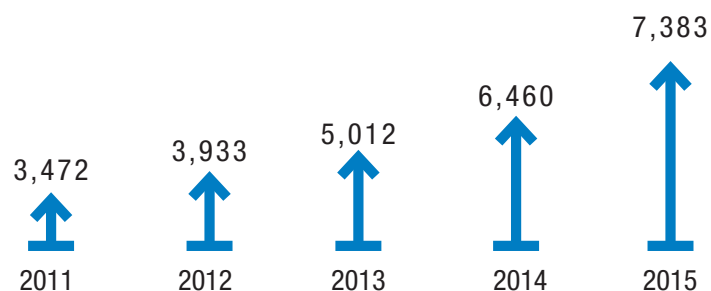
We have extended our geographical presence into seven countries, recreated the organisational structure, processes and systems, and positioned ourself to lead the African market in digital, real time products, online platforms and returns.

In 2015, the bonuses of the restructuring began to appear in many areas of the Group's business operations, driving new, more flexible pension products, regional sales growth, and improved service and overall premium growth of 40 per cent.

The greatest gains came in the regional general insurance businesses, the Kenyan pensions business, and in the assets under management arising from a series of corporate pensions wins.

Life Assurance

Gross revenues for the life assurance business grew by 14 per cent to Shs7.4bn in 2015, from Shs6.5bn the previous year.

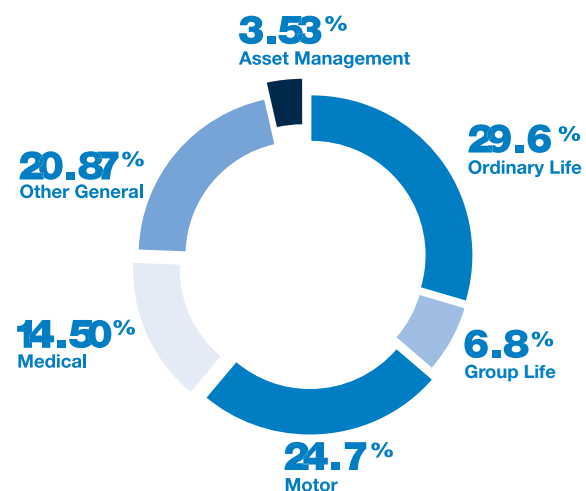


Life Assurance Gross Earned Premiums (Shs millions)

Within the life assurance portfolio, the strongest growth came in conventional life premiums, which rose 20 per cent to Shs6bn, from Shs5bn in 2014, aided by the increase in the number of Financial Advisors to 3,000, from 2,000 in 2014. The business also won the AKI Agent of the Year Award for the 9th consecutive year.

The Group's strategic transition away from unit linked premiums saw premiums in this segment fall to Shs 0.85bn in 2015, from Shs 0.99bn a year earlier. Group life premiums also edged back marginally to Shs1.37bn, from Shs1.45bn in 2014, in an extremely competitive market. However, the business continued to be profitable with good performance from the bancassurance segment.

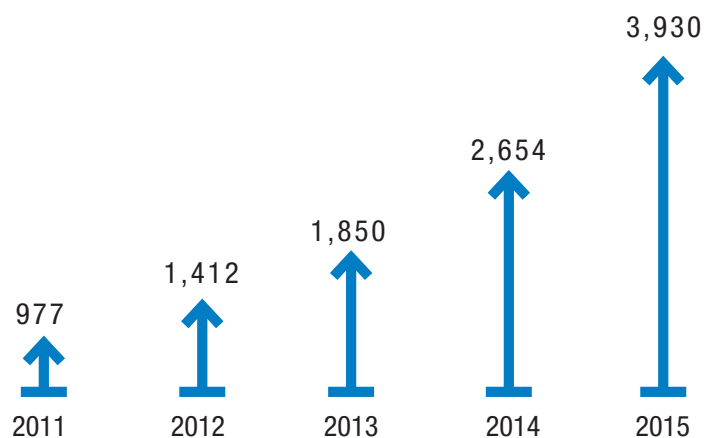
In the pensions segment, the launch of an umbrella pension fund for smaller businesses received a good response, while a new pension product that enables pensioners to continue investing their pensions for further growth was well received, generating considerable deposits within its first two months.



Group Gross Earned Premiums and Fund Management Fees: Shs20.3bn

The Group also gained market share in the pensions' business of Kenya's parastatals and largest corporate clients, outperforming competitors with pension returns of 8 per cent in a highly negative investment environment. As a result, pension contributions increased by 48 per cent, from Shs 2.65bn in 2014 to Shs 3.93bn in 2015.

However, the fall in share prices on the Nairobi Securities Exchange saw the fair value of the life assurance investment portfolio drop by Shs1.86bn in 2015, where the previous year it rose by Shs 2.48bn. As a result, the business recorded a pretax loss for 2015 of Shs 84.1m.

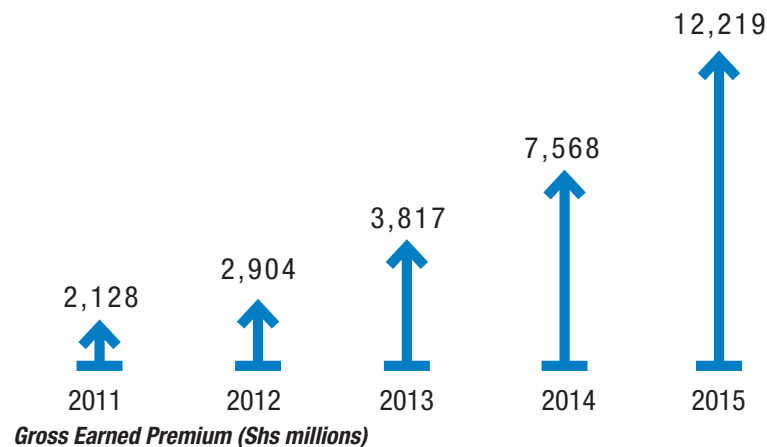


Pension Collections (Shs millions)

Business Review

General Insurance

2015 was a year of transformation across the Group's seven national general insurance businesses, with gross revenue rising to Shs12.2bn. This represented a 61 per cent increase from general insurance gross revenue of Shs7.6bn in 2014.



However, the business recorded a pretax loss of Shs 94.2m in 2015, compared to a pretax profit of Shs 375.6m in 2014. The dip in profitability was caused by several factors, including the integration of the Real insurance business, which brought one-off costs for combining offices, implementing rebranding, retraining staff, and aligning systems and processes to satisfy Britam's risk management structures.

At the same time, motor insurance premiums grew sharply, rising by 78.5 per cent, from Shs 2.8bn in 2014 to Shs 5bn in 2015. However, claims grew by far more, rising by 119 per cent, from Shs1.6bn to Shs 3.5bn. This surge in claims was heavily concentrated at the lower end of the market.

Gross revenue for the medical business rose by 56.5 per cent, from Shs 2.3bn in 2014 to Shs 3.6bn in 2015.

The Group also launched new premium receipting, and widened the definitions on lapsed policies, making for an increase in debtors' provisions of Shs 783m, to leave the Group with active business according to very tight definitions.

Kenya

In Kenya, gross earned premiums increased to Shs 8.2bn from Shs 3.08bn, after the merger in 2014, a 166 per cent increase. One of the strong drivers of growth was county business, with more than Sh 400m of medical business added from the counties outside Nairobi.

However, fire claims, traditionally a high margin area, were unusually large as a result of an exceptional corporate fire claim and damage caused by floods, most notably in Narok.

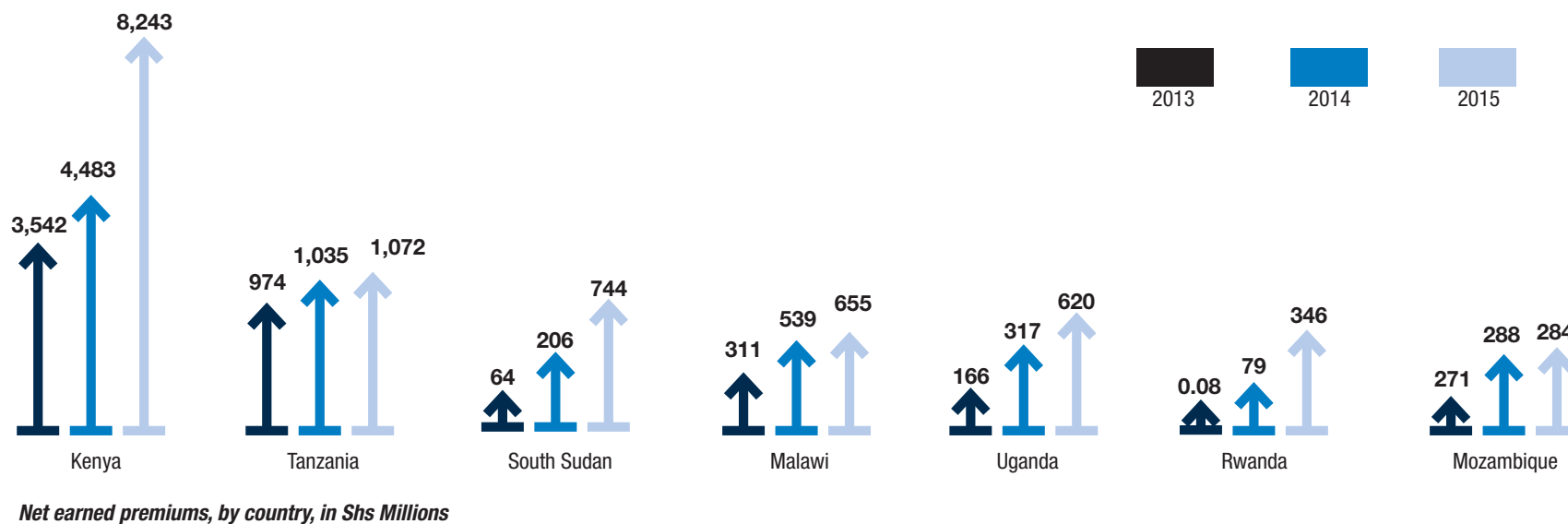
The surge in low-end motor claims, also experienced in the other operating companies, was marked in Kenya. This prompted a lifting of the minimum premium towards year end, and an effective raising of the minimum value of vehicles accepted for insurance, in changes designed to address the excessive claim levels.

The net impact of the raised payouts and costs, including the acquisition integration costs, was a pretax loss of Shs 269.5m in 2015, compared with a profit of Shs 25.5m in 2014.

Regional

The regional general insurance businesses achieved a year of outstanding results, as the Group concentrated on the full assimilation of the new businesses and their reserving to the levels appropriate to Britam's long-term sustainability and status. The Group took remedial action on debtors, asserted credit control and systems to assure the quality of clients, and increased provisioning in Malawi, Mozambique and Tanzania.

Against this backdrop, all of the regional businesses reported exceptionally strong growth in net revenues. The group opened new outlets, and made particularly strong progress in bancassurance and the SME market.



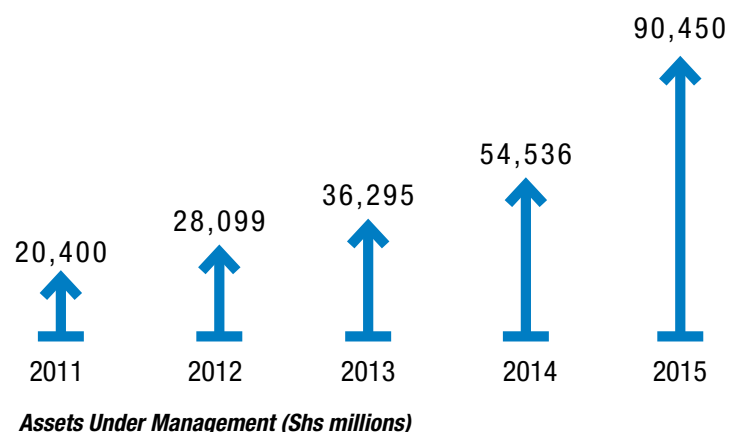
Business Review

Asset Management

Started in 2004, the asset management business currently contributed 3.5 per cent of the group's total revenue and 38 per cent of the group's total earnings.

A licensee of both the Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA), our client base includes pension funds, corporates, high net worth investors, global institutions and retail investors.

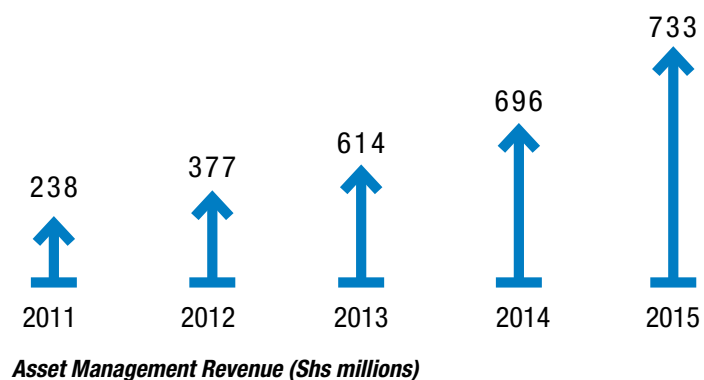
Our Assets under Management rose sharply in 2015, from Sh54bn at the close of 2014 to Sh90bn by the end of 2015, representing a 67 per cent increase.



The single biggest driver of the business was the growth in the institutional market and, specifically, third party pensions. The company won more than 20 new institutional asset management contracts, mostly large defined contribution and defined benefit retirement funds, which had mostly government institutions and state agencies as their sponsors.

Despite the declines recorded on the Nairobi Stock Exchange, which accounts for some 25 per cent of our investments, we continued to secure positive gains for our investors. The strength of this performance saw the business win the Best Equity Fund and Unit Trust of the Year Award in the annual 2015 Think Business Awards. We also achieved a 30 per cent increase in our retail business.

We additionally achieved positive developments in our property investments. We successfully added an extra floor to our commercial office property Langata House, which is now fully leased and delivering yields of more than 15 per cent for our investors. We have other similar property investments planned for 2016. We are also on track to acquire our Real Estate Investment Trust license from the Capital Markets Authority during 2016.



Property

The Kenyan real estate sector has expanded rapidly, and contributed an estimated 7.8 per cent of GDP in 2014. The outlook is for continued growth, with a number of subsectors, such as retail and hospitality, expected to continue to perform strongly.

The Group has identified property as one of its key strategic initiatives due to the high and stable returns from property investments. The development of the property business also delivers complimentary diversification for the Group, in that property returns have a low correlation with equities market performance.

The property business will additionally deliver and benefit from synergies with the Group's insurance, asset management and banking businesses. These businesses naturally support investments in property by providing equity and debt funding, as well as by providing avenues for exits.

The Britam property business in 2015 put in place a full project development team that is at an advanced stage in plans for three Britam property developments.

The Group has a prime asset in the form of 1.6 acres in Kilimani that it is planning to develop as serviced apartments to satisfy a niche corporate market that is currently notably underserved. The apartments will be of a very high quality, principally as 1 and 2 bedroom apartments, but with a small number of 3-bedroom apartments.

Another prime asset is a 21.4 acre plot in Ngong Township, on which the Group is planning a mixed use development of residential and retail units. This will be a vanguard development in the township, where development has happened rapidly, but without master planning.

Other land assets now being developed by the group include a 10 acre site in Mlolongo on which we propose to build 150 town houses.

The Group's flagship Britam Tower will also be completed in the final quarter of 2016. The tower has been built to meet world class standards and will bring to Nairobi over 30,000 square metres of Grade A office space in one of the City's prime locations.

The intense activity within the property business sees Britam now taking up its envisioned position as the region's largest institutional property developer.

Project Jawabu

In 2011, Britam formulated a new strategic plan focused on driving profitability and operational excellence across the organisation. From the onset, it was clear IT could play a major role in helping the organisation achieve its objectives. An IT strategy and transformation roadmap aligned to the business strategy was therefore created.

This culminated in the birth of Project Jawabu, an IT enabled business transformation project to transform Britam into a customer-centric organisation providing customers with first class service.

Jawabu has now successfully automated key processes. The first phase of Project Jawabu went live in October 2015 and delivers a new era of convenience through improved business processes, enhanced structures and state of the art systems. The new systems provide a single view of the customer, as well as business intelligence that allows Financial Advisors to focus on analysis.

The Jawabu project positions Britam as a forerunner among competitors and in the financial services and insurance industry as a whole, by virtue of its scale and magnitude.

The project will facilitate greater underwriting, pricing accuracy and more effective and efficient loss prevention. There will be better customer understanding, more innovative and relevant products based on analysis and improved management decision making through actionable insights.

In its entirety, the project has redesigned processes, re-engineered the organisational structure, changed the business culture, built new skills, and implemented Group-wide new technology.

FA Portal: to empower Financial advisors and drive productivity

2015 saw the launch of Britam's own internal portal, allowing Financial Advisors to open the system from anywhere, at any time, to:

- Generate quotes
- Access the full product catalogue
- Track the performance of each Financial Advisor
- Produce commissions statements
- Track renewals and lapses
- Manage leads

THE JAWABU ECOSYSTEM



7
connected countries



70MB
internet link capacity (new)



80+
connected servers (physical & virtual)



Over 3500
user support base



40+
IT resources supporting the ecosystem



Over 6000
interconnected devices



70+
databases



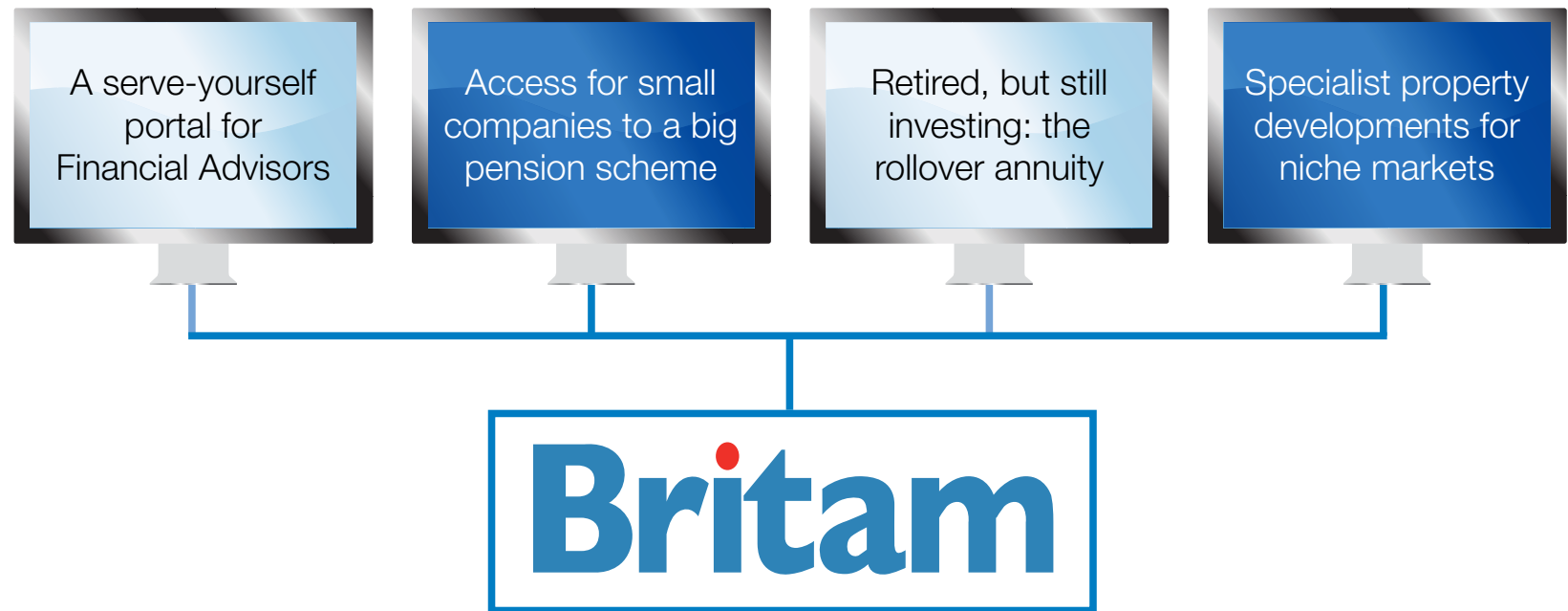
66
office locations across the network



50+
applications



300+
switches, routers and access points.



“ Our research has examined market segmentation, product usage, consumer attitudes, and customer satisfaction. ”

Our strategic plan lays out our commitment to becoming a customer-centric business, and that means getting closer to customers. The last two years have seen us commission and execute the most comprehensive market research in the Group's history, running research programmes in 2015 in Tanzania, Malawi and Mozambique.

Our research has examined market segmentation, product usage, consumer attitudes, and customer satisfaction. We have also conducted research into the youth market and into various investment opportunities. The results have seen us refocus on the SME market, which is the engine of growth for our continent's economies.

In 2015, this saw us unveil a pension fund for SMEs, opening a door for small companies to get employees into a high-return pension fund by joining an umbrella fund alongside many other SMEs.

In the same vein, we talked to the buyers of pensions and found some wanted the option of reinvesting their pension income instead of taking all the pension income following their retirement, so we launched a post-retirement pension investment product.

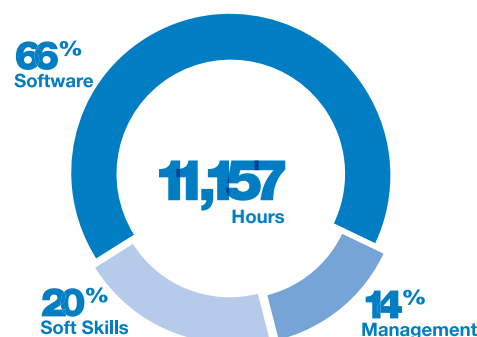
We looked at how our Financial Advisors were working, and removed most of the chain of people and tasks with a single, online portal for them. We launched the first level portal in 2015, allowing Financial Advisors to see and track policies, and during 2016 they will be able to deliver instant self service policies to customers.

We also studied the real estate market and opted to concentrate on specialist and innovative property developments serving niche markets. Our Britam Tower will be the highest class of Grade A office space in Nairobi, which is now one of Africa's leading business hubs. We shall now be building high quality serviced apartments in the city, as well as mixed use developments that are highly targeted towards satisfying local consumers' unmet needs.

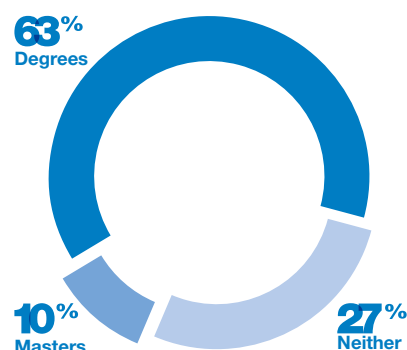
Britam is an equal opportunity employer, and does not discriminate in the recruitment or selection of employees on the basis of gender, race, age, nationality, ethnicity, social origin, pregnancy, HIV status, disability or religion.

A growing organisation: 716 staff - 2014 898 staff - 2015

Training Programme



Highly skilled staff



Britam employee benefits:

- Medical Scheme - In and out patient
- Pension
- Group Life Cover and Group Personal Accident Cover
- Staff Loans – Car, Mortgage, Plot, Medical,
- Staff Canteen – food at discounted prices
- Flexible working hours

Management gender split: Male - 118 Female - 54

Whistleblowing policy

- The Whistleblowing Policy is intended to reassure employees that if they raise genuine concerns in good faith, they will be protected from reprisals or victimisation.
- Employees have the option of reporting concerns through an independent whistleblowing service that guarantees anonymity.
- The Chairman of the Audit Committee or their delegated officer shall receive, retain, investigate and act on complaints and employee concerns regarding any possible violation of the Group's policies.
- All employees of the Group, including contractors working for the company, are covered by this policy.
- If an employee raises a concern under this policy, they will not be at risk of losing their job or suffer retribution as a result. The company will not tolerate harassment or victimization of anyone raising a genuine concern.
- If the company is not able to resolve the concern without revealing the employees identity (for instance, in giving evidence in court), the matter will be discussed with the employee regarding the way forward.

Anti-money laundering

Britam recognises the offence of money laundering as dealing or interacting with the proceeds of crime.

The anti-money laundering regime forms part of the governance oversight responsibility of the board of directors.

The Group has appointed the Risk and Compliance Manager to be the Money Laundering Reporting Officer (MLRO).

Britam has deployed World Check One to verify identities against global blacklists and terror lists, and is working to connect to the national database to enable the Group to confirm identities.

Britam staff profile every new customer through customer due diligence (CDD) and the know your customer (KYC) process.

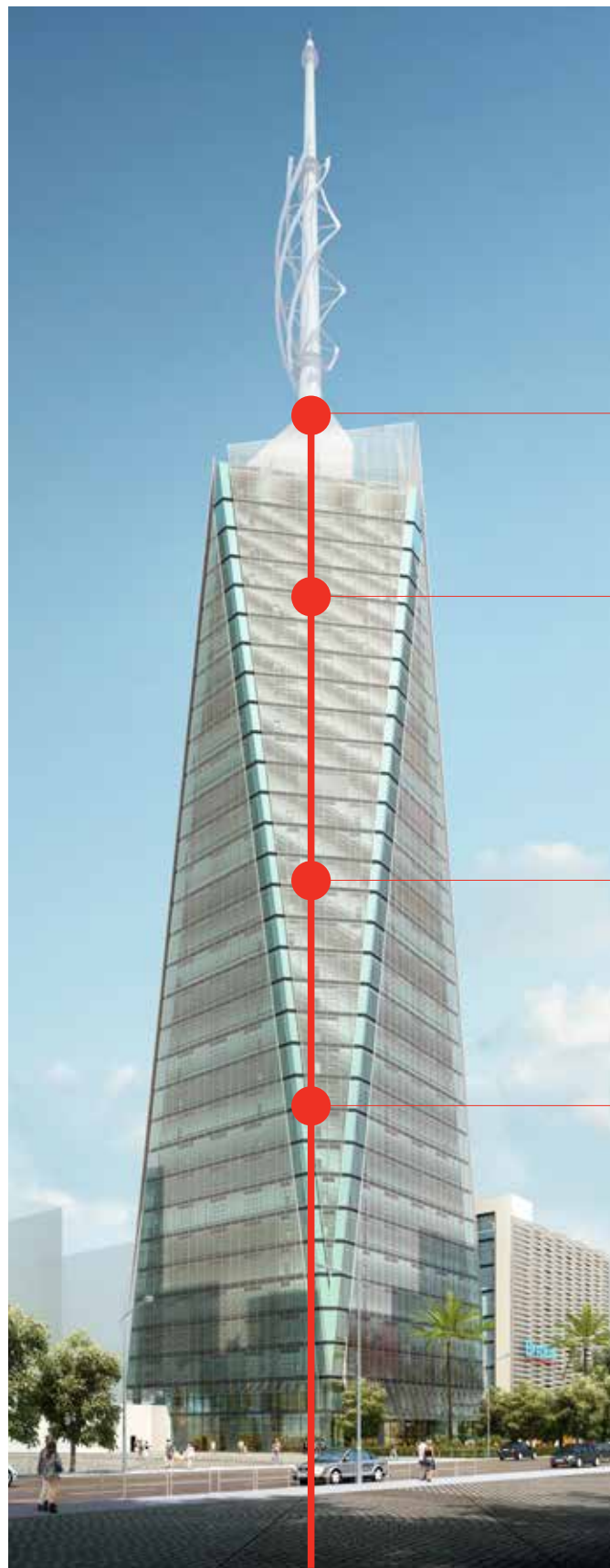
Where necessary, due diligence is undertaken into existing clients. Where a client is unable to comply with the verification requirements, a decision will be made after three months to terminate the business relationship and consider making a suspicious transaction report to the MLRO.

Britam conducts detailed due diligence where it knows or suspects a business relationship is with a 'politically exposed person' (PEP).

All suspicious transactions, and all cash transactions of more than \$10,000, even where not suspicious, are reported to the MLRO and a record maintained of all reported transactions.

A staff member who knowingly or negligently assists another to obtain, retain or invest in the proceeds of crime, tips off or warns a person that they are under suspicion of money laundering, or fails to report their suspicion of money laundering, will be considered as having committed a money laundering related offence.

All staff classified as being "relevant staff" shall undergo a rigorous certification process to ensure they are equipped to identify and prevent money laundering situations.

**200***Height of building and spire in metres***Britam Tower**

The tower has 11 lifts, including four hi-speed lifts. It provides 1,002 parking bays giving it one of the highest office parking ratios in Nairobi, contributing to its Grade A classification as office space for 3,000 staff on 31 floors.

Built to remain naturally cool

The Britam Tower is faced with 12mm toughened stratobel performance glass, tested for light, heat and energy transmission in accordance with ISO 9050:2003. The glass is covered by ceramic baugettes that prevent direct solar radiation. The facade offers high and low openable windows for good cross ventilation. Together, these design features remove the need for air conditioning.

Water-saving technology

Infrared taps in every bathroom only flow when touched, saving more than 36,000 cubic metres a year of water lost to taps left on. Presence sensors in bathrooms turn on lights automatically as people enter, and off as rooms empty, saving electricity.

Water recycling plant

An on-site grey water recycling plant will save over 45 per cent of water in the building, achieving international water efficiency best practice. The recycled water will be used to flush toilets and water the gardens. Rainwater is also being harvested.

Over 500*Construction workers on site*



1



2



3



4

Britam's sustainability agenda and social obligation is anchored on the promise of being with our customers, employees, shareholders and other stakeholders Every Step of the Way. By giving back to the community through Corporate Social Responsibility (CSR) activities, Britam has cultivated goodwill with its stakeholders across all its business by promoting a sustainable society.

Britam has achieved these goals through direct initiatives and by partnering with like-minded organisations to support schools, sports, health, and the environment.

The Britam Foundation

Britam last year made important strides in the launch of the Britam Foundation, with the foundation's incorporation as a non-profit charity.

The launch was part of the Group's moves to escalate its corporate social responsibility (CSR) activities.

The Group's strategic CSR activities is to enrich the lives and livelihoods of the less fortunate and marginalised people throughout East Africa. In this, Britam is committed to supporting sustainable solutions to recurring problems.

The foundation's flagship initiative will be in support of the performing arts in Kenya and East Africa. Other existing and continuing focus areas are: sports, economic empowerment, disaster relief, education, water, environmental conservation and health.

Through support for the performing arts, the foundation will reach over 800,000 beneficiaries in the next 5 years, directly and indirectly, in a programme that incorporates youth and rural empowerment, education and the preservation of heritage and culture through key messages embedded in performances.

The foundation will work with established institutions with an excellent track record in the performing arts industry to tap top talent in the performing arts, and will additionally sponsor:

- Fellowship programmes with SpielWorks and the Phoenix Players.
- Training for TV series productions with Film Crew Africa.
- Music and dance scholarships in collaboration with Sauti Academy artist development programme.
- Training programmes for top music and drama festival performers in partnership with Sarakasi Trust.
- Placements in the Sauti Academy of top performers from music festivals who are interested in pursuing a career in music.
- Training programmes for the spoken word and poetry



1 A participant in the Britam Kenya Open Tennis tournament

2 First Lady Margaret Kenyatta (left) receives a Shs 5 million donation from Muthoga Ngera, Marketing & Corporate Affairs Director (right). Looking on is Edward Kuria, Britam Holdings Chief of Staff (centre).

3 Britam staff participating in the First Lady's Beyond Zero Campaign Marathon.

4 Nelly Munala from the Presidents Award Scheme receives a donation of assorted furniture from Muthoga Ngera, Britam's Director for Marketing and Corporate Affairs. The organization distributed the furniture to several schools which they support across the country.



Sports sponsorships

Britam has firmly stamped its presence in sports sponsorship and marketing in Kenya, with the company supporting a cross-section of sports activities in the country.

The support extended to sports is in line with the Group's Corporate Social Investment pillars to nurture and develop talent among the youth and less privileged in the society. Last year, Britam supported a number of sports initiatives, demonstrating the company's commitment to support the development of sports from the national to the county levels. Some of the initiatives include;

- Winning the branding rights and refurbishment of the Nyayo National Stadium
- Supporting Kenya Premier League side Mathare United Football Club
- Sponsoring the international jockeys challenge named "Britam Guineas" to celebrate 110 years of horseracing in Kenya
- Sponsorship deal with the Kenya Lawn Tennis Association
- Sponsorship support extended to a number of marathons and half marathons in the country

Education

Britam pioneered the development of education insurance products and services in the country, and is today a market leader in the sector. The company has also taken a leading role in providing a good learning environment for schools, through providing necessary equipment, such as furniture. Last year, Britam donated furniture worth Shs 20m to:

- Maralal Secondary school (Maralal)
- Kisima Secondary School (Moyale)
- Kairuthi Secondary School (Nyeri)
- AIC Muisini Secondary School (Kitui)
- Kigumo Girls School (Muranga)
- New Life Trust Children's home

Health

The Group supports health and wellness, and in 2015, donated Shs 10m to support First Lady Margaret Kenyatta's Beyond Zero Campaign, which aims at reducing pre-natal and maternal deaths in all the 47 counties in the country.

The Group donated Shs 5m to the Anglican Church of Kenya, Nairobi Diocese, to support the construction of the Ruai Home for the elderly. Britam was also involved in the marathon jointly organised with the diocese last year, to support the construction of the home.

Britam additionally donated Shs 5m to support the Catholic Church in preparing for the historic three-day visit of His Holiness Pope Francis to Kenya last year.



2

1/2 Mathare United players celebrate after scoring a goal during a Kenya Premier League match at Nyayo Stadium.



3

3 A bird's eye view of the Nyayo National Stadium, after Britam won the branding rights.



4

4 Britam Group Managing Director Dr. Benson I. Wairegi (left) presents a gift hamper to Jockey Leslie Sercombe after riding Cheney, the winning horse, to win the Britam Kenya Guineas cup at the Ngong Racecourse.



5

5 Acting Director General, Sports Kenya, Gabriel Komora (left), the CS Sports, Culture and the Arts, Dr. Hassan Wario (centre) and Mr. Muthoga Ngera, Britam's Director Marketing and Corporate Affairs (right), during a media conference to announce that Britam had won a two year contract to brand the Nyayo National Stadium.

Corporate Information

REGISTERED OFFICE

Britam Holdings Limited

Britam Centre, Junction of Mara and Ragati Roads, Upper Hill
P. O Box 30375, 00100 Nairobi, Kenya

t: (+254) 020 2833 000/2710 927

f: (+254) 020 2717 626

e: info@britam.com

w: (Group): www.britam.com

LOCAL SUBSIDIARIES

Britam General Insurance Company (Kenya) Limited

Renaissance Corporate Park
Elgon Road
Upper Hill

P. O Box 30375-00100, Nairobi, Kenya

t: (+254) 020 2833000/0703094000

e: info@britam.com

3 of the local subsidiaries share physical and postal addresses with the Holding Company as below;

Britam Life Assurance Company (Kenya) Limited

e: insurance@britam.com

Britam Asset Managers (Kenya) Limited

e: assetmanagement@britam.com

Britam Properties (Kenya) Limited

e: info@britam.com

REGIONAL SUBSIDIARIES

Britam Insurance Company (Uganda) Limited

Course View Towers, 1st Floor,
Plot 21 Yusuf Lule Road
P.O Box 36583, Kampala Uganda

t: (+256) 417 702 600

e: britam@britam.com

Britam Insurance Company Limited (South Sudan)

The Britam Place, Hai Malakal Juba, South Sudan

t: (+211) 956 444 457/8

e: britamss@britam.com

Britam Insurance Company (Rwanda) Limited

Union Trade Centre, 5th Floor
P. O Box 913, Kigali, Rwanda

t: (+250) 252 579 031/2/3

e: britam@britam.com

Britam Insurance (Tanzania) Limited

PPF Tower 2nd Floor, Garden Ohio Street

P. O. Box 75433, Dar es Salaam, Tanzania

t: (+255) 22 2138058/ 762

e: info@britam.com

Britam Insurance Company Limited, Malawi

Delamere House, Victoria Avenue,
P. O. Box 442, Blantyre, Malawi

t: (+265) 01 824 044/ 08 81893856 /09 91461230

e: info@britam.com

Britam Companhia De Seguros De Mocambique, Sa

No 1489 Caixa 3681, Maputo
Mozambique

t: (+258) 21 492840/8/9

e: britam@britam.com

RELATED PARTIES

HF Group

Rehani House
Kenyatta Avenue/Koinange Street,
Nairobi Kenya

t: (+254) 020 3262000

e: info@hfgroup.co.ke

Equity Group Holdings Limited

Equity Centre
Upper Hill - Hospital Road
Nairobi Kenya

t: (+254) 020 2262000

e: info@equitybank.co.ke

Share Registrar

Image Registrars Limited
Barclays Plaza, 5th Floor
Loita Street
P. O Box 9287-00100, Nairobi

t: (+254) 020 2230330

e: info@image.co.ke

Company Secretary

Britam Centre
P. O. Box 30375, 00100
Nairobi

Legal Advisors

Kaplan & Stratton, Advocates

Daly & Figgis, Advocates

Coulson Harney Advocates

Walker Kontos, Advocates

Katende, Ssempebwa & Co
Advocates

Ngatia and Associates

Auditor

Deloitte & Touche

Deloitte Place, Muthangari,
Waiyaki Way Nairobi, Kenya

t: (+254) 020 423 0353

f: (+254) 020 444 8966

Actuarial Services

Aon Hewitt/QED Actuaries and
Consultants (Pty) limited

Sandton, South Africa

Triangle Actuarial Services

Wake Forest, North Carolina, USA

Bankers

Equity Bank Limited

Commercial Bank of Africa Limited

Barclays Bank of Kenya Limited

Citibank

Kenya Commercial Bank Limited

National Bank of Kenya Limited

Standard Chartered Bank

Co-operative Bank of Kenya

Housing Finance



FINANCIAL REPORT

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Directors' Statement for the year ended 31 December 2015

Principal Activities

The Group is a holding and investment company and the principal activities of the subsidiaries are detailed in Note 1.

Results and Dividend

Loss after tax of Shs 1,009,458,000 (2014: Profit after tax of Shs 2,497,878,000) has been added to the retained earnings.

The directors recommend the payment of a dividend of Shs 581.5 million (2014: Shs 581.5 million).

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks, including underwriting risk, credit risk, the effects of changes in debt and equity market prices, 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 and risk and compliance functions help to monitor that these policies are followed.

The Group's risk management objectives and policies are detailed in Note 4.

Directors

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

Amb. Dr. Francis K. Muthaura	Chairman
Dr. Benson I. Wairegi	Group Managing Director
Mr. Jimnah M. Mbaru	
Mr. Peter K. Munga	
Mr. Nduva Mui	
Mrs. Agnes N. Odhiambo	
Mr. Richard Langat	
Mr. Samson K. Kamau	
Mr. Andrew Hollas	Appointed 18 May 2015
Dr. James N. Mwangi	Resigned 18 May 2015

Auditor

Deloitte & Touche, being eligible and have expressed willingness to continue in office subject to shareholders' approval in accordance with Section 159 (2) of the Companies Act.



Nancy Kiruki
COMPANY SECRETARY

18 April 2016



Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the directors to ensure that the Company and its subsidiaries keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company. They are also responsible for safeguarding the assets of the Group.

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 Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and financial performance of the Group and of the Company. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company and its subsidiaries will not remain going concerns for at least the next twelve months from the date of this statement.

The financial statements were approved by the board of directors on 18 April 2016 and signed on its behalf by:

Handwritten signature of the Chairman in black ink.

Chairman

Handwritten signature of the Group Managing Director in black ink.

Group Managing Director

18 April 2016

Independent Auditors' Report for the year ended 31 December 2015

Independent auditors' report to the members of Britam Holdings Limited (formerly British-American Investments Company (Kenya) Limited)

Report on the consolidated financial statements

We have audited the accompanying financial statements of Britam Holdings Limited (Formerly British-American Investments Company (Kenya) Limited) and its subsidiaries, set out on pages 46 to 128, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility 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 in the manner required by the Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the Group and of the Company as at 31 December 2015, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Independent Auditors' Report for the year ended 31 December 2015

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you based on our audit that;

- i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position (balance sheet) and the profit and loss account (presented in the statement of profit or loss and other comprehensive income) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is FCPA JW Wangai – P/No 1118.



Certified Public Accountants (Kenya)

Nairobi, Kenya

18 April, 2016

Financial statements for the year ended 31 December 2015

Consolidated Statement of profit or loss

	Notes	For the year ended 31 December	
		2015 Shs'000	2014 Shs'000
Revenue			
Gross earned premium	6	19,605,675	14,045,772
Less: reinsurance premium ceded	6	(3,231,953)	(2,253,610)
Net earned premium	6	16,373,722	11,792,162
Fund management fees	6	718,537	696,056
Net income from investment property	7	1,211,502	782,237
Interest and dividend income	8	3,128,572	2,538,051
Net realised gains on financial assets at fair value through profit or loss	9	209,944	156,983
Net unrealised fair value (losses)/gains on financial assets at fair value through profit or loss	10	(2,836,211)	4,102,165
Commissions earned	11	735,788	620,217
Other income	12	589,133	4,464
Total revenue		20,130,987	20,692,335
Expenses			
Insurance claims and loss adjustment expenses	13	10,250,558	3,975,798
Amount recoverable from reinsurers	13	(2,405,947)	996,192
Change in actuarial value of policyholders benefits	13	2,769,604	3,051,301
Net insurance benefits and claims		10,614,215	8,023,291
Interest payments/increase in unit value	14	495,774	2,035,986
Operating and other expenses	15	6,716,741	4,616,406
Finance costs	16	802,155	350,290
Commissions expense	17	3,291,904	2,712,987
Total expenses		21,920,789	17,738,960
(Loss)/profit before share of the profit of the associate		(1,789,802)	2,953,375
Share of profit of the associates accounted for using the equity method	24	594,864	259,007
(Loss)/profit before tax		(1,194,938)	3,212,382
Income tax credit/(expense)	25	185,480	(714,504)
(Loss)/profit for the year		(1,009,458)	2,497,878
(Loss)/profit attributable to:			
-Owners of the parent		(962,189)	2,501,489
-Non-controlling interests	26(iii)	(47,269)	(3,611)
Profit dealt with in the accounts of the Company: Shs 985,150,000 (2014: Shs 1,847,641,000)			
Earnings per share for profit attributable to the owners of the parent during the year			
- basic and diluted (Shs per share)	27	(0.5)	1.31

The notes on pages 55 to 128 are an integral part of these financial statements

Financial statements for the year ended 31 December 2015



Consolidated statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 December	
		2015 Shs'000	2014 Shs'000
(Loss)/profit for the year		(1,009,458)	2,497,878
Other comprehensive income/(loss) items, net of tax:			
Items that will not be reclassified to profit or loss			
(Losses)/gains on revaluation of land and buildings	25	(13,520)	22,478
(Losses)/gains on revaluation of financial assets at fair value through other comprehensive income	25	(1,471,299)	3,627,865
Loss on disposal of financial assets at fair value through other comprehensive income		(281,044)	-
Re-measurement of the net defined benefit asset	25	20,024	8,090
Total items that will not be reclassified to profit or loss		(1,745,839)	3,658,433
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive(loss)/ income from the associate accounted for using the equity method	25	(4,879)	26,568
Currency translation differences		(423,523)	(169,566)
Total items that may be subsequently reclassified to profit or loss		(428,402)	(142,998)
Total other comprehensive (loss)/income		(2,174,241)	3,515,435
Total comprehensive (loss)/income for the year		(3,183,699)	6,013,313
Attributable to:			
-Owners of the parent		(3,137,751)	6,016,924
-Non-controlling interests	26(iii)	(45,948)	(3,611)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 25.

The notes on pages 55 to 128 are an integral part of these financial statements.

Financial statements for the year ended 31 December 2015

Consolidated statement of financial position

		For the year ended 31 December	
	Notes	2015 Shs'000	2014 Shs'000
CAPITAL EMPLOYED			
Share capital	18	193,841	193,841
Share premium	18	4,263,412	4,263,412
Other reserves	19	10,429,432	12,883,266
Retained earnings	20	2,217,025	3,478,012
Proposed dividend	21	581,525	581,525
Shareholders' funds		17,685,235	21,400,056
Non-controlling interests	26(iii)	(10,787)	39,616
Total equity		17,674,448	21,439,672
REPRESENTED BY:			
Assets			
Property and equipment	22	1,749,457	1,328,866
Intangible assets	23	1,751,804	1,286,293
Investment in associates	24	6,821,327	4,863,345
Goodwill	26(i)	1,558,433	1,548,262
Investment property	28(i)	8,173,999	5,604,555
Investment in property funds	28(ii)	1,367,006	821,979
Quoted ordinary shares at fair value through other comprehensive income	29(i)	7,012,499	9,910,525
Financial assets at fair value through profit or loss:			
- quoted ordinary shares	29(ii)	9,143,190	11,553,812
- unquoted ordinary shares	30	9,794	5,842
- unit trusts	31	5,529,452	7,117,166
- government securities	32(i)	2,629,930	2,495,215
Government securities at amortised cost	32(ii)	14,042,036	8,887,987
Corporate bonds at amortised cost	33	1,868,900	1,397,713
Mortgage loans and receivables	34	994,281	864,753
Loans and receivables to policyholders	35	614,663	488,084
Receivables arising out of reinsurance arrangements	36(i)	804,445	930,097
Receivables arising out of direct insurance arrangements	36(ii)	2,291,319	2,505,367
Reinsurers' share of insurance liabilities	37	3,444,336	2,273,207
Deferred acquisition costs	38	540,225	355,352
Deferred income tax	39	370,302	168,290
Current income tax		273,488	173,832
Other receivables	41	1,652,812	955,858
Retirement benefit asset	53	174,593	72,767
Investment in liquid funds	42	-	1,196,323
Deposits with financial institutions	42	3,218,619	4,594,079
Cash and bank balances	42	1,595,442	1,050,785
Total assets		77,632,352	72,450,354

Continued... ►

Financial statements for the year ended 31 December 2015



Consolidated statement of financial position (continued)

	Notes	For the year ended 31 December	
		2015 Shs'000	2014 Shs'000
Liabilities			
Insurance contract liabilities	44	21,786,744	16,146,162
Payable under deposit administration contracts	49	14,964,027	11,201,557
Liabilities under investment contracts	50	5,486,194	6,603,982
Unearned premium	51	5,261,170	5,210,776
Deferred income tax	39	2,094,584	2,765,973
Payables arising from reinsurance arrangements	36(i)	800,263	847,016
Payables arising from direct insurance arrangements		6,007	51,190
Borrowings			
- Britam 2014 medium term note	16	6,000,000	6,000,000
- Bank loan	16	600,000	200,000
- Interest payable	16	368,161	350,290
Other payables	55	2,553,317	1,633,431
Current income tax		37,437	305
Total liabilities		59,957,904	51,010,682
Net assets		17,674,448	21,439,672

The financial statements on pages 46 to 128 were approved for issue by the board of directors on 18 April 2016 and signed on its behalf by:

Chairman

Group Managing Director

Financial statements for the year ended 31 December 2015

Company statement of financial position

		For the year ended 31 December	
	Notes	2015 Shs'000	2014 Shs'000
CAPITAL EMPLOYED			
Share capital	18	193,841	193,841
Share premium	18	4,263,412	4,263,412
Other reserves	19	3,262,638	4,799,880
Retained earnings	20	4,336,760	3,933,135
Proposed dividend	21	581,525	581,525
Shareholders' funds		12,638,176	13,771,793
REPRESENTED BY:			
Assets			
Property and equipment	22	41,030	36,408
Intangible assets	23	93,989	50,153
Investment in associate	24	2,666,746	-
Investment in subsidiary companies	26(ii)	6,875,849	4,140,612
Investment property	28(i)	-	670,100
Investment in property funds	28(ii)	471,421	492,243
Quoted ordinary shares at fair value through other comprehensive income	29(i)	6,283,112	9,051,585
Financial assets at fair value through profit or loss			
- quoted ordinary shares	29(ii)	3,296,942	4,121,177
Receivables from related parties	40	354,649	955,218
Other receivables	41	1,046,609	19,606
Investment in liquid funds	42	-	1,178,784
Deposits with financial institutions	42	-	1,000,027
Cash and bank balances	42	88,024	59,409
Total assets		21,218,371	21,775,322
Liabilities			
Borrowings			
- Britam 2014 medium term note	16	6,000,000	6,000,000
- Bank loan	16	600,000	200,000
- Interest payable	16	368,161	350,290
Deferred income tax	39	-	474,102
Amounts due to related parties	40	1,438,866	785,918
Other payables	55	173,168	193,219
Total liabilities		8,580,195	8,003,529
Net assets		12,638,176	13,771,793

The financial statements on pages 46 to 128 were approved for issue by the board of directors on 18 April 2016 and signed on its behalf by:



Chairman



Group Managing Director

Financial statements for the year ended 31 December 2015



Consolidated statement of changes in equity

Year ended 31 December 2014	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Start of the year		189,145	3,164,455	8,479,891	2,445,988	472,863	14,752,342	-	14,752,342
Comprehensive income									
Profit for the year		-	-	-	2,501,489	-	2,501,489	(3,611)	2,497,878
Other comprehensive income, net of tax		-	-	3,515,435	-	-	3,515,435	-	3,515,435
Unrealised gains transfer on reclassification of assets held at fair value through other comprehensive income to assets held at fair value through profit or loss	19	-	-	(147,469)	147,469	-	-	-	-
Total comprehensive income for the year		-	-	3,367,966	2,648,958	-	6,016,924	(3,611)	6,013,313
Transfer to other reserves	19	-	-	1,035,409	(1,035,409)	-	-	-	-
Transactions with owners									
Issue of shares related to business combination	18	4,696	1,098,957	-	-	-	1,103,653	-	1,103,653
Minority interests at date of acquisition	26(iii)	-	-	-	-	-	-	43,227	43,227
Dividends:									
- Final for 2013	21	-	-	-	-	(472,863)	(472,863)	-	(472,863)
- Proposed final for 2014	21	-	-	-	(581,525)	581,525	-	-	-
Total transactions with owners of the parent recognised directly in equity		4,696	1,098,957	-	(581,525)	108,662	630,790	43,227	674,017
At end of year		193,841	4,263,412	12,883,266	3,478,012	581,525	21,400,056	39,616	21,439,672

Financial statements for the year ended 31 December 2015

Consolidated statement of changes in equity (continued)

Year ended 31 December 2015	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Start of the year		193,841	4,263,412	12,883,266	3,478,012	581,525	21,400,056	39,616	21,439,672
Comprehensive income									
Loss for the year		-	-	-	(962,189)	-	(962,189)	(47,269)	(1,009,458)
Other comprehensive loss, net of tax		-	-	(2,175,562)	-	-	(2,175,562)	1,321	(2,174,241)
Total comprehensive loss for the year		-	-	(2,175,562)	(962,189)	-	(3,137,751)	(45,948)	(3,183,699)
Transfer to other reserves	19	-	-	(282,727)	282,727	-	-	-	-
Transactions with owners									
Purchase of 1% of Britam General Insurance (Kenya) Limited	26(i)	-	-	4,455	-	-	4,455	(4,455)	-
Dividends:									
- Final for 2014	21	-	-	-	-	(581,525)	-	-	-
- Proposed final for 2015	21	-	-	-	(581,525)	581,525	-	-	-
Total transactions with owners of the parent recognised directly in equity		-	-	-	(581,525)	-	(581,525)	-	(581,525)
At end of year		193,841	4,263,412	10,429,432	2,217,025	-	17,685,235	(10,787)	17,674,448

The notes on pages 55 to 128 are an integral part of these financial statements.



Financial statements for the year ended 31 December 2015

Company statement of changes in equity

Year ended 31 December 2014	Notes	Share capital	Share Premium	Other reserves	Retained earnings	Proposed dividends	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		189,145	3,164,455	2,014,935	2,667,019	472,863	8,508,417
Comprehensive income							
Profit for the year		-	-	-	1,847,641	-	1,847,641
Fair value gains on financial assets at fair value through other comprehensive income	29(i)	-	-	2,784,945	-	-	2,784,945
Total comprehensive income for the year attributable to the owners of the parent		-	-	2,784,945	1,847,641	-	4,632,586
Transactions with owners							
Dividends:							
- Final for 2013 paid	21	-	-	-	-	(472,863)	(472,863)
- Proposed final for 2014	21	-	-	-	(581,525)	581,525	-
Total transactions with owners		4,696	1,098,957	-	(581,525)	108,662	630,790
At end of year		193,841	4,263,412	4,799,880	3,933,135	581,525	13,771,793

Year ended 31 December 2015	Notes	Share capital	Share Premium	Other reserves	Retained earnings	Proposed dividends	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		193,841	4,263,412	4,799,880	3,933,135	581,525	13,771,793
Comprehensive income							
Profit for the year		-	-	-	985,150	-	985,150
Fair value loss on financial assets at fair value through other comprehensive income		-	-	(1,537,242)	-	-	(1,537,242)
Total comprehensive (loss)/income for the year		-	-	(1,537,242)	985,150	-	(1,537,242)
Transactions with owners							
Dividends:							
- Final for 2014 paid	21	-	-	-	-	(581,525)	(581,525)
- Proposed final for 2015	21	-	-	-	(581,525)	581,525	-
Total transactions with owners		-	-	-	-	-	(581,525)
At end of year		193,841	4,263,412	3,262,638	4,336,760	581,525	12,638,176

The notes on pages 55 to 128 are an integral part of these financial statements

Financial statements for the year ended 31 December 2015

Consolidated statement of cash flows

	Notes	2015 Shs'000	2014 Shs'000
Operating activities			
Cash generated from operations	43	3,758,895	4,671,836
Income tax paid		(346,718)	(786,588)
Net cash generated from operating activities		3,412,177	3,885,248
Investing activities			
Purchase of property and equipment	22	(434,624)	(510,329)
Purchase of intangible assets	23	(903,558)	(1,207,271)
Investment in associates	24	(1,946,667)	(2,783,850)
Purchase of Real Insurance Company Limited	26(i)	(14,625)	(838,857)
Settlement of loan		-	621,358
Purchase of investment property	28(i)	(1,576,098)	(1,020,640)
Purchase in property funds	28(ii)	(393,119)	(892,117)
Proceeds from disposal of quoted shares at fair value through other comprehensive income	29(i)	857,905	-
Purchase of quoted shares at fair value through profit or loss		(538,916)	(962,703)
Proceeds from disposal of quoted ordinary shares at fair value through profit or loss	29(ii)	923,815	737,426
Purchase of unquoted ordinary shares at fair value through profit or loss	30	(3,952)	(2,072)
Net investment in unit trusts at fair value through profit or loss		1,139,295	1,863,861
Net investment in government securities at fair value through profit or loss		(286,839)	(1,913,319)
Net investment in government securities at amortised cost		(5,154,049)	(721,853)
Net investment in corporate bond held at amortised cost		(471,187)	(805,793)
Mortgage loans advanced	34	(196,727)	(159,921)
Mortgage loans repayments	34	152,011	157,680
Policy loans advanced	35	(509,863)	(429,130)
Policy loans repayments	35	419,419	316,716
Dividends received from associate	24	277,403	84,547
Dividends received from equity investments at fair value through profit or loss	8	245,462	270,697
Dividends received from equity investments at fair value through other comprehensive income	8	413,015	360,585
Rent and interest received		3,524,120	2,056,414
Net cash used in investing activities		(4,477,779)	(5,863,121)
Cash flows from financing activities			
Dividends paid	21	(581,525)	(472,863)
Britam 2014 medium term note	16	-	6,000,000
Bank loan	16	400,000	200,000
Interest paid		(780,000)	-
Net cash (used in)/ generated from financing activities		(961,525)	5,727,137
Net decrease/ (increase) in cash and cash equivalents		(2,027,126)	3,749,264
At start of year	42	6,841,187	3,091,923
At end of year	42	4,814,061	6,841,187

The notes on pages 55 to 128 are an integral part of these financial statements



1. General information

Britam Holdings Limited (formerly known as British-American Investments Company (Kenya) Limited) is incorporated in Kenya under the Companies Act as a private limited liability company, and is domiciled in Kenya. In the year 2011 it was listed in the Nairobi Securities Exchange. The address of its registered office is:

**Britam Centre
Junction of Mara and Ragati Roads
Upper Hill, Nairobi**

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 eleven entities: Britam Holdings Limited which is the parent company; Britam Life Assurance Company (Kenya) Limited, Britam General Insurance Company (Kenya) Limited, Britam Asset Managers (Kenya) Limited, Britam Properties (Kenya) Limited, Britam Insurance Company (Uganda) Limited, Britam Insurance Company (Rwanda) Limited, Britam Insurance Company Limited (South Sudan), Britam Insurance (Tanzania) Limited, Britam Insurance Company Limited (Malawi) and Britam - Companhia De Seguros De Mozambique S.A. The Group also has an associate; Housing Finance (HF) owned 48.82%.

Britam Life Assurance Company (Kenya) Limited is a wholly owned subsidiary, does insurance business including the underwriting of all classes of life insurance risks as defined by the Kenya Insurance Act, with the exception of bond investment and industrial life assurance. It also issues investment contracts to provide its customers with asset management solutions for their savings and retirement needs. The Company was a composite insurance business offering both life and non life insurance products. After a demerger process, effective first 1 January 2015, the non life insurance business merged with Britam General Insurance Company (Kenya) Limited.

Britam General Insurance Company (Kenya) Limited is a wholly owned subsidiary. The Group acquired 99% of the business on 1 August 2014 while the 1% was later acquired in June 2015. Effective 1 January 2015, the company merged with the non life business arm of Britam Life Assurance Company (Kenya) Limited. The Company underwrites various classes of general insurance business and has a division that deals with the micro insurance products. The classes of business are based on the nature of the assumed risk. The Company also partially owns 2 subsidiaries; Britam Insurance (Tanzania) Limited owned 55% and Britam Insurance Company Limited (Malawi) 65% owned.

Britam Asset Managers (Kenya) Limited is a wholly owned subsidiary whose

principal activity is the provision of investment advisory and fund management services, and is subject to the provisions of the Kenyan Capital Markets Act.

Britam Insurance Company (Uganda) limited is a wholly owned subsidiary which was incorporated in November 2010, and is licensed to underwrite all classes of life and non-life insurance risks as defined by the Ugandan Insurance Act. It is regulated by the Uganda Insurance Commission (UIC).

Britam Insurance Company Limited (South Sudan) is a wholly owned subsidiary which commenced insurance business in South Sudan in March 2012. The Company is organised into two main divisions, short term (or general) insurance business and long term assurance business, comprising life assurance and investment management.

Britam Insurance Company (Rwanda) Limited is a wholly owned subsidiary and was registered in Rwanda in May 2013 and licensed to start its operations in November, 2013. The Company is licensed to engage in non-life insurance and activities auxiliary to insurance and financial services. The Company underwrites all classes of non-life insurance.

Britam Properties (Kenya) Limited is a wholly owned subsidiary that was incorporated in November 2012 and started operations in 2013 with the aim of becoming the leading property development company in Eastern Africa in the area of retail and office properties. The Company's focus is on property development including master planned communities, shopping malls, commercial mixed use development, commercial offices, affordable and modular housing and budget hotels.

Britam - Companhia De Seguros De Mozambique S.A. is a limited liability company incorporated in 2010 and commenced operations in August 2010. The principal objective of the Company is to develop its activities in the insurance area. The Company is licensed to operate non-life insurance and pension fund management. Since inception the company has engaged only in short-term insurance, which includes among others, fire, motor, marine, aviation, personal accidents, liability and workers compensation.

Britam Insurance (Tanzania) Limited was incorporated in 1998 and commenced operations in June 1998. The head office is in Dar es Salaam. The Company is licensed to engage in non-life insurance.

Britam Insurance Company Limited (Malawi) started operating in 1959 making it the oldest insurance company in Malawi. The Company was listed in September 2008 on the Malawi Stock Exchange and has its head office in Blantyre and branches in Lilongwe, Zomba and Mzuzu. The Company has been engaged on short-term insurance, which includes among others, fire, motor, marine, engineering, personal accidents, liability and workers compensation.

2. Summary of significant accounting policies

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.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through profit or loss or at fair value other comprehensive income. The financial statements are 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.

(b) Changes in accounting policy and disclosures

(i) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been early adopted in preparing these financial statements.

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.

Amendments to IFRS 10, IFRS 12 and IAS 27; Investment entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

An investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity's investment activities.

The Group has subsidiaries that provide services that relate to its business thus consolidates all its subsidiaries.

Amendments to IAS 32; Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's financial statements.

Amendments to IAS 36; Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13; Fair value measurements.

The Group has CGUs and other intangible assets with indefinite useful lives and has not had any impairment or reversal of impairment of any of the CGUs. The Group has not disclosed the recoverable amounts of the CGUs as this is not required as per the amendment to the standard.

IFRIC 21; Levies

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

(ii) New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2015

IFRS 9; Financial instruments (as revised in 2014) - effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for;

- a) the classification and measurement of financial assets and financial liabilities,
- b) impairment methodology, and
- c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

The Group early adopted phase I on classification and measurement of financial assets and financial liabilities. The management is currently reviewing the impact of phase 2 and 3 of the standard.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under re-deliberation at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply

IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

The Group early adopted the first phase of IFRS 9 in January 2013. The management is currently reviewing the impact of phase 2 and 3 of the standard.

(iii) Amendments to IFRSs that are mandatorily effective for the year ending 31 December 2015

Amendments to IAS 19; Defined benefit plans

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the re-measurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19. If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19.

The amendment requires retrospective application.

The Group anticipates no material impact to the financial statements currently as there are no discretionary contributions made by employees or third parties to the plan

Notes to the financial statements for the year ended 31 December 2015

Other IFRSs or IFRIC interpretations

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

IFRS 15; Revenue from contracts with customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

The Group is still 'assessing the impact of IFRS 15 and will adopt the amendment prospectively. The Group anticipates no material impact to the financial statements currently.

(iv) New and revised IFRSs in issue but not yet effective for the year ended 31 December 2015

Amendments to IAS 16 and IAS 38; Clarification of acceptable methods of depreciation and amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue; or
- b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

The Group does not anticipate that the application of the standard will have a significant impact on the Group's financial statements.

Annual improvements 2012-2014 Cycle

The Annual Improvements to IFRSs 2011-2013 cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 5 adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 add additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to IAS 19 clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.



(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 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, 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 IAS 39 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

Investments in subsidiary companies in the company's books 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 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 by 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 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 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.

(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 2(h). Insurance contracts and investment 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, life assurance business (ordinary life and Group life), superannuating business, industrial life assurance business and bond investment business 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 (not being death by accident or in specified sickness only) 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.

Superannuating business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuating, Group life and permanent health insurance policy.

General insurance business

It 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, 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 (i.e. class 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

a) 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, premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written

in periods up to the accounting date that relates to the unexpired 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.

b) Claims

For long term insurance business, benefits 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 theoretical 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 an expired 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 assumptions established at inception of the contracts.

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 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.

c) Commissions earned and payable and deferred acquisition costs ("DAC")

Commissions earned and 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.

d) 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.

e) 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 with 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 reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. 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)(iii).

f) 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).

g) 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).

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 are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets, such as equities classified as financial assets through other comprehensive income, are included in other comprehensive income.

(iii) 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 (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Board.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

(g) Revenue recognition

(i) Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note (d) above

(ii) Commissions

Commissions receivable are recognised as income in the period in which they are earned.

(iii) 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. 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.

Notes to the financial statements for the year ended 31 December 2015

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 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.

(iv) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within 'investment income' (Note 7(i)) in the profit or loss 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.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for equity securities.

(vi) Rental income

Rental income is recognized as income in the period in which it is earned. All investment income is stated net of investment expenses.

(vii) Realised / unrealised gains and losses

Realised / unrealised gains and losses recorded in the income statement 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.

(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 and 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 profit 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.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period if the holder has the option to redeem the instrument earlier than maturity.

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 income statement.

(i) Property and equipment

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. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is 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, as follows:

Buildings	40 years
Leasehold improvements	10 years
Motor vehicles	5 years
Computer equipment	5 years
Furniture, fixtures, and fittings	5 years

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. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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 are transferred to retained earnings.

(j) Intangible assets

(i) Computer software

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;
- The expenditure attributable to the software product during its development can be reliably 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 recognised as assets are amortised over their estimated useful lives, which does not exceed seven years.

(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 net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the 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 goodwill 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 and is not subsequently reversed.

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 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.

(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 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.

(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 the 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 the profit or loss.

Properties under construction and development sites 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

As at 1 January 2013 the Group's management adopted IFRS 9 phase 1; classification and measurement of financial assets and liabilities. The Group's financial assets are now 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

a) 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

- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group holds the following assets at amortised costs; part of its government securities portfolio, part of its corporate bonds portfolio, other receivables, deposits with financial institutions and cash and bank balances

b) Classification of financial assets at fair value through other comprehensive income

The Group measures financial assets 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
- 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 part of its quoted ordinary shares portfolio in this category.

c) Classification of financial assets at fair value through other profit or loss

The Group measures financial assets at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However the Group, may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in 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.

The Group holds the following assets in this category; part of its government securities portfolio, part of its corporate bonds 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.

a) 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.
- Financial guarantee contracts.
- Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

The Group holds the following liabilities in this category; creditors arising from reinsurance arrangements, other payables and bank overdraft.

Notes to the financial statements for the year ended 31 December 2015

b) 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 the following liabilities in this category; payable under deposit administration contracts and liabilities under investment contracts.

The tables here below show how financial assets and liabilities are classified;

Group

At 31 December 2015	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	-	9,143,190	7,012,499	16,155,689
Government securities	14,042,036	2,629,930	-	16,671,966
Corporate bonds	1,868,900	-	-	1,868,900
Unit trusts	-	5,529,452	-	5,529,452
Investment in property funds	-	1,367,006	-	1,367,006
Other receivables	1,652,812	-	-	1,652,812
Deposits with financial institutions	3,128,619	-	-	3,128,619
Cash and bank balances	1,595,442	-	-	1,595,442
Total financial assets	22,287,809	18,669,578	7,012,499	47,969,886
Financial liabilities				
Payable under deposit administration contracts	-	14,964,027	-	14,964,027
Liabilities under investment contracts	-	5,486,194	-	5,486,194
Borrowings				
Britam 2014 medium term note	6,000,000	-	-	6,000,000
Bank loan	600,000	-	-	600,000
Interest payable	368,161	-	-	368,161
Creditors arising from reinsurance arrangements	800,263	-	-	800,263
Creditors arising out of direct insurance arrangements	6,007	-	-	6,007
Other payables	2,553,317	-	-	2,553,317
Total financial liabilities	10,327,748	20,450,221	-	30,777,969

Notes to the financial statements for the year ended 31 December 2015

Company		At fair value through profit or loss	At fair value through other comprehensive income	Total
At 31 December 2015	At amortised cost			
	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets				
Quoted ordinary shares	-	3,296,942	6,283,112	9,580,054
Investment in property funds	-	471,421	-	471,421
Other receivables	1,046,609	-	-	1,046,609
Cash and bank balances	88,024	-	-	88,024
Total financial assets	1,134,633	3,768,363	6,283,112	11,186,108
Financial liabilities				
Borrowings				
Britam 2014 medium term note	6,000,000	-	-	6,000,000
- Bank loan	600,000	-	-	600,000
- Interest payable	368,161	-	-	368,161
- Amounts due to related parties	1,438,866	-	-	1,438,866
Other payables	173,168	-	-	173,168
Total financial liabilities	8,580,195	-	-	8,580,195
Group				
At 31 December 2014				
Financial assets				
Quoted ordinary shares	-	11,553,812	9,910,525	21,464,337
Government securities	8,887,987	2,495,215	-	11,383,202
Corporate bonds	1,397,713	-	-	1,397,713
Unit trusts	-	7,117,166	-	7,117,166
Investment in property funds	-	821,979	-	821,979
Other receivables	958,913	-	-	958,913
Investment in liquid funds	1,196,323	-	-	1,196,323
Deposits with financial institutions	4,594,079	-	-	4,594,079
Cash and bank balances	1,050,785	-	-	1,050,785
Total financial assets	18,085,800	21,988,172	9,910,525	49,984,497
Financial liabilities				
Payable under deposit administration contracts	-	11,201,557	-	11,201,557
Liabilities under investment contracts	-	6,603,982	-	6,603,982
Borrowings				
- Britam 2014 medium term note	6,000,000	-	-	6,000,000
- Bank loan	200,000	-	-	200,000
- Interest payable	350,290	-	-	350,290
Creditors arising from reinsurance arrangements	847,016	-	-	847,016
Creditors arising out of direct insurance arrangements	51,190	-	-	51,190
Other payables	1,633,431	-	-	1,633,431
Total financial liabilities	9,081,927	17,805,539	-	26,887,466

Notes to the financial statements for the year ended 31 December 2015

Company				
At 31 December 2014	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets				
Quoted ordinary shares	-	4,121,177	9,051,585	13,172,762
Investment in property funds	-	492,243	-	492,243
Other receivables	19,606	-	-	19,606
Investment in liquid funds	1,178,784	-	-	1,178,784
Deposits with financial institutions	1,000,027	-	-	1,000,027
Cash and bank balances	59,409	-	-	59,409
Total financial assets	2,257,826	4,613,420	9,051,585	15,922,831
Financial liabilities				
Borrowings				
- Britam 2014 medium term note	6,000,000	-	-	6,000,000
- Bank loan	200,000	-	-	200,000
- Interest payable	350,290	-	-	350,290
Amounts due to related parties	785,918	-	-	785,918
Other payables	193,218	-	-	193,218
Total financial liabilities	7,529,426	-	-	7,529,426

(iii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognized 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 unrealized 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 recognized in profit or loss as long as they represent a return on investment.

The group is required to reclassify all affected debt investments when and only

when its business model for managing those assets changes.

(iv) Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(v) 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 property

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.

(o) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due.

(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 cashflows, 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.

(r) Income tax

(i) Current income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the 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

Notes to the financial statements for the year ended 31 December 2015

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 redemption value is recognised in the 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. Proposed dividends are shown as a separate component of equity until declared.

(u) Share capital

Ordinary shares are classified as share capital in equity. Any premium 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.

3. Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management made judgements in determining:

- Actuarial liabilities (see Notes 47 & 48 for the carrying amounts of these liabilities and assumptions respectively)
- Valuation of unquoted investments Note 4(f)
- Fair valuation technique and model of financial assets Note 4(f)
- Classification of financial instruments. As disclosed in Note 2

- Whether land and building meet criteria to be classified as investment property as disclosed in Note 2(i)
- Impairment of goodwill (Note 26(i))

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.



4. 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 analyzed by the maximum insured loss limit included in the terms of the policy (gross and net of reinsurance).

Notes to the financial statements for the year ended 31 December 2015

Maximum insured loss for the Year ended 31 December 2015

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	21,807,422	1,378,867	-	23,186,289
	Net	21,532,483	1,078,329	-	22,610,812
Fire	Gross	11,692,146	32,084,932	80,169,708	123,946,786
	Net	11,505,396	22,855,274	-	34,360,670
Personal accident	Gross	15,100,288	2,308,570	428,270	17,837,128
	Net	11,860,638	1,262,318	-	13,122,956
Other	Gross	7,309,599	22,690,789	52,309,343	82,309,731
	Net	7,339,874	15,176,069	1,734,005	24,249,948
Long term business					
Ordinary life	Gross	161,312,164	2,950,631	-	164,262,795
	Net	154,846,347	-	-	154,846,347
Group life	Gross	394,944,059	2,185,209	-	397,129,268
	Net	319,843,786	-	-	319,843,786
Total	Gross	612,165,678	63,598,998	132,907,321	808,671,997
	Net	526,928,524	40,371,990	1,734,005	569,034,519

Maximum insured loss for the Year ended 31 December 2014

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	74,184,147	19,682,987	5,240,541	99,107,675
	Net	72,176,982	19,780,843	6,266,734	98,224,559
Fire	Gross	34,418,960	105,509,977	487,905,421	627,834,358
	Net	29,696,047	75,689,926	106,849,772	212,235,745
Personal accident	Gross	31,608,279	45,465,894	210,719,382	287,793,555
	Net	18,671,036	13,471,516	38,816,260	70,958,812
Other	Gross	35,088,233	73,096,411	339,338,084	447,522,728
	Net	33,929,413	47,285,139	51,115,358	132,329,910
Long term business					
Ordinary life	Gross	152,125,307	3,415,202	-	155,540,509
	Net	135,513,512	-	-	135,513,512
Group life	Gross	235,796,590	31,967,786	2,860,726	270,625,102
	Net	216,494,097	688,423	9,810	217,192,330
Total	Gross	563,221,516	279,138,257	1,046,064,154	1,888,423,927
	Net	506,481,087	156,915,847	203,057,934	866,454,868

A 10% change in the Group's claims experience would result in a Shs 106,142,150 change in the Group's profit for the year (2014: Shs 397,580,000).

Notes to the financial statements for the year ended 31 December 2015

(b) 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 Group by failing to pay amounts in full when due. Credit risk is an important risk for the Group's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise from;

- Investment balances;
- Reinsurers' share of insurance liabilities;
- Mortgage loans and receivables
- Loans and receivables to policy holders
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders; and
- Amounts due from insurance intermediaries.

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 daily. 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 and corporate and personal guarantees.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rates. None of the Group's credit risk counter parties are rated except the Government of Kenya, the issuer of the Group's government securities which has B+ rating. The Group 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 and the defaults having been fully recovered.

Maximum exposure to credit risk before collateral held

COMPANY		Assets	Credit rating	GROUP	
2015	2014			2015	2014
Shs'000	Shs'000		Shs'000	Shs'000	
-	-	Government securities at fair value through profit or loss	B+	2,629,930	2,495,215
-	-	Government securities held at amortised cost	B+	14,042,036	8,887,987
-	-	Receivables arising out of reinsurance arrangements	AA-	804,445	930,097
-	-	Corporate bond at amortised cost	Group 2	1,868,900	1,397,713
-	-	Unit trusts	Group 2	5,529,452	7,117,166
471,421	492,243	Investments in property funds	Group 2	1,367,006	821,979
-	-	Mortgage loans and receivables	Group 2	994,281	864,753
-	-	Loans and receivables to policy holders	Group 2	614,663	488,084
-	-	Receivables out of direct insurance arrangements	Group 2	2,291,319	2,505,367
-	-	Reinsurers' share of insurance contract liabilities	Group 2	3,444,336	2,273,207
354,649	955,218	Receivables from related parties	Group 2	-	-
1,004,159	18,772	Other receivables (excluding prepayments)		1,570,186	868,216
-	1,000,027	Deposits with financial institutions	Group 2	3,218,619	4,594,079
-	1,178,784	Investment in liquid funds	Group 2	-	1,196,323
88,024	59,359	Cash and bank balances (excluding cash in hand)	Group 2	1,595,442	1,050,285
1,918,253	3,704,403	Total		39,970,615	35,490,471

Notes to the financial statements for the year ended 31 December 2015

The above table represents a worst case scenario of credit risk exposure to the Group and Company at 31 December 2015 and 2014, 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 of cash in hand balances.

As shown above, 42% of the total maximum exposure is derived from government securities (2014: 25%) and 14% to the unit trusts (2014: 20%). 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 building 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 2,676,000,000 (2014: 2,233,882,000) while the surrender values of the policies with loans amounted to Shs: 2,811,224,000 (2014: Shs 2,022,540,000). In case of default the collateral would be realised thereby reducing the Group's credit risk.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from mortgage loans and debt securities based on the following:

- the Group exercises stringent controls over the granting of new loans
- 92% (2014: 96%) of the mortgages portfolio are neither past due nor impaired
- 100% (2014: 100%) of the mortgages portfolio are backed by collateral
- 42% (2014: 32%) of the investments in debt securities are government securities

The credit quality for the receivables that are past due but not impaired, can be classified as below:

	2015	2014
	Shs'000	Shs'000
Receivables from direct insurance arrangements		
Counterparties without external credit rating - Group 2	2,291,319	2,505,367
Total	2,291,319	2,505,367

GROUP - Mortgage loans past due but not impaired

Loans and advances less than 180 days past due are not considered impaired, unless other information is available to indicate the contrary. The

gross amounts of loans and advances that were past due but not impaired were as follows:

		2015	2014
		Shs'000	Shs'000
Past due up to 30 days	Group 1	2,396	4,236
Past due 31 – 60 days	Group 1	2,193	4,158
Past due 61 – 180 days	Group 1	34,505	35,958
Total		39,094	44,352

Mortgage loans individually impaired

Mortgage loans are considered impaired if they fall in arrears for more than six months or other information becomes available which indicates that the borrower will not be able to meet their obligation.

Impaired mortgage loans of Shs 48,801,136 as at 31 December 2015 (2014:

Shs 51,293,000) were secured by collateral of Shs 831,175,686 (2014: Shs 642,198,000).

As at 31 December 2015 and 31 December 2014, there are no repossessed collateral and there were no renegotiated loans. The movement in the provision account is included in Note 34.



Notes to the financial statements for the year ended 31 December 2015

Receivables from direct insurance arrangements

Receivables from direct insurance arrangements are summarised as follows:

		2015	2014
		Shs'000	Shs'000
Past due but not impaired	Group 2	2,291,319	2,505,367
Impaired	Group 2	853,909	71,343
Gross		3,145,228	2,576,710
Movements in the provision account:			
At 1 January		71,343	6,768
Increase		782,566	64,575
At 31 December		853,909	71,343

Receivables from direct insurance arrangements less than 180 days past due are not considered impaired, unless other information is available to indicate the contrary.

The amounts for receivables from direct insurance arrangements that were past due but not impaired were as follows:

	2015	2014
	Shs'000	Shs'000
Past due 1 – 60 days	1,496,759	1,338,120
Past due 61 – 90 days	447,843	246,413
Past due 91 - 180 days	1,200,626	992,177
Over 180 days (provision for bad debt)	(853,909)	(71,343)
Total	2,291,319	2,505,367

These receivables from direct insurance arrangements are unsecured.

Receivables from direct insurance arrangements individually impaired

Receivables from direct insurance arrangements are considered impaired if they fall in arrears for more than 180 days or other information becomes available that indicates that the debt may not be collected.

The total gross amount of impaired receivables is owed by brokers.

Other than the above, there are no other financial assets that are either past due or impaired.

The other financial assets as included in the maximum exposure to credit risk table are neither past due nor impaired.

Notes to the financial statements for the year ended 31 December 2015

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due.

The Group is exposed to daily calls on its available cash resources from maturing policy, claims and calls on cash settled contingencies. The finance 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. All figures are in thousands of Kenya Shillings and are presented undiscounted.

Group

At 31 December 2015	Carrying values	0-4 Months	5-12 Months	1-5 Years	Over 5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities						
Insurance contract liabilities	21,786,744	5,878,940	2,637,385	1,225,804	38,368,881	48,111,010
Amounts payable under deposit administration contracts	14,964,027	997,602	1,995,204	13,545,612	28,641,179	45,179,597
Liabilities under investment contracts	5,486,194	224,418	592,949	4,232,387	3,046,649	8,096,403
Creditors arising from direct insurance arrangements	6,007	6,007	-	-	-	6,007
Creditors arising out of reinsurance arrangements	800,263	800,263	-	-	-	800,263
Britam 2014 medium term note	6,000,000	380,000	380,000	9,022,841	-	9,782,841
Bank loan	600,000	21,759	665,528	-	-	687,287
Interest payable	368,161	368,161	-	-	-	368,161
Other payables	2,553,317	783,945	1,769,372	-	-	2,553,317
Total financial liabilities (at contractual maturity dates other than insurance contracts liabilities which are based on expected maturity dates)	52,564,713	9,461,095	8,040,438	28,026,644	70,056,709	115,584,886

At 31 December 2014	Carrying values	0-4 Months	5-12 Months	1-5 Years	Over 5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities						
Insurance contract liabilities	16,146,162	1,239,630	612,398	1,345,954	29,644,523	32,842,505
Amounts payable under deposit administration contracts	11,201,557	681,301	1,362,601	6,247,080	10,565,016	18,855,998
Liabilities under investment contracts	6,603,982	272,978	662,780	5,055,297	2,603,712	8,594,767
Creditors arising from direct insurance arrangements	51,190	51,190	-	-	-	51,190
Creditors arising out of reinsurance arrangements	847,016	847,016	-	-	-	847,016
Bank loan	200,000	9,667	229,000	-	-	238,667
Britam 2014 medium term note	6,000,000	260,000	520,000	8,774,000	-	9,554,000
Total financial liabilities (expected maturity dates)	41,049,907	3,361,782	3,386,779	21,422,331	42,813,251	70,984,143

Company

At 31 December 2015	Carrying values	0-4 Months	5-12 Months	1-5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Britam 2014 medium term note	6,000,000	380,000	380,000	9,022,841	9,782,841
Bank loan	600,000	21,759	665,528	-	687,287
Interest payable	368,161	368,161	-	-	368,161
Other payables	145,890	140,565	32,351	-	172,916
Total financial liabilities (expected maturity dates)	7,114,302	910,485	1,077,879	9,022,841	11,011,205

At 31 December 2014	Carrying values	0-4 Months	5-12 Months	1-5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Britam 2014 medium term note	6,000,000	260,000	520,000	8,774,000	9,554,000
Bank loan	200,000	9,667	229,000	-	238,667
Interest payable	350,290	350,290	-	-	350,290
Other payables	190,010	67,605	125,414	-	193,019
Total financial liabilities (expected maturity dates)	6,740,300	687,562	874,414	8,774,000	10,335,976

(d) Market risk

(i) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either as 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.

At 31 December 2015, if the Nairobi Securities Exchange (NSE) Index had changed by 15% (2014: 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.1,349,038,000 (2014: Shs 1,213,150,000) higher/lower, and the equity would have been Shs 1,349,038,000 (2014: Shs 1,213,150,000) higher/lower. The Company's post tax profit for the year would have been Shs. 494,541,000 (2014: Shs 618,177,000) higher/lower, and the Company's equity would have been Shs. 494,541,000 (2014: Shs 618,177,000) higher/lower.

Similarly a change in the price by 15% (2014: 15%) of other equities held at fair value through other comprehensive income would affect the Group's reserves and other shareholder funds for the year Shs 2,153,754,000 (2014: Shs 1,040,605,000), these equities would have been Shs2,153,754,000

(2014: Shs 1,040,605,000) higher/lower. In the Company a change in the price by 15% (2014: 15%) of other equities held at fair value through other comprehensive income would affect the Company's reserves and other shareholder funds for the year Shs 2,044,346,000 (2014: Shs 1,357,738,000), these equities would have been Shs 2,044,346,000 (2014: Shs 1,357,738,000) higher/lower.

The concentration on equities in general and on specific counters is closely monitored. As at 31 December 2015, the group held shares in Equity Bank Limited amounting to Shs 13,602,373,000 (2014: Shs 18,686,751,000) or 12%(2014: 26%) of the total assets.

(ii) Cash flow and fair value interest rate risk

The Group's interest bearing assets are 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 2015, if the yield on cash and bank balances held at

Notes to the financial statements for the year ended 31 December 2015

amortised cost had been 1% (2014 1%) higher/lower with all other variables held constant, the Group's post tax profit for the year would have been Shs 58,276,000 (2013: Shs 7,352,000) higher/lower. The Company did not have a material exposure to interest rate risk in 2015 and 2014.

(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, 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.

At 31 December 2015, if the UGX had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 1,395,000 (2014: Shs 2,709,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of UGX denominated trade receivables and payables.

At 31 December 2015, if the SSP had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 21,642,000 (2014: Shs 1,365,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SSP denominated trade receivables and payables.

At 31 December 2015, if the RWF had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 5,496,000 (2014: Shs 5,221,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RWF denominated trade receivables and payables.

At 31 December 2015, if the TZS had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 3,715,000 (2014: 762,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of TZS denominated trade receivables and payables.

At 31 December 2015, if the MWK had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 1,973,000 (2014: 139,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MWK denominated trade receivables and payables

At 31 December 2015, if the MZN had strengthened/weakened by 5% (2014: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 1,255,000 (2014: 3,316,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MZN denominated trade receivables and payables.

The Group had no material exposure to the USD, Euro and GBP.

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 18 and the regulatory capital held in subsidiary companies as disclosed below:

(i) Britam Life Assurance Company (Kenya) Limited and Britam General Insurance Company (Kenya) Limited

The capital requirement for insurance companies in Kenya was revised in 2007.

In addition to the capital requirements, the Group's insurance subsidiary is subject to solvency requirements by Insurance Regulatory Authority. 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. The Companies met the required solvency margins at 31 December 2014 and 2015.

The 2 tables below summarise regulatory capital requirements and the capital maintained by the 2 insurance subsidiaries in Kenya; Britam General Insurance Company (Kenya) Limited and (Kenya) Britam Life Assurance Company (Kenya) Limited at 31 December:



Notes to the financial statements for the year ended 31 December 2015

Britam Life Assurance Company (Kenya) Limited	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	150,000	880,000	150,000	180,000
Solvency margin	3,010,163	1,978,149	1,673,095	2,979,738

Britam General Insurance Company (Kenya)Limited	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	300,000	2,350,000	300,000	550,000
Solvency margin	947,541	1,252,989	258,702	(44,009)

The solvency margin for Britam General Insurance Company (Kenya) Limited was short of the statutory requirement by Shs 44,009,000 in 2014. This position was corrected when the merger was finalized.

(ii) Britam Asset Managers (Kenya) Limited

The Group's asset management subsidiary, Britam Asset Managers (Kenya) Limited, files the required information with the Capital Markets Authority on a quarterly basis. The Capital Markets Authority requires that the Company maintains the following capital:

- Minimum share capital of Shs 10 million; and

- Working capital 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 table below summarises regulatory capital requirements and the capital maintained by the asset management subsidiary, at 31 December:

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	10,000	578,267	10,000	433,049
Working capital at 31 December	22,890	100,130	38,315	52,236

(iii) Britam Insurance Company (Uganda) Limited

Britam Insurance Company (Uganda) Limited files the required information with Uganda Insurance Regulatory Authority. Capital adequacy and use of regulatory capital are monitored regularly by management. The capital requirement for insurance companies in Uganda was revised in 2011. Non-life insurance companies were required to increase their capital to Shs 4 billion by September 2014. The company capital as at 31 December 2014 and 2015 was Shs 14.36 billion.

In addition to the capital requirements, the company is subject to solvency requirements by Insurance Regulatory Authority. These solvency requirements involve application of a formula that limits various assets by distribution of investment exposure to any single counterparty, nature of asset etc. The company has met the required technical solvency margin.

Notes to the financial statements for the year ended 31 December 2015

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Long-term				
Capital at 31 December	1,000,000	2,300,000	1,000,000	2,300,000
Short-term				
Capital at 31 December	4,000,000	12,060,000	3,000,000	12,060,000
Total Capital at 31 December	5,000,000	14,360,000	4,000,000	14,360,000

(iv) Britam Insurance Company Limited (South Sudan)

The capital requirement for insurance companies in South Sudan for composite insurance companies is USD 4.5 million which is an equivalent of SSPs 14.22 million. This is meant to be paid within three years in three instalments.

The table below summarises regulatory capital requirements and the capital maintained by Britam Insurance Company Limited (South Sudan) at 31 December:

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	14,220	14,220	14,220	14,220

(v) Britam Insurance Company (Rwanda) Limited

Capital adequacy and use of regulatory capital are monitored regularly by management. The table below summarises regulatory capital requirements and the capital maintained by Britam Insurance Company (Rwanda) Limited subsidiary, at 31 December:

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	1,000,000	3,031,896	1,000,000	2,686,896
Solvency	500,000	589,109	500,000	1,023,231

(vi) Britam Insurance (Tanzania) Limited

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	1,977,000	6,815,001	1,815,000	1,815,000

Notes to the financial statements for the year ended 31 December 2015

(vii) Britam Insurance Company Limited (Malawi)

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	750,000	450,989	100,000	100,000

(viii) Britam Companhia De Seguros De Mozambique S.A.

	2015		2014	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Shs '000	Shs '000	Shs '000	Shs '000
Capital at 31 December	33,000	51,060	18,415	33,932

(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 by level of the following hierarchy:

- 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).

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 December 2015 and 2014:

Group 2015

	Level 1	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Assets				
Financial assets at fair value through profit or loss				
- Quoted ordinary shares	9,143,190	-	-	9,143,190
- Unquoted ordinary shares	-	-	9,794	9,794
- Government securities	-	2,629,930	-	2,629,930
- Unit trust	-	5,529,452	-	5,529,452
Quoted ordinary shares at fair value through other comprehensive income	7,012,499	-	-	7,012,499
Property and equipment – building (Note 22)	-	616,777	-	616,777
Investment in property funds	-	1,367,006	-	1,367,006
Investment property	-	8,173,999	-	8,173,999
Total assets	16,155,689	18,317,164	9,794	34,482,647
Liabilities				
Liabilities under investment contracts	-	6,603,988	-	6,603,988
Total Liabilities	-	6,603,988	-	6,603,988

Notes to the financial statements for the year ended 31 December 2015

Group 2014

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	11,553,812	-	-	11,553,812
- Unquoted ordinary shares	-	-	5,842	5,842
- Government securities	-	2,495,215	-	2,495,215
- Unit trust	-	7,117,166	-	7,117,166
Quoted ordinary shares at fair value through other comprehensive income	9,910,525	-	-	9,910,525
Property and equipment – building (Note 22)	-	617,688	-	617,688
Investment in property funds	-	821,979	-	821,979
Investment property	-	5,604,555	-	5,604,555
Total assets	21,464,337	16,656,603	5,842	38,126,782
Liabilities				
Liabilities under investment contracts	-	6,603,982	-	6,603,982
Total Liabilities	-	6,603,982	-	6,603,982

Company 2015

Assets	Level 1 Shs'000	Level 2 Shs'000	Total Shs'000
Financial assets at fair value through profit or loss			
Quoted ordinary shares	3,296,942	-	3,296,942
Investment in property funds	-	471,421	471,421
Quoted ordinary shares at fair value through other comprehensive income	6,283,112	-	6,283,112
Total assets	9,580,054	471,421	10,051,476

Company 2014

Assets	Level 1 Shs'000	Level 2 Shs'000	Total Shs'000
Financial assets at fair value through profit or loss			
Quoted ordinary shares	4,121,177	-	4,121,177
Investment in property funds	-	492,243	492,243
Quoted ordinary shares at fair value through other comprehensive income	9,051,585	-	9,051,585
Total assets	13,172,762	492,243	13,665,005

There were no transfers between levels 1 and 2 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

Notes to the financial statements for the year ended 31 December 2015

classified 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 or dealer quotes for similar instruments
- 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 9,794,000 as at 31 December 2015 (2013: 5,842,000). The following table presents the changes in Level 3 instruments for the year ended 31 December.

Group

Assets	2015 Shs'000	2014 Shs'000
At start of year	5,842	3,770
Additions	3,952	2,072
At end of year	9,794	5,842

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 2014 and 2013, 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 mortality rates, future interest rates, future expenses, tax and inflation.

The table here below shows the fair value amounts of assets and liabilities being carried at amortised cost;

Group

	Fair value Level	2015		2014	
		Carrying amounts at amortised Shs'000	Fair value Shs'000	Carrying amounts at amortised Shs'000	Fair value Shs'000
Assets					
Financial assets at fair value through profit or loss					
Government securities	Level 2	14,042,036	11,677,578	8,887,987	8,490,981
Mortgage loans and receivables	Level 2	994,281	994,281	864,753	864,753
Loans and receivables to policy holders	Level 2	614,663	614,663	488,084	488,084
Other receivables	Level 2	1,570,186	1,570,186	943,510	943,510
Corporate bonds	Level 2	1,868,900	1,868,900	1,397,713	1,397,713
Investments in liquid funds	Level 2	-	-	1,196,323	1,196,323
Deposits with financial institutions	Level 1	3,218,619	3,218,619	4,594,079	4,594,079
Cash and bank balances	Level 1	1,595,442	1,595,442	1,050,785	1,050,785
Total assets		23,904,127	21,539,669	19,423,234	19,026,228
Liabilities					
Borrowings					
Britam medium 2014 term note	Level 2	6,000,000	6,000,000	6,000,000	6,000,000
Bank loan	Level 2	600,000	600,000	200,000	200,000
Interest payable	Level 2	368,161	368,161	350,290	350,290
Other payables	Level 2	2,553,317	2,553,317	1,633,431	1,633,431
Total liabilities		9,521,478	9,521,478	8,183,721	8,183,721

Notes to the financial statements for the year ended 31 December 2015

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 reprising or maturity dates. Refer to Note

4(b) for the collateral amounts for mortgage loans and receivables and loans and receivables to policy holders.

5. Segmental information

GROUP

The Executive Management Board 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 Board meet the definition of a reportable segment under IFRS 8.

The Group is organised on a business line basis into five operating segments. 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

Protection of the Group's customers against the risk of premature 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 protection of 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.

The segment information provided to the Executive Management Board for the reportable segments for the year ended 31 December 2015 is as follows:

Notes to the financial statements for the year ended 31 December 2015

a.) Profit per segment

2015	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross revenue	7,386,957	12,218,718	732,533	-	-	20,338,208
Insurance premium ceded to reinsurers	(285,798)	(2,946,155)	-	-	-	(3,231,953)
Net revenue	7,101,159	9,272,563	732,533	-	-	17,106,255
Net income from investment property	971,921	-	15,187	70,000	201,776	1,258,884
Interest and dividend income	1,869,643	797,159	19,563	-	2,568,470	5,254,835
Net realised gains on financial assets	197,520	9,108	3,316	-	-	209,944
Net unrealised fair value gains on financial assets at fair value through profit or loss	(1,860,067)	(129,374)	(22,535)	-	(824,235)	(2,836,211)
Commissions earned	103,002	632,786	-	-	-	735,788
Other operating income	24,046	565,261	-	-	(174)	589,133
Net income	8,407,224	11,147,503	748,064	70,000	1,945,837	22,318,628
Insurance claims and loss adjustment expenses	1,987,016	8,263,543	-	-	-	10,250,558
Insurance claims recovered from reinsurers	(11,633)	(2,394,314)	-	-	-	(2,405,947)
Change in actuarial value of policyholders benefits	2,769,604	-	-	-	-	2,769,604
Net insurance benefits and claims	4,744,987	5,869,228	-	-	-	10,614,215
Interest payments/increase in unit value	495,774	-	-	-	-	495,774
Acquisition expenses	1,711,521	1,505,767	74,616	-	-	3,291,904
Finance costs	-	-	-	-	802,155	802,155
Expenses	2,035,616	3,866,743	493,544	34,841	417,764	6,848,508
Net expenses	8,987,898	11,241,738	568,160	34,841	1,219,919	22,052,556
Reportable segment profit	(580,674)	(94,235)	179,904	35,159	725,918	266,072
Share of profit of associates	498,223	-	-	-	96,641	594,864
Segment profit before tax	(82,451)	(94,235)	179,904	35,159	822,559	860,936
Tax expense	(11,611)	102,829	(63,412)	(4,917)	162,591	185,480
Segment profit after tax	(94,062)	8,594	116,492	30,242	985,150	1,046,416

The reconciliation of the segment profit after tax for all segments to the consolidated income statements is shown in Note 5b.

Notes to the financial statements for the year ended 31 December 2015

2014	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross revenue	6,478,249	7,567,523	696,056	-	-	14,741,828
Insurance premium ceded to reinsurers	(281,164)	(1,972,446)	-	-	-	(2,253,610)
Net revenue	6,197,085	5,595,077	696,056	-	-	12,488,218
Net income from investment property	786,743	-	(15,671)	(43,097)	92,330	820,305
Interest income	1,245,183	367,044	67,724	-	306,077	1,986,028
Dividend income	324,859	35,681	-	-	978,701	1,339,241
Net realised gains on financial assets	154,405	60,090	-	-	-	214,495
Net unrealised fair value gains on financial assets at fair value through profit or loss	2,475,237	63,503	(10,836)	-	1,574,261	4,102,165
Commissions earned	128,904	491,313	-	-	-	620,217
Other operating income	33,105	(57,512)	-	-	28,871	4,464
Net income	11,345,521	6,555,196	737,273	(43,097)	2,980,240	21,575,133
Insurance claims and loss adjustment expenses	1,859,649	2,116,149	-	-	-	3,975,798
Insurance claims recovered from reinsurers	(56,834)	1,053,026	-	-	-	996,192
Change in actuarial value of policyholders benefits	3,051,301	-	-	-	-	3,051,301
Net insurance benefits and claims	4,854,116	3,169,175	-	-	-	8,023,291
Interest payments/increase in unit value	2,035,986	-	-	-	-	2,035,986
Acquisition expenses	1,522,694	1,083,219	107,074	-	-	2,712,987
Finance costs	-	-	-	-	350,290	350,290
Expenses	1,731,402	1,927,178	489,078	1,291	582,072	4,731,021
Net expenses	3,254,096	3,010,397	596,152	1,291	932,362	7,794,298
Reportable segment profit	1,201,323	375,624	141,121	(44,388)	2,047,878	3,721,558
Share of profit of associates	259,007	-	-	-	-	259,007
Segment profit before tax	1,460,330	375,624	141,121	(44,388)	2,047,878	3,980,565
Tax expense	(434,245)	(49,476)	(48,524)	17,978	(200,237)	(714,504)
Segment profit after tax	1,026,085	326,148	92,597	(26,410)	1,847,641	3,266,061

The revenue from external parties reported to the Executive Management Board is measured in a manner consistent with that in the income statement. The Executive Management Board assesses the performance of the operating segments based on the profit before tax as detailed above.

b) Reconciliation of segments profit after tax to the consolidated income statement

	2015	2014
	Shs'000	Shs'000
Total profit as per segmental reporting	1,046,416	3,266,061
Income from intra-segmental adjustments		
Intercompany loan interest income	(87,966)	(87,217)
Rental income from related parties	(29,806)	(27,397)
Management fees from related parties	(13,996)	-
Dividend from subsidiaries	(2,038,298)	(700,000)
Property and equipment revaluation adjustment (on part of building occupied by related parties)	(17,575)	(10,671)
Gain on sale of quoted ordinary shares	-	(57,512)
Total adjustments on income	(2,187,641)	(882,797)
Expenses from intra-segmental adjustments		
Intercompany loan interest expense	87,966	87,217
Management fees expense from related parties	13,996	-
Rental income to related parties	29,806	27,397
Total adjustments on expenses	131,768	114,614
Profit as per the consolidated income statement	(1,009,458)	2,497,878

c) Other segment reporting disclosures

2015	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation and amortisation	210,288	85,396	10,362	25	11,378	317,449
Investments in associates	4,154,582	-	-	-	2,666,745	6,821,327
Additions to non-current assets	633,967	1,170,702	166,201	334	457,331	2,428,535
Total assets	45,628,362	17,141,149	842,053	300,995	13,719,793	77,632,352
Total liabilities	39,619,193	13,375,765	292,513	295,970	6,374,461	59,957,904

2014	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation and amortisation	123,663	122,632	8,998	-	9,046	264,339
Investments in associates	4,863,345	-	-	299,622	-	5,162,967
Additions to non-current assets	8,183,057	1,498,279	169,545	(223,492)	1,208,177	10,835,566
Total assets	39,661,106	14,119,017	919,087	642,600	17,108,544	72,450,354
Total liabilities	33,448,193	10,285,800	486,038	667,817	6,122,834	51,010,682

Notes to the financial statements for the year ended 31 December 2015

The amounts provided to the Executive Management Board 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:

	2015	2014
	Shs'000	Shs'000
Kenya	16,357,710	13,166,615
Uganda	620,416	322,804
South Sudan	743,775	357,752
Rwanda	346,427	80,220
Tanzania	1,072,034	394,160
Malawi	638,153	154,579
Mozambique	559,693	265,698
Total	20,338,208	14,741,828

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.

e) The total of all assets are allocated as follows:

	2015	2014
	Shs'000	Shs'000
Kenya	71,403,227	68,412,195
Uganda	1,410,853	1,092,832
South Sudan	804,925	550,665
Rwanda	530,508	331,649
Tanzania	2,057,316	946,850
Malawi	538,370	439,271
Mozambique	887,153	676,892
Total	77,632,352	72,450,354

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:

	2015	2014
	Shs'000	Shs'000
Kenya	5,496,581	4,347,471
Uganda	126,952	110,640
South Sudan	9,464	30,415
Rwanda	56,008	50,964
Tanzania	65,159	74,908
Malawi	74,457	61,880
Mozambique	44,784	16,326
Total	5,873,405	4,692,604

Notes to the financial statements for the year ended 31 December 2015

6. Gross revenue – 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	2015			2014		
	Gross Revenue	Reinsurance ceded	Net Revenue	Gross Revenue	Reinsurance ceded	Net Revenue
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance business - premium						
Long term insurance business						
Ordinary life	6,008,219	(59,724)	5,948,495	1,338,019	(67,019)	1,271,000
Ordinary life renewal recurring	473,319	(206,071)	267,248	3,398,663		3,398,663
Group life	905,419	(20,003)	885,416	1,741,567	(214,144)	1,527,423
Total long term business	7,386,957	(285,798)	7,101,159	6,478,249	(281,163)	6,197,086
Short term insurance business						
Engineering	554,297	(416,751)	137,546	502,709	(425,794)	76,915
Fire	1,207,373	(696,117)	511,256	724,249	(473,518)	250,731
Marine	433,597	(296,598)	136,999	238,106	(179,274)	58,832
Motor	5,045,645	(254,571)	4,791,074	2,791,563	(202,831)	2,588,732
Personal accident and medical	3,648,829	(1,030,389)	2,618,440	2,333,693	(535,810)	1,797,883
Micro insurance	515,490	(39,488)	476,002	307,087	(31,873)	275,214
Theft	272,142	(11,755)	260,387	193,544	(2,869)	190,675
Liability	172,385	(98,823)	73,562	26,935	(17,683)	9,252
Workmen's compensation	265,918	(48,697)	217,221	188,815	(282)	188,533
Other	103,042	(52,966)	50,076	260,822	(102,513)	158,309
Total short term business	12,218,718	(2,946,155)	9,272,563	7,567,523	(1,972,447)	5,595,076
Total insurance revenue	19,605,675	(3,231,953)	16,373,722	14,045,772	(2,253,610)	11,792,162
Asset management business – Fund management fees						
- Unit trust funds	220,405	-	220,405	246,355	-	246,355
- Discretionary & wealth management	258,824	-	258,824	168,747	-	168,747
- Alternative investments	153,574	-	153,574	271,456	-	271,456
- Other	85,734	-	85,734	9,498	-	9,498
Total fund management business	718,537	-	718,537	696,056	-	696,056
Gross revenue	20,324,212	(3,231,953)	17,092,259	14,741,828	(2,253,610)	12,488,218

7. Net income from investment property

Group	2015	2014
	Shs'000	Shs'000
Gross rental income	99,093	58,912
Less: investment property operating expenses	(32,845)	(8,271)
Net rental income	66,248	50,641
Fair value gain on investment properties (Note 28 (i))	993,346	801,734
Revaluation of property funds (Note 28(ii))	151,908	(70,138)
Total investment income	1,211,502	782,237

Notes to the financial statements for the year ended 31 December 2015

8. Interest and dividend income

Group	2015	2014
	Shs'000	Shs'000
Interest from government securities at fair value through profit or loss	223,726	183,237
Interest from government securities at amortised cost	1,168,137	817,985
Interest from corporate bonds at amortised cost	220,713	95,129
Interest from investments in liquid funds	85,935	66,492
Interest from deposits with financial institutions	484,675	584,317
Loan interest receivable	286,909	159,609
Dividends from quoted ordinary shares at fair value through profit or loss	245,462	270,697
Dividends from quoted ordinary shares at fair value through other comprehensive income	413,015	360,585
Total interest and dividend income	3,128,572	2,538,051

9. Net realised gains on financial assets at fair value through profit or loss

Realised gains/(loss) on government securities at fair value through profit or loss	27,454	19
Realised (loss)/gain on quoted ordinary shares at fair value through profit or loss	(17,075)	26,297
Realised gains on unit trusts	199,565	130,667
Total net realised gains	209,944	156,983

10. Net unrealised fair value (losses)/ gains on financial assets at fair value through profit or loss

Fair value (loss)/ gain on quoted ordinary shares at fair value through profit or loss (Note 29(ii))	(2,008,649)	3,327,340
Fair value (loss)/gains on unit trusts (Note 31)	(647,984)	758,022
Fair value (loss)/ gain on government securities at fair value through profit or loss (Note 32(i))	(179,578)	16,803
Total net unrealised fair value gains	(2,836,211)	4,102,165

11. Commissions earned

Long term insurance business	103,012	126,659
Short term insurance business	632,776	493,558
Total commissions earned	735,788	620,217

12. Other income

Fee income		
arising on long term insurance contracts	18,695	4,894
arising on deposit administration	79,498	24,352
Short-term facultative payables adjustments	16,012	(31,161)
Currency exchange gains	468,770	-
Gain on disposal of property and equipment	6,158	6,379
Total other income	589,133	4,464

Notes to the financial statements for the year ended 31 December 2015

The currency exchange gains recognised in other income arose from significant changes in the exchange rate of the South Sudanese Pound at the end of December 2015. The weakening of the pound resulted in a currency exchange gain.

13. Insurance claims and loss adjustment expenses

Group	2015			2014		
	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	1,309,475	-	1,309,475	1,181,819	-	1,181,819
- bonuses	677,541	-	677,541	677,859	-	677,859
Claims payable by principal class of business:						
- Engineering	-	495,139	495,139	-	112,893	112,893
- Fire	-	1,090,953	1,090,953	-	299,009	299,009
- Marine	-	182,864	182,864	-	(1,661,269)	(1,661,269)
- Motor	-	3,502,998	3,502,998	-	1,637,623	1,637,623
- Personal accident and medical	-	2,169,814	2,169,814	-	1,272,167	1,272,167
- Micro Insurance	-	415,877	415,877	-	319,190	319,190
- Theft	-	101,237	101,237	-	90,149	90,149
- Liability	-	66,159	66,159	-	(18,653)	(18,653)
- Workmen's Compensation	-	150,671	150,671	-	41,079	41,079
- Other	-	87,830	87,830	-	23,932	23,932
Total insurance claims and loss adjustment expenses	1,987,016	8,263,542	10,250,558	1,859,678	2,116,120	3,975,798
Increase in actuarial value of policy holders' liabilities (Note 48)	2,769,604	-	2,769,604	3,051,301	-	3,051,301
Less: reinsurers' share	(11,633)	(2,394,314)	(2,405,947)	(55,231)	1,051,423	996,192
Total long term and short term	4,744,987	5,869,228	10,614,215	4,855,748	3,167,543	8,023,291

14. Interest payments/increase in unit value

These are accumulated amounts which belong to unit linked policyholders. 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	2015	2014
	Shs'000	Shs'000
Long term business		
Interest on deposit administration contract(Note 49)	1,005,159	1,427,773
Fair value (loss)/gains on investment contracts (Note 50)	(509,385)	608,213
Total interest payments	495,774	2,035,986

Notes to the financial statements for the year ended 31 December 2015

15. (i) Operating and other expenses (by nature)

Group	2015	2014
	Shs'000	Shs'000
Staff costs (Note 15 (ii))	2,368,004	1,537,910
Auditor's remuneration	33,399	33,328
Depreciation on property and equipment (Note 22)	296,356	208,633
Amortisation of intangible assets (Note 23)	41,144	55,607
Britam 2014 medium term note issue expenses	-	80,904
Provision for bad debt (Note 36(ii))	782,566	71,343
Information technology (IT) costs	422,697	262,042
Repairs and maintenance expenditure	25,442	30,707
General office management expenses	640,937	784,719
Business development costs	274,583	96,292
Professional fees	52,713	9,118
Training and development	239,083	132,500
Premium tax, levies and duty	237,373	147,024
Sales, Marketing and brand management	1,068,950	837,624
Business acquisition & combination costs (Note 26(i))	4,848	123,814
Office rent and service charge	228,646	204,841
Total operating and other expenses	6,716,741	4,616,406

15(ii) Staff costs

	Shs'000	Shs'000
Staff costs include the following:		
Salaries and wages	1,949,376	1,295,756
Retirement benefits costs		
- defined contribution scheme	372,950	203,283
- defined benefit scheme (Note 53)	(8,877)	4,333
- Social security benefits costs	54,555	34,538
Total staff costs	2,368,004	1,537,910

The number of persons employed by the Group at the year-end was 880 (2014: 825).

Notes to the financial statements for the year ended 31 December 2015

16. Borrowings

The total borrowings include a bank loan of Shs 600,000,000 (2014: 200,000,000) at a fixed interest rate of 14.5% per annum and a 5 year medium term note at fixed interest rate of 13% per annum. The bank loan is a secured short-term loan in nature 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 quoted ordinary shares valued Shs 3,719,914,000 (2014: 4,649,892,000). The Company issued a 5 year medium term note in August 2014. The total value of the bond issued is Shs 6,000,000,000. The effective interest rate is 13% annually. The Notes were issued in denominations of Kenya Shillings one hundred thousand.

The Notes are listed on the Fixed Income Securities Market Segment (FISMS) on the Nairobi Securities Exchange. The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank pari passu in all respects (including in priority of payment) among themselves and with all other present and future direct, general, unconditional, unsubordinated and unsecured obligations of the issuer, except for any obligations that may be preferred by provisions of law that are both mandatory and of general application. The borrowings are carried at amortised cost and their fair value is equal to their carrying amounts. Here below is a table showing the amount of interest payable for each of the borrowings;

Group	2015	2014
	Shs'000	Shs'000
Loan details		
Principal bank loan amount	600,000	200,000
Britam 2014 (MTN) 5 year corporate bond	6,000,000	6,000,000
Interest payable	368,161	350,290
Interest expense		
- Bank Loan	21,963	4,290
- 5 year corporate bond	780,192	346,000
Total finance costs	802,155	350,290

17. Commissions expense

Long term insurance business		
- Ordinary life	1,590,652	1,334,312
- Group life	69,555	143,087
- Deposit administration	51,314	45,306
Total long term insurance business	1,711,521	1,522,705
Short term insurance business		
- Engineering	69,155	78,023
- Fire	236,932	154,516
- Marine	67,290	34,437
- Motor	501,395	310,613
- Personal accident and medical	416,050	300,987
- Micro Insurance	66,753	62,248
- Theft	35,853	67,495
- Other	112,339	74,889
Total short term insurance business	1,505,767	1,083,208
Asset management business		
- Unit trust funds	34,564	18,078
- Discretionary & Wealth management	40,052	24,631
- Alternative investments	-	64,365
Total asset management business	74,616	107,074
Total commissions payable	3,291,904	2,712,987

Notes to the financial statements for the year ended 31 December 2015

18. Share capital

Group and Company	Number of shares	Ordinary shares	Share premium	Total
1 January 2015 and December 2015	1,938,416	193,841	4,263,412	4,457,253
	1,938,416	193,841	4,263,412	4,457,253

Ordinary shares

The total number of authorised shares is 2,150 million with par value of 10 cents per share (2014: 2,150 million with par value of 10 cents). The number of shares issued is 1,938 million with par value of 10 cents per share (2014: 1,938 million with par value of 10 cents per share). All shares issued are fully paid and carry equal rights.

19. Other reserves

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. The reserves represent accumulated surpluses from the life fund whose distribution is subject to the restrictions imposed by the Kenyan 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.

Group	Fair value reserve	Revaluation reserve	Foreign currency translation	General	Total
Balance at 1 January 2015	10,529,638	299,491	(191,368)	2,245,505	12,883,266
Revaluation gain on building	-	(9,781)	-	-	(9,781)
Revaluation losses on quoted ordinary shares at fair value through other comprehensive income	(1,757,402)	-	-	-	(1,757,402)
Share of associate share of other comprehensive income	-	-	-	(4,879)	(4,879)
Transfer from retained earnings	-	-	-	(282,727)	(282,727)
Purchase of 1% of Real Group	-	-	-	4,455	4,455
Re-measurement of the net defined benefit asset	-	-	-	20,024	20,024
Currency translation losses	-	-	(423,524)	-	(423,524)
Balance at 31 December 2015	8,772,236	289,710	(614,892)	1,982,378	10,429,432
Balance at 1 January 2014	7,049,242	277,013	(21,802)	1,175,438	8,479,891
Revaluation gain on building	-	22,478	-	-	22,478
Revaluation losses on quoted ordinary shares at fair value through other comprehensive income (Note 29(i))	3,627,865	-	-	-	3,627,865
Unrealised gains on transfer of assets through other comprehensive income (Note 20)	(147,469)	-	-	-	(147,469)
Share of associate share of other comprehensive income	-	-	-	26,568	26,568
Transfer from retained earnings	-	-	-	1,035,409	1,035,409
Re-measurement of the net defined benefit asset	-	-	-	8,090	8,090
Currency translation losses	-	-	(169,566)	-	(169,566)
Balance at 31 December 2014	10,529,638	299,491	(191,368)	2,245,505	12,883,266



Notes to the financial statements for the year ended 31 December 2015

Company

Other reserves are comprised of fair value reserves arising from revaluation of assets carried at fair value through other comprehensive income. The movement is shown in the Company statement of changes in equity.

20. Retained earnings

	Group	Company
	Shs '000	Shs '000
Total long term insurance business		
At 1 January 2014	2,445,988	2,667,019
Profit for the year	2,501,489	1,847,641
Unrealised gains on transfer of assets (Note 19)	147,469	-
Dividends paid relating to 2014 (Note 21)	(581,525)	(581,525)
Transfer to other reserves (Note 19)	(1,035,409)	-
At 31 December 2014	3,478,012	3,933,135
At 1 January 2015	3,478,012	3,933,135
Profit for the year	(962,189)	985,150
Transfer to other reserves (Note 19)	282,727	-
Dividends	(581,525)	(581,525)
At 31 December 2015	2,217,025	4,336,760

21. Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. At the annual general meeting to be held on 24 June 2016 a final dividend in respect of the year ended 31 December 2015 of Shs 0.30 per share (2014: Shs 0.30)

amounting to a total of Shs 581,525,000 is to be proposed (2014: Shs 581,525,000).

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 for the year ended 31 December 2015

22. Property and equipment

GROUP	Buildings	Leasehold Improvements	Motor vehicles	Furniture, Fittings & Office equipment	Computer	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2015						
Cost or valuation						
At start of year	617,688	342,428	113,502	860,048	299,019	2,232,685
Additions	-	70,424	12,283	296,198	55,719	434,624
Disposals	-	-	(12,918)	(81,476)	(71,868)	(166,262)
Reclassification (Note 23)	-	1,159	-	(1,159)	330,490	330,490
Valuation surplus (Note 25)	(15,659)	-	-	-	-	(15,659)
At end of year	602,029	414,011	112,867	1,073,611	613,360	2,815,878
Depreciation						
At start of year	-	185,702	56,094	448,746	212,897	903,439
Charge for the year	-	23,814	20,639	153,042	98,860	296,356
Addition	-	37,038	-	-	-	37,038
Disposal	-	-	(13,014)	(85,017)	(72,380)	(170,412)
At end of year	-	246,554	63,719	516,771	239,377	1,066,422
Net book amount						
At 1 January 2015	617,688	156,726	57,408	411,301	86,123	1,329,246
At 31 December 2015	602,029	167,457	49,148	556,840	373,983	1,749,457

GROUP	Buildings	Leasehold Improvements	Motor vehicles	Furniture, Fittings & Office equipment	Computer	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2014						
Cost or valuation						
At start of year	573,414	306,933	62,825	588,691	172,874	1,704,737
Additions	16,736	35,495	60,067	271,670	126,361	510,329
Disposals	-	-	(9,391)	(315)	(216)	(9,922)
Valuation surplus (Note 25)	27,538	-	-	-	-	27,538
At end of year	617,688	342,428	113,501	860,046	299,019	2,232,682
Depreciation						
At start of year	-	166,195	22,519	246,973	105,770	541,457
Charge for the year	-	19,199	21,737	136,664	31,033	208,633
Additions	-	308	20,078	65,348	76,240	161,974
Disposal	-	-	(7,863)	(241)	(144)	(8,248)
At end of year	-	185,702	56,471	448,744	212,899	903,816
Net book amount						
At 1 January 2014	573,414	140,738	40,306	341,718	67,104	1,163,280
At 31 December 2014	617,688	156,726	57,030	411,302	86,120	1,328,866

Notes to the financial statements for the year ended 31 December 2015

COMPANY	Leasehold Improvements	Motor vehicles	Furniture, Fittings & Office equipment	Computer	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2015					
Cost or valuation					
At start of year	12,725	30,549	6,088	5,287	54,649
Additions	894	8,828	614	3,736	14,072
Disposals	-	(5,179)	(814)	(1,168)	(7,161)
Reclassifications	1,159	-	(1,159)	(157)	(157)
At end of year	14,778	34,198	4,729	7,698	61,403
Depreciation					
At start of year	2,635	10,855	2,772	1,978	18,240
Charge for the year	1,305	5,524	929	1,206	8,964
Disposal	719	(5,179)	(1,440)	(931)	(6,831)
At end of year	4,659	11,200	2,261	2,253	20,373
Net book amount					
At 1 January 2015	10,090	19,694	3,316	3,309	36,409
At 31 December 2015	10,119	22,998	2,468	5,445	41,030

COMPANY	Leasehold Improvements	Motor vehicles	Furniture, Fittings & Office equipment	Computer	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2014					
Cost or valuation					
At start of year	11,641	25,790	5,341	4,279	47,051
Additions	1,084	4,758	746	1,009	7,597
At end of year	12,725	30,548	6,087	5,288	54,648
Depreciation					
At start of year	1,369	5,770	1,642	1,068	9,849
Charge for the year	1,266	5,084	1,130	911	8,391
At end of year	2,635	10,854	2,772	1,979	18,240
Net book amount					
At 1 January 2014	10,272	20,020	3,700	3,210	37,202
At 31 December 2014	10,090	19,694	3,315	3,309	36,408

In the opinion of the directors, there is no impairment of leasehold improvements and equipment. The valuation of land and buildings was carried out by independent, registered professional valuers, GIMCO Limited on 31 December 2015 per valuation report. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'other reserves' in shareholders' equity (Note 19).

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows

- 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).

The fair values arising from the open market valuation of buildings are categorised as level 2 in the fair value hierarchy.

The carrying amount of the building would be as shown below had it been carried out under the cost model.

Notes to the financial statements for the year ended 31 December 2015

	2015	2014
	Shs'000	Shs'000
Total long term insurance business		
Cost	392,095	392,095
Accumulated depreciation	(296,550)	(284,194)
Net book value	95,545	107,901

All property and equipment are classified as non-current assets.

23. Intangible assets

	GROUP			COMPANY		
	Current Computer and software costs	Internally generated software development costs	Total	Current Computer and software costs	Internally generated software development costs	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost						
At 1 January 2014	332,594	-	332,594	4,584	-	4,584
Additions	117,138	1,090,133	1,207,271	-	47,283	47,283
At 31 December 2014	449,732	1,090,133	1,539,865	4,584	47,283	51,867
At 1 January 2015	449,732	1,090,133	1,539,865	4,584	47,283	51,867
Additions	309,061	594,497	903,558	511	44,026	44,537
Reclassifications (Note 22)	-	(330,647)	(330,647)	-	-	-
Disposals	(82,574)	-	(82,574)	-	-	-
At 31 December 2015	676,219	1,353,983	2,030,202	5,095	91,309	96,404
Accumulated amortisation and impairment						
At 1 January 2014	(197,965)	-	(197,965)	(1,059)	-	(1,059)
Amortisation charge	(55,607)	-	(55,607)	(655)	-	(655)
At 31 December 2014	(253,572)	-	(253,572)	(1,714)	-	(1,714)
Amortisation charge	(41,144)	-	(41,144)	(701)	-	(701)
Disposal	16,318	-	16,318	-	-	-
At 31 December 2015	(278,398)	-	(278,398)	(2,415)	-	(2,415)
Net Book Value						
Cost	449,732	1,090,133	1,539,865	4,584	47,283	51,867
Accumulated amortisation	(253,572)	-	(253,572)	(1,714)	-	(1,714)
At 31 December 2014	196,160	1,090,133	1,286,293	2,870	47,283	50,153
Cost	676,219	1,353,983	2,030,202	5,095	91,309	96,404
Accumulated amortisation	(278,398)	-	(278,398)	(2,145)	-	(2,145)
At 31 December 2015	397,821	1,353,983	1,751,804	2,680	91,309	93,989



Notes to the financial statements for the year ended 31 December 2015

Internally generated software development costs: Since 2013, the Group has had an ongoing project of implementing new information technology (IT) systems. The project will enable the Group achieve a complete transformation from the current information technology systems that it is using currently in all its different lines of business. The new systems being implemented will enable the Group to be more efficient. Some of the systems have already been implemented and are being used in the day today running of the business. These are inclusive of the Pensions line of business system and the Enterprise Resource Planning (ERP), covering finance, human resource and supply chain management modules in Kenya. The two systems have been transferred from the Work In Progress (WIP) account into the asset account as at December 2015. Amortisation will commence in January 2016 as the asset were deemed to have been in the location and condition necessary for them to be capable of operating in the manner intended by management towards the end of December 2015.

Some of the key benefits expected to be realised from the implementation of the software project include:

- Differentiated customer experience
- Increased efficiency and lower expense ratio
- Improved management reporting and decision making
- Product innovation
- Differentiated intermediary and Financial Advisors experience

The IT-enabled business transformation program is expected to run for a period of three years. The research phase of the project started in 2013 and ended in the first quarter of 2014. During this phase, suppliers were sourced, demonstrations were done and the systems that met the Group's needs were chosen for implementation. All the project related costs in this phase were included in the Group's operating expenses.

The second phase of the project, the development phase started in July 2014. The development of the various systems started. Development costs that are directly attributable to the design and testing of the identified software are being recognised as intangible assets as per IAS 38 – Intangible assets.

24. Investment in associates – Group and Company

Group

Set out below are the associates of the Group as at 31 December 2015. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and Company. The

Associate's country of incorporation or registration is also their principal place of business.

Nature of investment in associates for the Group at 31 December 2015 and 2014:

Name of entity	Place of business/country of incorporation	Nature of the Relationship	% of ownership interest	
			2015	2014
HF Group	Kenya	Note 1	48.82%	46.04%
Acorn Group	Kenya	Note 2	-	25%

Note 1: HF Group is the leading mortgage provider bank and a premier property developer that leads in offering of integrated solutions for the property and real estate investment, housing and property

developments in Kenya. HF Group is a strategic partner of the Group, providing access to new customers and distribution channels for the insurance business and experience in property development.

Note 2: Acorn Group Limited Company, an associate of the Group in 2014, was disposed off by the Group in the course of 2015 for a consideration equal to its carrying value as at 31 December 2014 of Shs 299,622,000. The Group has therefore not recognised any gains or losses on the transaction.

Notes to the financial statements for the year ended 31 December 2015

	2015 HF Group Shs'000	2014 HF Group Shs'000	2014 Acorn Group Shs'000	Total Shs'000
At 1 January	4,563,723	1,570,989	296,092	1,867,081
Share of associate's profit for the year	594,864	259,007	-	259,007
Share of associate's other comprehensive (loss)/ income	(6,523)	37,954	-	37,954
Dividends received in the year	(277,403)	(84,547)	-	(84,547)
New shares acquired in the year	1,946,667	2,780,320	-	2,780,320
Additional costs	-	-	3,530	3,530
As at 31 December	6,821,327	4,563,723	299,622	4,863,345
Made up of:				
Carrying amount of existing equity interest	4,874,660	1,783,403	296,092	2,079,495
Fair value of new equity interest acquired	1,946,667	2,780,320	-	2,780,320
Additional acquisition costs	-	-	3,530	3,530
At end of year	6,821,327	4,563,723	299,622	4,863,345
Share of profit	594,864	259,007	-	259,007
Share of other comprehensive income	(6,523)	37,954	-	37,954
Total share of results	588,340	296,961	-	296,961

In March 2015, HF Group floated a rights issue diluting the previous ownership of the Group from 46.04% to 30.61%. The Britam Group however acquired rights, increasing the shareholding by 18.21% to 48.82%. The movement in the carrying amount of the investment during the year is presented above. Investment in associate at 31 December 2015 includes goodwill of Shs 1,617,392,000 (2013: Shs 1,502,874,000).

As at 31 December 2015, the fair value of the Group's interest in HF Group Limited which is listed on the Nairobi Securities Exchange, was Shs 3,783,142,000 (2014: 5,091,035,000) and the carrying amount of the Group's interest was Shs 6,821,327,000 (2014: 4,563,723,000).

The investment is in line with Group's strategic plan, in which the Group expects to leverage on existing and potential synergies to drive joint business initiatives while earning returns as a portfolio investment. Management in consideration of the investment structure in HF Group established that it does not have effective control and cannot exercise power over HF Group. As

such, HF has been accounted as an associate both in the Company and in the Group.

Acquisition related costs

In relation to HF Group, the Group incurred acquisition – related costs of Shs 1,457,000 on professional fees. These costs have been included in investment expenses.

Identifiable assets acquired and liabilities assumed

In Management's consideration, a key assumption for this computation has been that the assets and liabilities in the HF financial statements are carried at fair value considering the nature of business the company carries out. The following items on HF's statement of financial position have been adjusted to arrive at the fair value on acquisition;

	2015 Shs'000	2014 Shs'000
Net assets per final HF accounts	10,061,219	6,508,132
Adjust for fair value on:		
Carrying value of prepaid operating lease rental	-	(46,038)
Add: fair value of leasehold land	-	225,000
Fair value adjustments	-	178,962
Total	10,061,219	6,687,094



Notes to the financial statements for the year ended 31 December 2015

Goodwill

Management considered HF Group's 31 December 2015 financial statements in establishing the fair value of acquired assets and liabilities as of the acquisition date. Goodwill has been computed based on IAS 28; Investment in associates. The standard requires that the post-acquisition

share of the associate's profit or loss is appropriately adjusted, so that it is based on fair values at the date of acquisition. In the case of an increase in stake in an existing associate, the adjustment is based on the fair values of each tranche.

	2015	2014
	Shs'000	Shs'000
Net asset value at fair value	10,061,219	6,687,094
Fair value of consideration paid	1,946,666	2,780,320
Fair value of acquired net assets (18.21%)	(1,832,148)	(1,653,726)
Goodwill on acquired tranche	114,518	1,126,594
Goodwill on initial tranche (30.61%)	1,502,874	376,280
Total Goodwill on HF (48.82%)	1,617,392	1,502,874

The goodwill arose from acquisition of an additional stake in HF Group in 2015 and is therefore all allocated to the Kenyan Insurance Cash Generating Units (CGUs) for the purposes of impairment assessment.

There are no contingent liabilities relating to the Group's interest in the associates

Company

The Company acquired 19.49% ownership of the HF Group during the year. Prior to this acquisition it had no prior ownership.

In March 2015, when the HF Group issued rights, the Company acquired rights giving it ownership of 9.73%. Later on in the year, as at December

2015, the Company acquired shares worth 9.76% from Britam Life Assurance (Kenya) Limited. Consequently, the Company has ownership of the HF Group of 19.49%. The movement in the carrying amount of the investment during the year is presented below;

	2015 HF Group
	Shs'000
At 1 January	
Share of associate's profit for the year	96,641
Share of associate's other comprehensive income	(1,044)
Dividends received in the year	(45,058)
New shares acquired 2015	2,616,207
As at 31 December	2,666,746
Made up of:	
Carrying amount of existing equity interest	50,539
Fair value of new equity interest acquired	2,616,207
At end of year	2,666,746
Share of profit	96,641
Share of other comprehensive income	(1,044)
Total share of results	95,597

Notes to the financial statements for the year ended 31 December 2015

Goodwill

The Goodwill is calculated at acquisition date.

	March 2015	December 2015	Total
	Shs'000	Shs'000	Shs'000
Net asset value at fair value	10,061,219	10,624,904	-
Fair value of consideration paid	1,060,707	1,555,500	2,616,207
Fair value of acquired net assets	(977,950)	(1,037,330)	(2,015,281)
Total Goodwill on HF (19.49%)	82,757	518,170	600,926

Summarised financial information for associates

Summarised statement of financial position

	2015	2014
	Shs'000	Shs'000
Total assets	71,659,434	60,961,680
Total Liabilities	61,036,793	54,402,798
Net Assets	10,675,664	6,558,882
Customer deposits	41,665,085	36,105,929
Loans and advances	53,021,022	45,243,539

Summarised statement of comprehensive income

	2015	2014
	Shs'000	Shs'000
Interest income	8,098,136	6,374,782
Interest expense	(4,486,182)	(3,340,803)
Other income	1,254,101	824,444
Other expenses	(3,112,537)	(2,457,770)
Profit or loss from continuing operations	1,753,518	1,400,653
Income tax expense	(556,549)	(425,317)
Post-tax profit from continuing operations	1,196,969	975,336
Other comprehensive(expense)/income, net of tax	(13,433)	123,477
Total comprehensive income	1,183,536	1,098,813
Dividends received from associate	277,403	84,547

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates.



Notes to the financial statements for the year ended 31 December 2015

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates:

Group

	2015 HF Group	2014 HF Group
	Shs'000	Shs'000
Opening net assets 1 January	6,508,132	5,681,853
Profit for the year	1,249,951	975,336
Other comprehensive income	(13,505)	123,447
Transactions with owners recorded directly in equity	2,880,326	(272,504)
Closing net assets	10,624,904	6,508,132
Interest in associate 48.82% (2014: 46.04%)	5,203,935	3,060,849
Goodwill	1,617,392	1,502,874
Carrying value	6,821,327	4,563,723

Company

	2015 HF Group
	Shs'000
Opening net assets 1 January	6,508,132
Profit for the year	1,249,951
Other comprehensive income	(13,505)
Transactions with owners recorded directly in equity	2,880,326
Closing net assets	10,624,904
Interest in associate 19.49%	2,065,819
Goodwill	600,926
Carrying value	2,666,745

Summarised statement of cash flows for HF Group

	2015	2014
	Shs'000	Shs'000
Net cash flows from operating activities	(4,409,455)	3,265,259
Net cash flows from Investing activities	(1,286,549)	(98,194)
Net cash flows from financing activities	2,897,970	(400,480)
Net (decrease)/increase in cash and cash equivalents	(2,798,034)	2,766,585

25. Income tax expense

	2015	2014
	Shs'000	Shs'000
Current income tax	340,084	576,110
Deferred tax (Note 39)	(525,564)	138,394
Income tax expense	(185,480)	714,504

Notes to the financial statements for the year ended 31 December 2015

The Group's current tax charge is computed in accordance with income tax rules applicable to the subsidiaries. Deferred tax has been recognised on life business surplus which necessitated restatement of 2014 numbers. Deferred tax on capital gains on unrealised gains has also been recognised at the rate

of 5%. 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:

	2015	2014
	Shs'000	Shs'000
Profit before tax	(1,194,938)	3,212,382
Tax calculated at a tax rate of 30% (2013: 30%)	(358,481)	963,715
Add / (less):		
- tax effect of income not subject to tax	(399,706)	(331,398)
- under/ (over) provision	(6,153)	7,694
- tax effect of expenses not deductible for tax purposes	578,860	74,493
Income tax expense	(185,480)	714,504
Income tax expense	(185,480)	714,504

The tax (charge) /credit relating to components of other comprehensive income is as follows:

	2015			2014		
	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	(423,523)	-	(423,523)	(169,566)	-	(169,566)
Re-measurement of the net defined benefit asset (Note 53)	28,606	(8,582)	20,024	11,558	(3,468)	8,090
Share of other comprehensive income from associates accounted for using the equity method (Note 24)	(6,523)	1,644	(4,879)	37,954	(11,386)	26,568
Fair value gains:						
- Building (Note 22)	(15,659)	2,139	(13,520)	27,538	(5,060)	22,478
- Financial assets at fair value through other comprehensive income (Note 29 (i))	(1,759,077)	287,779	(1,471,299)	4,169,108	(541,243)	3,627,865
Other comprehensive income	(2,176,176)	282,980	(1,893,197)	4,076,592	(561,157)	3,515,435

26. (i) Goodwill on business combination

In June 2015, the Group acquired the remaining 1% of Britam General Insurance Company (Kenya) Limited (formerly Real Insurance Company Limited). 99% ownership of the Group had already been acquired in July 2014.

The following table summarises the consideration paid to Kenya Farmers Association (held 1% of Britam General Insurance Company (Kenya) Limited Group share capital) for the fair value of net current assets acquired, as at 31 December 2014.

Notes to the financial statements for the year ended 31 December 2015



	2015	2014
	Shs'000	Shs'000
Consideration		
Cash	14,625	825,100
Stamp duty on the transaction	-	13,757
Equity instruments (46.9 million ordinary shares)	-	1,103,654
Total consideration	14,625	1,942,511
Recognised amounts of identifiable net assets at fair value		
Property and equipment	20,350	116,778
Intangible assets	43,234	716
Investment in subsidiary companies	215,588	334,879
Financial assets at fair value through profit or loss:		
quoted ordinary shares	421,622	83,268
Corporate bonds at amortised cost	35,000	38,688
Government securities at amortised cost	254,561	303,739
Receivables arising out of reinsurance arrangements	379,376	201,811
Receivables arising out of direct insurance arrangements	498,127	1,698,838
Reinsurers' share of insurance liabilities	980,505	1,036,517
Deferred acquisition costs	17,433	170,719
Deferred income tax	30,794	71,115
Current income tax	14,818	68,047
Other receivables	44,918	105,823
Dues from related parties	582	623,354
Deposits with financial institutions	1,206,704	832,499
Cash and bank balances	147,029	253,193
Insurance contract liabilities	(2,915,502)	(4,490,729)
Creditors arising from reinsurance arrangements	(464,017)	(577,752)
Creditors arising from direct insurance arrangements	(51,190)	(31,354)
Deferred income tax	-	(7,574)
Dues to related parties	-	(8,287)
Other payables	(184,532)	(386,812)
Total identifiable net assets	695,400	437,476
Investment in subsidiary by Britam Holdings Limited (September 2015)	(250,000)	-
Net identifiable assets	445,400	-
1% investment by Britam Holdings Limited	4,454	-
Non-controlling interest	-	(43,227)
Goodwill on additional investment	10,171	1,548,262
Goodwill b/f	1,548,262	-
Total consideration	14,625	1,942,511
Total Goodwill	1,558,433	1,548,262

Notes to the financial statements for the year ended 31 December 2015

On 31 July 2014, the Group had acquired 99% of the share capital of Britam General Insurance Company (Kenya) Limited for Shs 1,942,511,000. Britam General Insurance Company (Kenya) Limited owned 98% of Britam - Companhia De Seguros De Mozambique S.A., 55% Britam Insurance (Tanzania) Limited and 65% Britam Insurance Company Limited (Malawi).

Acquisition-related costs of Shs 4,848,000 (2014: Shs 123,814,000) (Note 15) have been charged to operating costs in the consolidated income statement for the year ended 31 December 2015.

The goodwill recognised by the Group will be realised through the synergies expected from the business combination. By acquiring the Britam General Insurance Company (Kenya) Limited business and its subsidiaries, the Group increased its presence in the eastern and southern Africa markets; that is in Tanzania, Malawi and Mozambique. This acquisition has also increased the distribution of the Group's general business products in Kenya, while at the same time bringing in expertise in this area. Britam General Insurance Company (Kenya) Limited is considered a pioneer in the Kenyan insurance sector having started operations in 1910, it offers insurance services through its fifteen branches located in Nairobi and other major towns in Kenya as well as three subsidiaries

in Tanzania, Malawi and Mozambique. It is also a global network partner of RSA (formerly known as Royal & Sun Alliance Insurance Group).

The other synergies will result from economies of scale as follows:

- A larger book of business resulting in a more stable claims experience
- A lower cost of reinsurance and efficient reinsurance strategy due to increased capacity arising from a larger balance sheet and increased diversification of risks
- An improved combined investment management capability
- A larger and more efficient combined distribution network
- Increased efficiency and effectiveness in the cost of processing

These synergies are particularly invaluable with the expected increased competition in the general insurance business in Kenya, with increased capital investment by existing players and with established life insurers also seeking to enter the general insurance market via acquisitions.

Fair value of the net assets was the measurement basis used to determine the non-controlling interests. The amounts of revenue and profit or loss of the Britam General Insurance Company (Kenya) Limited since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is as follows;

Summarised statement of comprehensive income

2015	Britam General Insurance Company (Kenya) Limited	Britam Insurance (Tanzania) Limited	Britam Insurance Company Limited (Malawi)	Britam - Companhia De Seguros De Mozambique S.A.	Total Britam General Insurance Company (Kenya) Limited
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Revenue	7,437,947	876,253	603,883	447,028	9,365,111
Loss before income tax	(269,538)	(103,107)	(55,437)	(25,453)	(453,535)
Income tax credit /(expense)	59,500	29,527	15,985	7,958	112,970
Total comprehensive income	(210,038)	(73,580)	(39,452)	(17,495)	(340,565)

The total comprehensive income for Britam General Insurance Company (Kenya) Limited is for the amalgamated entity; the general insurance business of Britam Life Assurance (Kenya) Limited formerly British-American Insurance

Company (Kenya) Limited and Britam General Insurance Company (Kenya) Limited, (See note 57). The merger process was effective 1 January 2015.



Notes to the financial statements for the year ended 31 December 2015

2014	Britam General Insurance Company (Kenya) Limited	Britam Insurance (Tanzania) Limited	Britam Insurance Company Limited (Malawi)	Britam - Companhia De Seguros De Mozambique S.A.	Total Britam General Insurance Company (Kenya) Limited
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Revenue	1,528,061	394,160	154,579	265,698	2,342,498
Profit before income tax	59,531	(18,225)	8,685	62,145	112,136
Income tax expense/(credit)	(22,860)	2,981	(5,907)	4,170	21,616
Post- tax profit or loss from continuing operations	36,671	(15,244)	2,778	66,315	90,520
Total comprehensive income	36,671	(15,244)	2,778	66,315	90,520

The Goodwill has been tested for impairment as at 31 December 2015 as defined by IFRS 3, Business Combinations. There is no impairment.

26 (ii) Investment in subsidiary companies

The Group had the following subsidiaries as at 31 December 2015

2014	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group	Proportion of shares held by non-controlling interests
			%	%	%
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	Insurance	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%	-	2%
Britam Insurance Company (Tanzania) Limited	Tanzania	Insurance	-	55%	45%
Britam Insurance Company Limited (Malawi)	Malawi	Insurance	-	65%	35%

Notes to the financial statements for the year ended 31 December 2015

The Company had the following subsidiaries at 31 December:

2014	% holding in equity	2015	2014
	shares	Shs'000	Shs'000
Britam Life Assurance (Kenya) Limited	100%	480,000	480,000
Britam Asset Managers (Kenya) Limited	100%	80,000	80,000
Britam Insurance Company (Uganda) Limited	100%	500,000	500,000
Britam Insurance Company Limited (South Sudan)	100%	391,710	391,710
Britam Insurance Company (Rwanda) Limited	100%	483,000	377,000
Britam Properties (Kenya) Limited	100%	100	100
Britam General Insurance (Kenya) Limited	100%	4,325,282	2,192,511
Britam Insurance (Tanzania) Limited	55%	246,466	-
Britam Insurance Company Limited (Malawi)	65%	250,000	-
Britam - Companhia De Seguros De Mozambique S.A.	98%	119,291	119,291
Total Investment		6,875,849	4,140,612

Summarised statement of financial position

2014	Britam Insurance (Tanzania) Limited As at 31 December		Britam Insurance Company Limited (Malawi) As at 31 December	
	2015	2014	2015	2014
	shares	Shs'000	Shs'000	Shs'000
Current				
Assets	426,346	477,048	254,301	317,433
Liabilities	(122,012)	(39,310)	(27,531)	(21,441)
Total current net assets	304,334	437,738	226,770	295,992
Non-current				
Assets	1,630,970	469,802	284,827	121,838
Liabilities	(1,733,060)	(776,035)	(545,628)	(284,842)
Total non-current net assets	(102,090)	(306,233)	(261,559)	(163,004)
Net assets/(liabilities)	202,244	131,505	(34,789)	132,988

Summarised statement of comprehensive income

2014	Britam Insurance (Tanzania) Limited As at 31 December		Britam Insurance Company Limited (Malawi) As at 31 December	
	2015	2014	2015	2014
	shares	Shs'000	Shs'000	Shs'000
Revenue	876,253	982,197	603,883	516,572
Loss before income tax	(103,107)	(99,748)	(55,437)	(137,913)
Income tax credit	29,527	26,702	15,985	(5,907)
Total comprehensive income	(73,580)	(73,047)	(39,452)	228,931

Notes to the financial statements for the year ended 31 December 2015

Summarised statement of cashflows

	Britam Insurance (Tanzania) Limited As at 31	Britam Insurance Company Limited (Malawi) As at 31 December
	2015	2014
	Shs'000	Shs'000
Cash flows from operating activities		
Cash generated from operations	10,775	35,977
Income tax paid	(2,717)	(9,140)
Net cash generated from operating activities	8,058	26,837
Net cash used in investing activities	(177,172)	27,829
Net cash used in financing activities	236,831	-
Net increase in cash and cash equivalents and bank overdrafts	67,717	54,666

26. (iii) Non-controlling interest

	Britam General Insurance (Kenya) Limited	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Britam Insurance Company Limited (Malawi)	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Proportion of shares held by non-controlling interests	1%	2%	45%	35%	-
Total non-controlling interest at the start of the year	3,334	4,086	53,847	(21,651)	39,616
Profit after tax attributable to non-controlling interests	-	(350)	(33,111)	(13,808)	(47,269)
Other comprehensive income attributable to non-controlling interests	-	-	-	1,321	1,321
Total comprehensive income attributable to non-controlling interests					(45,948)
Purchase of 1% of Britam General (Note 26(i))	(3,334)	(72)	(604)	(444)	(4,455)
Total non-controlling interests at year end	-	3,664	20,132	(34,582)	(10,787)

27. 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 2015 or 31 December 2014

	2015	2014
Profit attributed to equity holders (Shs' thousands)	(962,189)	2,501,489
Weighted number of ordinary shares in issue (thousands)	1,938,416	1,911,138
Basic and diluted earnings per share (Shs)	(0.5)	1.31

Notes to the financial statements for the year ended 31 December 2015

28. (i) Investment property

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	5,604,555	3,782,181	670,100	535,000
Additions	1,576,098	1,020,640	-	28,100
Disposals	-	-	(768,100)	-
Fair value gains on investment property	993,346	801,734	98,000	107,000
At end of year	8,173,999	5,604,555	-	670,100

The valuation exercise for investment property was carried out by Gimco Limited, registered professional valuers on 31 December 2015. Investment property is valued on an open market basis. An investment in property is classified as a non-current asset. The fair values arising from the open market

valuation of investment property are categorised as level 2 in the fair value hierarchy.

As at 31 December 2015, Britam Holdings Limited held no investment property (2014: Shs 670,100,000).

28. (ii) Investment in property funds

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	821,979	-	492,243	-
Additions	393,119	892,117	400,000	506,913
Disposal	-	-	(524,597)	-
Fair value gains/ (losses) on property funds	151,908	(70,138)	103,775	(14,670)
At end of year	1,367,006	821,979	471,421	492,243

An investment in property funds is classified as a non-current asset. The fair values arising from the open market valuation of investment property funds are categorised as level 2 in the fair value hierarchy.

29. Quoted ordinary shares

(i) At fair value through other comprehensive income

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	9,910,525	6,109,614	9,051,585	3,178,840
Disposals	(1,138,949)	(368,197)	(1,410,463)	-
Additions	-	541,243	448,725	2,800,000
Fair value (losses)/gains (Note 25)	(1,759,077)	3,627,865	(1,806,735)	3,072,745
At end of year	7,012,499	9,910,525	6,283,112	9,051,585

Quoted ordinary shares at fair value through other comprehensive income are classified as non-current assets.

Notes to the financial statements for the year ended 31 December 2015

(ii) At fair value through profit or loss

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	11,553,812	7,632,998	4,121,177	2,534,524
Additions	538,916	1,330,900	-	-
Disposals	(940,889)	(737,426)	-	-
Fair value (losses)/gains (Note 25)	(2,008,649)	3,327,340	(824,235)	1,586,653
At end of year	9,143,190	11,553,812	3,296,942	4,121,177

Quoted ordinary shares at fair value through profit or loss are classified as current assets.

30. Unquoted ordinary shares at fair value through profit or loss

	Group	
	2015	2014
	Shs'000	Shs'000
At start of year	5,842	3,770
Additions	3,952	2,072
At end of year	9,794	5,842

31. Unit trusts

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	7,117,166	8,066,022	-	189,748
Additions	25,633	678,901	-	-
Disposals	(965,363)	(2,385,779)	-	(203,707)
Fair value (losses)/gains	(647,984)	758,022	-	13,959
At end of year	5,529,452	7,117,166	-	-

Unit-linked investment contracts are designated as contracts at fair value through profit or loss. The benefits offered under these contracts are based on the return of a portfolio of equities and debt securities. Unit trusts are classified as current assets.

Notes to the financial statements for the year ended 31 December 2015

32. Government securities

(i) At fair value through profit or loss

	Group	
	2015	2014
	Shs'000	Shs'000
Treasury bills and bonds maturing		
- Within 1 year	204,684	5,263
- In 1 – 5 years	1,075,394	1,233,550
- After 5 years	1,349,852	1,256,402
Total	2,629,930	2,495,215
Treasury bills and bonds movement		
- At start of the year	2,495,215	565,093
- Additions	587,840	1,992,405
- Fair value (losses)/gains	(179,578)	16,803
- Disposals and maturities	(273,547)	(79,086)
At end of year	2,629,930	2,495,215

(ii) At amortised cost

Treasury bills and bonds maturing		
- Within 1 year	164,877	134,100
- In 1 – 5 years	4,755,694	2,997,887
- After 5 years	9,121,465	5,756,000
Total	14,042,036	8,887,987
At start of year	8,887,987	8,166,134
Additions	5,734,020	1,661,563
Maturities	(579,971)	(939,710)
At end of year	14,042,036	8,887,987

33. Corporate bonds held at amortised cost

Maturing Profile		
- Within 1 year	128,755	96,294
- In 1 – 5 years	1,099,118	822,008
- After 5 years	641,027	479,411
Total	1,868,900	1,397,713
Corporate bonds movement		
At start of year	1,397,713	591,920
Additions	883,909	1,122,923
Maturities	(412,722)	(317,130)
At end of year	1,868,900	1,397,713

34. Mortgage loans

	Group	
	2015	2014
	Shs'000	Shs'000
Total loans at start of year	864,753	793,815
Prior year provision for impairment	51,293	41,335
Loans advanced	196,727	159,921
Loan repayments	(152,011)	(157,680)
Accrued interest	82,320	78,655
Total loan amount at end of year	1,043,082	916,046
Less: Provision for impairment losses	(48,801)	(51,293)
Net loan amount at end of year	994,281	864,753
Movement in provision for mortgages impairment losses:		
At 1 January	51,293	41,335
Increase	(2,492)	9,958
At 31 December	48,801	51,293
Lending commitments:		
Mortgage loans approved by investment committee but not advanced as at 31 December	83,113	77,378
Mortgage loans maturity profile		
- Within 1 year	20,200	35,595
- In 1 – 5 years	106,925	230,959
- After 5 years	867,156	598,199
At end of year	994,281	864,753

Mortgage loans to related parties are disclosed in Note 40.

35. Loans and receivables to policyholders

At start of year	488,084	376,778
Loans advanced	509,863	429,130
Surrenders	(33,187)	(66,620)
Loan repayments	(419,419)	(316,716)
Accrued interest	69,322	65,512
At end of year	614,663	488,084
Loans and receivables to policyholders maturity profile		
- Within 1 year	230,334	182,901
- In 1 – 5 years	348,678	276,874
- After 5 years	35,651	28,309
At end of year	614,663	488,084

Notes to the financial statements for the year ended 31 December 2015

36. (i) Receivables arising out of reinsurance arrangements – Group

Receivables arising out of reinsurance arrangements – Group	Group	
	2015	2014
	Shs'000	Shs'000
At the start of the year	930,097	81,228
(Receveid)/Additions	(125,652)	848,869
At the end of the year	804,445	930,097
Past due 1 – 60 days	355,778	662,694
Past due 61 – 90 days	122,439	83,708
Past due 91 - 180 days	326,228	183,695
Total	804,445	930,097
Creditors arising from reinsurance arrangements		
At the start of the year	847,016	107,709
(Payments)/Additions	(46,753)	739,307
At the end of the year	800,263	847,016

36(ii) Receivables arising out of direct insurance arrangements – Group

Current receivables	1,496,759	1,338,120
Past due but not impaired	794,560	1,095,904
Impaired	853,909	71,343
Gross	3,145,228	2,505,367
Less: Provision for impairment	(853,909)	(71,343)
Net	2,291,319	2,505,367
Movements in the provision account :		
At 1 January	71,343	6,768
Increase	782,566	64,575
Totals	853,909	71,343
At 31 December	853,909	71,343
Past due 1 – 60 days	1,496,759	1,338,120
Past due 61 – 90 days	447,843	246,413
Past due 91 - 180 days	346,717	920,834
Total	2,291,319	2,505,367



Notes to the financial statements for the year ended 31 December 2015

37. Reinsurers' share of insurance liabilities - Group

	2015	2014
	Shs'000	Shs'000
Reinsurers' share of:		
- notified claims outstanding – long term	568,823	43,424
- notified claims outstanding – short term (Note 47)	1,743,179	607,300
- unearned premium (Note 51)	702,851	1,233,778
- claims incurred but not reported (Note 47)	429,483	388,705
At end of year	3,444,336	2,273,207

Amounts due from reinsurers in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements on the statement of financial position. Reinsurers' share of insurance liabilities is classified as a non-current asset.

38. Deferred acquisition costs - Group

At start of year	355,352	180,389
Additions	394,158	344,491
Amortisation charge	(209,285)	(169,528)
At end of year	540,225	355,352

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(c). Deferred acquisition costs are classified as current assets.

39. Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2014: 30%). Capital gains tax, at 5%, was introduced with effect from 1 January 2015. Unrealised revaluation gains on property and equities have created a deferred tax liability. 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 movement in the deferred income tax account and the composition of the unrecognised deferred income tax asset is as follows:

Notes to the financial statements for the year ended 31 December 2015

Group	31.12.15	2015	31.12.14	2014	1.1.14
	Shs'000	Movement Shs'000	Shs'000	Movement Shs'000	
Property and equipment:					
- on historical cost basis (buildings only)	(54,189)	(75,926)	21,737	(13,030)	34,767
Provisions	399,706	343,480	56,225	47,317	8,908
Tax losses brought forward:	399,886	22,923	376,963	136,837	240,126
Less: Deferred tax asset not recognised:					
- Britam Life Assurance Company (Kenya) Limited	-	-	-	14,713	(14,713)
- Britam Holdings Limited	(356,766)	(66,445)	(290,321)	(26,488)	(263,833)
Capital gains tax:					
- - Britam Holdings Limited	-	474,102	(474,102)	(474,102)	-
Life fund surplus	(2,112,917)	175,268	(2,288,185)	(384,798)	(1,903,387)
Net deferred income tax liability	(1,724,281)	873,402	(2,597,683)	(699,551)	(1,898,132)
Reconciliation:					
Income statement	-	525,564	-	(138,394)	-
Other comprehensive income	-	347,837	-	(561,157)	-
Total	-	873,402	-	(699,551)	-
Statement of financial position					
Deferred income tax asset	370,303	202,013	168,290	163,035	5,255
Deferred income tax liability	(2,094,584)	671,389	(2,765,973)	(862,586)	(1,903,387)
Net deferred income tax liability	(1,724,281)	873,402	(2,597,683)	(699,551)	(1,898,132)

Company

The deferred tax asset for the Company has not been recognised as the Company is unlikely to make sufficient taxable profits to off-set the tax losses within the four year period permitted by the Kenyan Income Tax Act. Deferred tax assets/liabilities are classified as non-current assets/liabilities:

Company	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and equipment:					
- on historical cost basis	1,066	(1,829)	2,895	437	2,458
Provisions	15,758	(7,993)	23,751	2,502	21,249
Tax losses brought forward	339,942	76,267	263,675	23,549	240,126
Capital gains tax:					
- income statement		186,302	(186,302)	(186,302)	-
- statement of financial position		287,800	(287,800)	(287,800)	-
Deferred tax asset not recognised	(356,766)	(66,445)	(290,321)	(26,488)	(263,833)
Net deferred income tax liability	-	474,102	(474,102)	(474,102)	-

Notes to the financial statements for the year ended 31 December 2015

40. Related party balance and transactions

There are several companies related to the Group through common shareholdings or being controlled or significantly influenced by a director or key management personnel of the Company.

(i) Outstanding balances with related parties

	2015	2014
	Shs'000	Shs'000
Due to related parties – Company		
Britam Life Assurance Company (Kenya) Limited	1,381,582	782,424
Britam General Insurance Company (Kenya) Limited	54,487	582
Britam Insurance Company Limited (Malawi)	2,797	2,912
Total	1,438,866	785,918
Due from related parties – Company		
Britam Asset Managers Limited	6,045	255,249
Britam Insurance Company (Uganda) Limited	10,650	12,903
Britam Insurance Company Limited (South Sudan)	7,331	6,029
Britam Insurance Company (Rwanda) Limited	7,519	5,960
Britam Properties Limited	305,486	669,381
Britam Companhia De Seguros De Mozambique S.A.	5,118	5,543
Britam Insurance (Tanzania) Limited	12,500	153
Total	354,649	955,218

The value of Equity Bank Limited shares held by the Group at the end of the year amounted to Shs 13,602,373,000 (2014: Shs 18,686,751,000).

The Group has also invested Shs 5,529,452,000 (2014: Shs 7,117,166,000) in the various British-American unit trust funds. The investment in property funds and in liquid funds of Shs 1,367,006,000 (2014: 821,979,000) and Shs

1,196,323,000 (2014: 1,196,323,000) respectively are both managed by Britam Asset Managers Limited.

The inter-company balance owed by the holding company to Britam Life Assurance Company (Kenya) Limited and Britam General Insurance Company (Kenya) Limited attracts an interest of 11% (2014: 11%) and this amounted to Shs 82.94 million as at 31 December 2015 (2014: Shs 84.1 million).

(ii) Mortgage loans to directors of the Group

	2015	2014
	Shs'000	Shs'000
Loans to directors and their families		
At start of year	181,332	166,628
Loans advanced during the year	17,597	10,042
Interest charge for the year	20,578	19,704
Loan repayments	(27,259)	(15,042)
At end of year	192,248	181,332

Mortgage loans are given to both executive and non-executive directors. The loans are fully secured and are charged interest at 6% p.a (2013: 6% p.a) for

executive directors and at 14.5% per annum (2013: 14.5% per annum) for non-executive directors.

Notes to the financial statements for the year ended 31 December 2015

(iii) Transactions with related parties

	2015	2014
Gross earned premium		
Equity Bank Limited	3,167,475	2,301,047
HF Group Limited	121,134	95,802
Britam Asset Managers Limited	2,227	2,176
Net claims incurred		
Equity Bank Limited	1,330,234	898,629
HF Group Limited	2,900	
Others		
Interest on related party balances	-	84,002
Fair value gains on Equity Bank shares	89,897	1,446,543
Acquisition of additional shares in Housing Finance	885,960	2,780,340
48.82% (2014: 46.04%) share of HF Group Limited profit after tax	594,864	259,007
48.82% (2014: 46.04%) share of HF Group Limited other comprehensive income	(6,523)	37,954
Transactions between Britam Life Assurance Company Limited and Britam Holdings Limited		
Sale of quoted investment held in OCI	1,577,791	-
Sale of HF Group shares	1,555,500	-
Purchase of investment property	1,135,000	-
Investment in property fund	524,596	-
Total	10,987,578	7,905,500

The Group holds a 9.0% (2014: 10.1%) stake in Equity Group Holdings Limited and 48.82% (2014: 46.04%) in HF Group Limited.

(iv) Directors' and Senior Managers' remuneration – Group

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal

Audit. The compensation paid or payable to key management for employment services is shown below:

	2015	2014
	Shs'000	Shs'000
Directors' fees	248,485	66,953
Directors' other remuneration	123,432	54,171
Senior managers' remuneration	1,290,429	446,931
Total	1,662,346	568,055

Notes to the financial statements for the year ended 31 December 2015

41. Other receivables

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
Staff and agents loans	219,003	110,372	271	-
Car loans and premium financing	279,216	254,576	-	-
Accrued income	9,609	51,232	-	-
Dues from managed funds	241,731	309,025	-	14,149
Refundable deposits	25,891	14,973	-	-
Motor pool	40,287	23,298	-	-
Prepayments	82,411	87,642	3,240	834
Other receivables	754,664	104,740	1,043,098	4,623
Total	1,652,812	955,858	1,046,609	19,606

All prepayments are classified as current. The ageing analysis of other receivables is presented in note 4(b).

Company

In business transfer transaction (Note 57) of the general insurance business of Britam Life Assurance (Kenya) Limited to Britam General Insurance Company (Kenya) the Company entered into a Debtors Cession Agreement

of Shs 900,000,000 with Britam General Insurance (Kenya) Limited. Under this Agreement, Britam General Insurance Company (Kenya) will collect the outstanding receivables and remit the funds to Britam Holdings Limited.

42. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
Cash and bank balances	1,595,442	1,050,785	88,024	59,409
Deposits with financial institutions	3,218,619	4,594,079	-	1,000,027
Investment in liquid funds	-	1,196,323	-	1,178,784
Total cash and cash equivalents	4,814,061	6,841,187	88,024	2,238,220

Investment in liquid funds; these are investments in the Cash Management Solution (CMS) product by Britam Asset Managers Limited. The CMS product, investments in deposits with financial institutions and is therefore liquid in nature. 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 was 16.2% (2014:11.96%).

Cash and cash equivalents of Shs 46,808,000 (2014: Shs 38,839,000) is restricted cash in Britam Insurance Company Limited (South Sudan). Under section 9(i) of the Bank of South Sudan Act, the Company is required to maintain a security deposit with the Bank of South Sudan of at least 10% of the prescribed minimum paid up capital. The Bank of South Sudan retained 10% from the first instalment paid.

Notes to the financial statements for the year ended 31 December 2015

43 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

Group	2015	2014
	Shs'000	Shs'000
(Loss)/Profit before tax	(1,194,938)	3,212,382
Adjustments for:		
Depreciation of leasehold improvements and equipment (Note 22)	296,356	208,633
Amortisation of intangible assets (Note 23)	41,144	55,607
Income from investment property	(1,211,502)	(782,237)
Interest and dividend income	(3,128,572)	(2,538,051)
Net realised gains on financial assets	(209,944)	(156,983)
Net fair value gains on financial assets at fair value through profit or loss	2,836,211	(4,102,165)
Foreign currency (gains)/losses	(423,523)	(169,566)
Share of profit of the associates	(594,864)	(259,007)
Changes in:		
- Receivables arising out of direct insurance arrangements	214,048	(1,451,436)
- Receivables arising out of reinsurance arrangements	125,652	(848,867)
- Re-insurers' share of insurance liabilities	(1,171,129)	137,210
- Unearned premium	50,394	3,321,324
- Retirement benefit asset	(101,826)	72,581
- Other payables	919,886	674,518
- Deferred acquisition costs	(184,873)	(174,963)
- Other receivables	(696,954)	(329,657)
- Insurance contract liabilities	5,640,582	3,729,925
- Liabilities under investment contract	(1,117,788)	189,612
- Payable under deposit administration contracts	3,762,470	3,092,482
- Creditors arising out of reinsurance arrangements	(46,753)	739,307
- Creditors arising out of direct insurance arrangements	(45,183)	51,190
Cash generated from operations	3,758,895	4,671,836

44 Insurance contract liabilities

Movements in insurance liabilities and reinsurance assets are shown in Note 47.

	2015	2014
	Shs'000	Shs'000
Long term insurance contracts		
- claims reported and claims handling expenses	721,048	407,503
- actuarial value of long term liabilities (Note 48)	15,082,324	12,312,720
Total – long term	15,803,372	12,720,223
Short term non-life insurance contracts		
- claims reported and claims handling expenses	3,873,553	2,299,919
- claims incurred but not reported (Note 45)	2,109,819	1,126,020
Total – short term (Notes 45)	5,983,372	3,425,939
Total gross insurance liabilities	21,786,744	16,146,162

45. Short-term non-life 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.

	2011	2012	2013	2014	2015	Total
	Shs'000	Shs'000	Shs'000			Shs'000
Estimate of ultimate claims costs:						
at end of accident year	1,239,844	3,530,357	2,610,779	3,093,390	6,194,118	16,668,489
one year later	1,446,726	2,858,368	3,015,713	3,369,771	-	10,690,578
two years later	1,538,877	2,281,248	3,124,751	-	-	6,944,876
three years later	1,590,524	2,341,725	-	-	-	3,932,249
four years later	1,608,018	-	-	-	-	1,608,018
Current estimate of cumulative claims	1,608,018	2,341,725	3,124,751	3,369,771	6,194,118	16,638,384
Add: Incurred but not Reported	18,231	56,845	138,510	313,028	1,583,204	2,109,819
Add: Liability in respect of prior years	752,472	-	-	-	-	752,472
Less: Cumulative payments to date	(1,552,459)	(2,191,715)	(2,845,350)	(2,945,950)	(3,981,828)	(13,517,302)
Liability included in the statement of financial position	826,262	206,855	417,912	736,849	3,795,494	5,983,373

46. Long term insurance contract liabilities

The Group's significant amount of long term business is carried out in Kenya. The assumptions presented are therefore specific to Kenya as the rest of the life business are not significant. The Group determines its long term insurance contracts based on the prescribed valuation basis 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) Limited). As at 31 December 2015, the valuation showed a surplus of Shs 5.302 billion (2014: Shs 6.415 billion).

Valuation assumptions

The key assumptions are summarized below:

(a) Mortality

The prescribed mortality assumptions are; the AKI KE 01/03 for conventional life business and a (55) for the annuity business. The same assumptions were used in 2014.

(b) Interest rate

The Insurance Act prescribes a 4% interest rate as the investment return assumption and for discounting the cash flows (benefits less premium and investment income). The same assumption was used in 2014.

(c) Persistency, expenses, expense inflation and tax

The prescribed basis does not explicitly allow for the persistency, expense, expense inflation and tax. Expense assumption is implicitly allowed through the difference between the gross premium and net valuation premium. Persistency is explicitly not allowed for.

Notes to the financial statements for the year ended 31 December 2015

47. Movements in insurance liabilities and reinsurance assets

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Notified claims	2,299,919	607,300	1,692,619	2,522,760	1,966,711	556,049
Incurred but not reported	1,126,020	388,705	737,315	255,623	30,804	224,819
Total at beginning of year	3,425,939	996,005	2,429,934	2,778,383	1,997,515	780,868
Cash paid for claims settled in year	(5,969,026)	(1,222,772)	(4,746,254)	(4,390,392)	(923,199)	(3,467,193)
Increase in liabilities:	(15,659)	2,139	(13,520)	27,538	(5,060)	22,478
- arising from current year claims	6,782,337	2,077,672	4,704,665	1,205,017	617,247	587,770
- arising from prior year claims	1,813,000	321,756	1,491,244	3,832,931	(695,558)	4,528,489
Total at end of year	6,052,250	2,172,661	3,879,589	3,425,939	996,005	2,429,934
Notified claims	3,942,433	1,743,179	2,199,254	2,299,919	607,300	1,692,619
Incurred but not reported	2,109,819	429,483	1,680,336	1,126,020	388,705	737,315
Total at the end of year	6,052,252	2,172,662	3,879,590	3,425,939	996,005	2,429,934

48. Actuarial value of long term liabilities

	2015			2014		
	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	10,861,033	1,451,687	12,312,720	8,145,399	1,116,020	9,261,419
Surrenders and annuity payments	(1,434,934)	(538,760)	(1,973,694)	(1,437,455)	(490,511)	(1,927,966)
Increase in the period (net) restated	3,158,856	(393,699)	2,765,157	3,136,625	(85,324)	3,051,301
New business	827,968	1,150,172	1,978,140	1,016,464	911,502	1,927,966
Change in Actuarial Reserves	2,551,890	217,713	2,769,604	2,715,634	335,667	3,051,301
At end of year	13,412,923	1,669,400	15,082,324	10,861,033	1,451,687	12,312,720

49. Amounts payable under deposit administration contracts

Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. Interest was declared and

credited to the customer accounts at a weighted average rate of 8% for the year (2014: 16%).

Group	2015	2014
	Shs'000	Shs'000
At start of year	11,201,557	8,109,075
Pension fund deposits received	3,929,719	2,653,872
Surrender and annuities paid	(1,172,408)	(989,164)
Interest payable to policyholders (Note 14)	1,005,159	1,427,774
At end of year	14,964,027	11,201,557



Notes to the financial statements for the year ended 31 December 2015

50. Liabilities under investment contracts

Group	2015	2014
	Shs'000	Shs'000
At start of the year	6,603,982	6,414,370
Net investments	846,866	999,519
Liabilities released for payments:	(1,455,269)	(1,418,170)
Fair value (loss)/gain on investments (Note 14)	(509,385)	608,263
At end of year	5,486,194	6,603,982

For the unit linked investment contracts, the benefits offered are based on the return on 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.

51. Unearned premium

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:

	2015			2014		
	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	3,976,998	1,233,778	5,210,776	1,536,747	352,705	1,889,452
(Decrease)/Increase in the period (net)	581,322	(530,928)	50,394	2,440,251	881,073	3,321,324
At end of year	4,558,320	702,850	5,261,170	3,976,998	1,233,778	5,210,776

52. Commitments

The Group capital commitments were as follows;

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
Construction of investment property	4,571,561	4,485,722	-	400,000
Investment in information technology software	1,446,291	618,246	25,174	30,912

Notes to the financial statements for the year ended 31 December 2015

52. (i) Operating lease commitments

The no future minimum operating lease commitments under non-cancellable operating leases for the company, for the Group were as follows:

	Receivable		Payable	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
Not later than 1 year	2,023	43,449	-	10,231
Later than 1 year but not later than 5 years	47,117	88,850	-	116,558
Later than 5 years	12,922	159,651	-	286,717
Total	62,062	291,950	-	413,506

53. Retirement benefit liability

The Group operates two types of retirement benefit schemes for its employees and qualifying agents

Defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate. The scheme is open to new entrants.

Defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is

determined by discounting the estimated future cash outflows using interest rates

of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

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 in which they arise. Past -service costs are recognised immediately in income. The scheme is not open to new entrants.

The scheme is established under trust and the scheme funds are invested by the treasury & investment manager in a variety of asset classes comprising government securities (treasury bills and bonds), stocks and shares and commercial paper.

The amounts recognised in the statement of financial position are determined as follows:

	2015	2014
	Shs'000	Shs'000
Present value of funded obligations	357,340	374,567
Fair value of plan assets	(531,933)	(447,334)
Present value of over-funding	(174,593)	(72,767)
Asset in the balance sheet	(174,593)	(72,767)



Notes to the financial statements for the year ended 31 December 2015

The movement in the defined benefit obligation over the year was as follows:

	2015	2014
	Shs'000	Shs'000
At start of year	374,567	343,855
Current service cost	9,745	10,902
Interest cost	50,828	40,338
	60,573	51,240
Re-measurements:		
Impact of change in demographic assumptions	-	-
Impact of change in financial assumptions	(63,883)	19,911
Experience adjustments	9,101	(14,001)
Benefits paid	(23,018)	(26,438)
At end of year	357,340	374,567

The movement in the fair value of the plan assets is as follows:

	2015	2014
	Shs'000	Shs'000
At start of year	447,334	344,041
Interest income	65,777	44,494
Re-measurements:		
Return on plan assets	(26,176)	17,468
Employer contributions	64,342	65,356
Employee contributions	7,540	6,973
Expenses paid	(3,867)	(4,560)
Benefits paid	(23,017)	(26,438)
	44,998	41,331
At end of year	531,933	447,334

The trustees have invested the scheme assets in a guaranteed fund.

Expected contributions to the plan for the year ending 31 December 2016 are Shs 76,642,000 (2015: Shs 74,342,000).

The amounts recognised in the income statement for the year are as follows:

	2015	2014
	Shs'000	Shs'000
Current service cost	9,745	10,902
Interest (income)/expenses	(14,949)	(4,156)
Contributions received from members	(7,540)	(6,973)
Expenses paid	3,867	4,560
Total included in employee benefit expense	(8,877)	4,333

Notes to the financial statements for the year ended 31 December 2015

The amounts recognised in other comprehensive income statement for the year are as follows:

The re-measurement included in the other comprehensive income of the retirement liability/asset amounted to Shs 28,606,000 (2014: 11,558,000).

The principal actuarial assumptions used were as follows:

	2015	2014
- discount rate	14.00%	12.20%
- future salary increases	10.00%	12.00%
- future pension increases	0.00%	0.00%

The sensitivity of the present value of funded obligations to changes in the principal assumptions is:

	2015	2014
- discount rate- 100 basis points (+or-1.00% per annum)	-7.79%	9.01%
- future salary increases- 100 basis points (+or-1.00% per annum)	1.26%	-1.26%
- future pension increases-100 basis points (+or-1.00% per annum)	3.49%	3.49%

54. 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:

	2015	2014
Mortgage loans	8.99%	9.64%
Policy loans	14.5%	14.5%
Government securities	11.9%	10.9%
Deposits with financial institutions	16.2%	12.4%
Corporate bond	12.8%	12.7%

Deposits with financial institutions have an average maturity of 3 months (2014: 3 months).

55. Other payables

	Group		Company	
	2015	2014	2015	2014
	Shs'000	Shs'000	Shs'000	Shs'000
Accrued expenses	1,163,490	592,057	70,580	124,778
Premiums paid in advance	253,045	144,209	-	-
Stale cheques	74,353	108,845	-	-
Accrued dividends payable	27,646	22,587	27,646	22,587
Payables to staff	120,055	20,277	49,488	15,753
Trade payables	13,144	274,803	11,619	19,136
Government taxes & statutory deductions	324,538	50,224	9,128	7,986
Other liabilities	577,045	420,429	4,707	2,979
Total other payables	2,553,317	1,633,431	173,168	193,219

There are no individually significant items under other liabilities category. Other payables are classified as current liabilities.



56. Transfer of the General Insurance Business of Britam Life Assurance (Kenya) Limited (Formerly British American Insurance Company (Kenya) Limited) to Britam General Insurance Company (Kenya) Limited under the Insurance Act (Sections 113 to 118)

Background:

Following the acquisition of 99% of Real Insurance Company by the Company under a Share Agreement with Royal Ngao Holdings Limited completed on 1st August 2015 and the balance of 1% from Kenya Farmers Association in June 2015, the Board deemed that more value would be preserved by transferring the general insurance business of Britam Life Assurance (Kenya) Limited into Britam General Insurance Company (Kenya) Limited.

Application to Insurance Regulatory Authority (IRA):

An application in compliance with S.113(2) Part XI of the Insurance Act was initially made to the Insurance Regulatory Authority for transfer of the general insurance business of Britam Life Assurance (Kenya) Limited effective January 2015. This application was supported by agreements that stipulated the manner in which the assets and liabilities including staff and policies were to be transferred.

Assets Transfer and Investment Agreement incorporating the Deed of Amendment:

This Agreement required Britam Life Assurance (Kenya) Limited to transfer all the assets and liabilities (including staff) of general insurance business to Britam General Insurance Company (Kenya) Limited with the following exceptions:

- Cession of Debtors amounting to Shs 900 million subject of the Cession Agreement to Britam Holdings Limited.
- Distribution of reserves to Britam Holdings Limited on the balance sheet as at 31st December 2014 amounting to Kshs 1,338,298,000 to be consummated through a dividend, of which Shs 1,138,298,000 was for onward investment into Britam General Insurance Company (Kenya) Limited as follows:
 - o Share Capital: Kshs 1,018,000,000
 - o Short term loan of Shs 119,859,000
 - o Intercompany payable of Shs 439,000

Portfolio Transfer Agreement:

The objective of this Agreement was to transfer and vest all the policyholders liabilities to Britam General Insurance Company (Kenya) Limited. As a consequence, following the approval by IRA, all the insurance policies transferred and vested under Britam General Insurance Company (Kenya) Limited. The associated liabilities include UPR, URR, IBNR, Claims outstanding and any other policy holders related liabilities.

Accounting Issues

The Effective Date of the transfer of the Business per the Agreements was 31 July 2014, the date preceding Completion of the primary Acquisition. This meant that all revenues and expenses of the Transfer Business vested under Britam General Insurance Company (Kenya) Limited from the Effective Date. However, to permit accurate financial reporting the agreements had recognised, that if completion of these agreements was not achieved by 31st December 2014, then, for financial reporting purposes Britam Life Assurance (Kenya) Limited would continue to report the performance and affairs of its general business as if no transfer of the transfer business had taken place from the Effective Date.

Approval by IRA and Filing:

The IRA approval was obtained on 21 December 2015.

Transfer of Assets and Liabilities

The table below shows the Assets and Liabilities that were transferred from Britam Life Assurance (Kenya) Limited to Britam General Insurance Company

(Kenya) Limited as at 1 January 2015. They were then incorporated in the assets and liabilities of the Transferee in 2015.

Assets	Amounts Shs'000
Property and equipment	134,867
Intangible assets	151,484
Investments at fair value through profit or loss:	
- equity investments	219,972
- unit trusts	25,886
- government securities	301,140
Government securities at amortised cost	1,728,735
Corporate bonds at amortised cost	486,592
Receivables arising out of reinsurance arrangements	135,761
Receivables arising out of direct insurance arrangements	127,200
Reinsurers' share of insurance liabilities	600,651
Receivables from related local companies	118,059
Deferred income tax asset	3,218
Deferred acquisition costs	194,414
Tax recoverable	95,106
Other receivables	32,548
Deposits with financial institutions	735,513
Cash and bank balances	147,416
Total assets	5,238,562
Liabilities	
Outstanding claims provisions	1,491,453
Provisions for unearned premium & unexpired risks	2,091,801
Payables to related local companies:	119,860
Short term loan	175,272
Total liabilities	3,878,386



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