

Britam

With you every step of the way



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BRITAM HOLDINGS PLC INTEGRATED REPORT & AUDITED FINANCIAL STATEMENTS

FINANCIAL RESILIENCE
AND SUSTAINABILITY IN
CHALLENGING TIMES



Your Friend for Life

We didn't earn trust overnight.
We've built it over decades of sure
and profitable financial service.



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Our success has
been built on
respect, integrity,
innovation, and
**unwavering
customer focus**

Our Story

Who We Are

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

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

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

OUR PHILOSOPHIES



OUR PURPOSE

Safeguarding Dreams and Aspirations



OUR VISION

To be the leading diversified financial services company in our chosen markets across Africa



OUR MISSION

Providing you with financial security every step of the way



BRAND PROMISE

With you every step of the way



CX VISION

We will serve with empathy and care and provide an EPIC² experience



OUR VALUES

- Respect
- Integrity
- Innovation
- Customer Focus



CX VISION PILLARS - EPIC²

- Employees
- Partnerships
- Innovation
- Clients
- Conduct

1000+

Employees across Africa

3800+

Financial Advisors

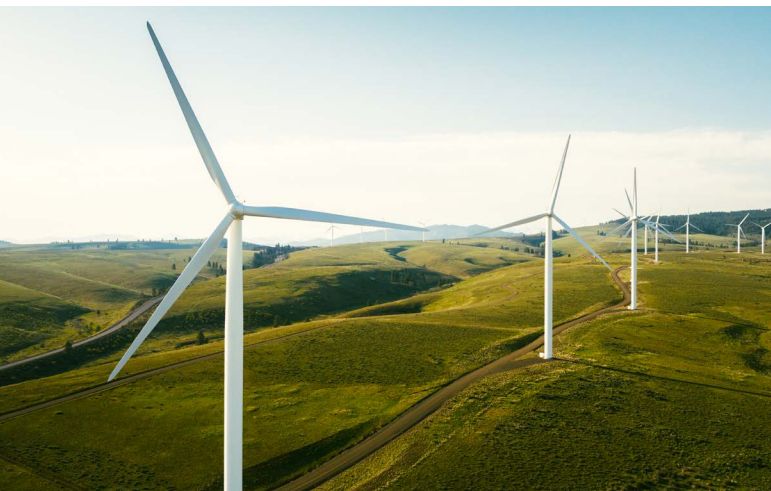
Shs.19.3B

Market capitalisation of the NSE

Shs.174B

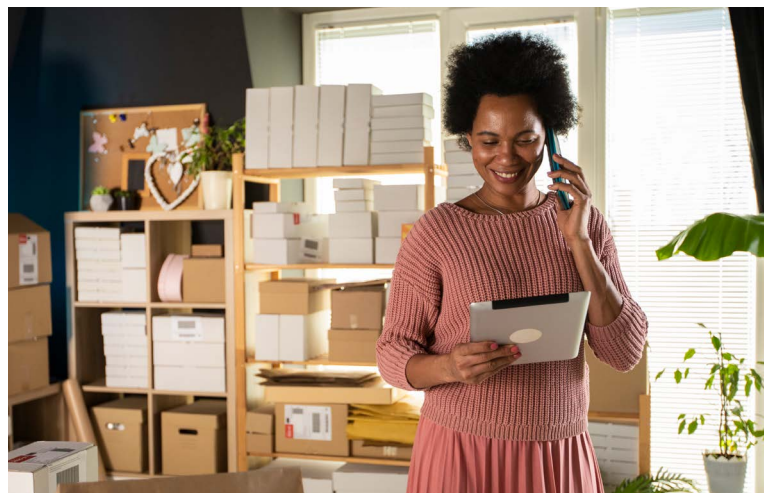
Total Assets

Who We Are (Continued)



Sustainability

Britam creates value by combining a broad range of resources to generate positive outcomes for society that go beyond financial returns for our shareholders or investors. We believe these outcomes are fundamental in securing our long term financial performance and sustainability.



Business

By focusing on ESG factors, as we conduct our business, Britam is well-positioned to thrive in the dynamic African markets while also making a positive impact on the environment and society.



Communities

Through education, community development projects, and partnerships, we strive to create a positive and lasting impact on the communities in which we operate.

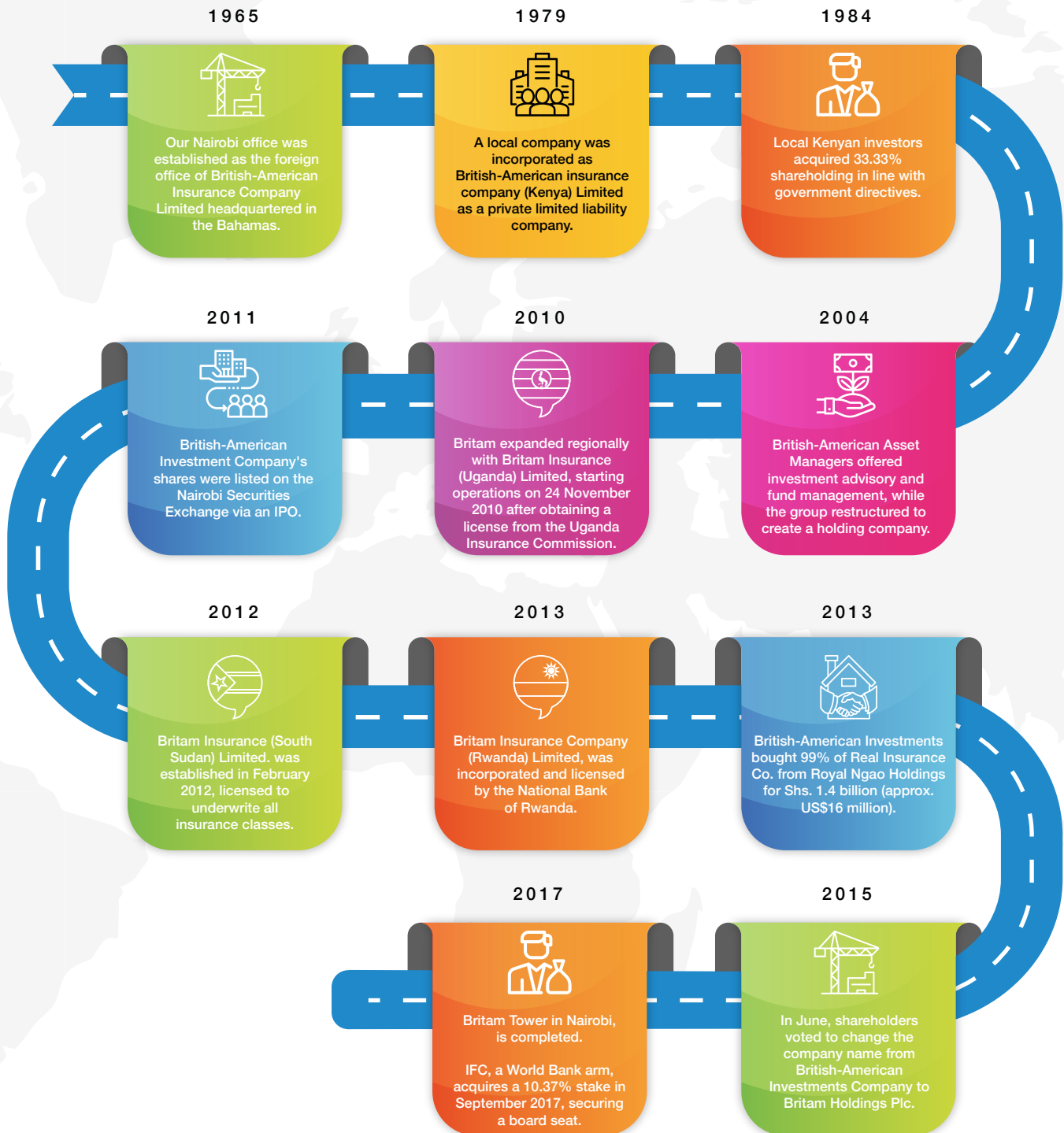


Operations

Our operations are continuously evaluated and improved to ensure that we are doing our part in creating a better future for generations to come.

Our History

Our success has been built on respect, integrity, innovation, and unwavering customer focus for almost six decades. We are proud of our journey and are honoured to continue serving you with excellence.



7 markets

Presence across Africa

22%

Life business market share

13%

Combined market share

Our Footprint



 **Kenya**
Established 1965

 **Uganda**
Established 2010

 **Tanzania**
Acquired 2014

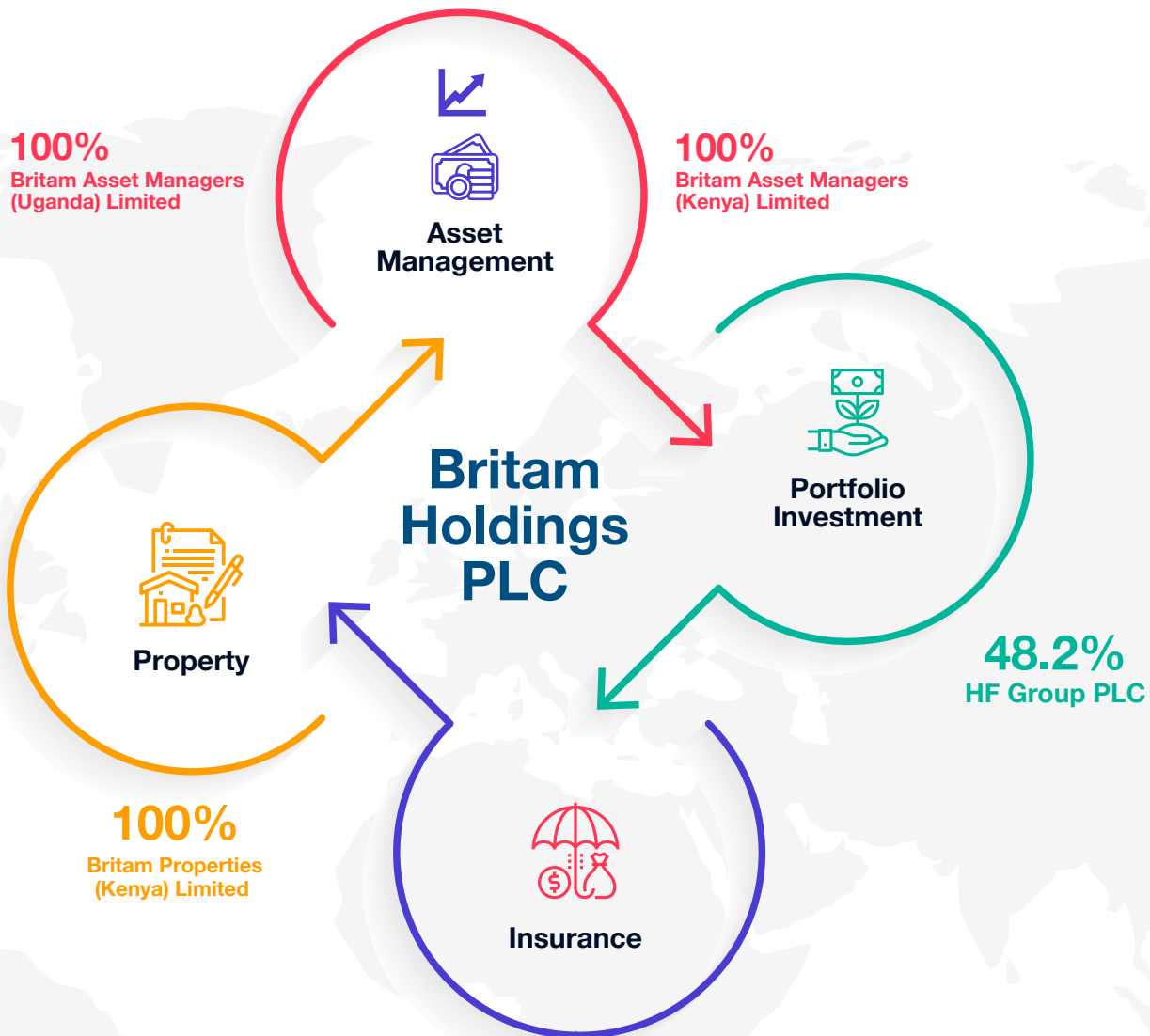
 **Mozambique**
Acquired 2014

 **Rwanda**
Established 2012

 **Malawi**
Acquired 2014

 **South Sudan**
Established 2012

Our Structure



100% Britam Life Assurance Company (Kenya) Limited

100% Britam General Insurance Company (Kenya) Limited

100% KHSL (Kilimani Hotel Suites Limited)



100% Britam Insurance Company Limited (Uganda)



55% Britam Insurance Company (Tanzania) Limited



98% Britam-Companhia De Seguros De Mozambique S.A



100% Britam Insurance Company Limited (Rwanda)



100% Britam Insurance Company Limited (Malawi)



100% Britam Insurance Company (South Sudan) Limited

Our Foundation



The Britam Foundation envisions a future with a thriving society where every individual has access to holistic health, quality education, sustainable environments, and boundless opportunities in entrepreneurship. We aspire to create lasting positive change and foster inclusive, resilient societies across the region.

The Britam Foundation is committed to **enriching lives in Africa**.

Our vision

To empower thriving communities through holistic health, quality education, sustainable environments and boundless entrepreneurial opportunities.

Our Mission

To empower individuals, nurture communities and inspire sustainable developments for generations to come.

Overview of the Foundation Pillars



HEALTH

Promoting healthcare access and healthy living are key to Kenya's universal health coverage agenda, prioritizing community well-being.



EDUCATION

Britam prioritizes education by fostering a learning culture, promoting financial and insurance literacy, and supporting access to quality education through scholarships and grants.



ENVIRONMENT

The foundation aims to combat climate change by prioritizing long-term initiatives to reduce and mitigate climate-related risks, contributing to global efforts in addressing this pressing issue.



ENTREPRENEURSHIP

The foundation is committed to fostering sustained development and well-being by supporting innovation and entrepreneurship within the community. It aims to contribute to the financial stability of small and medium enterprises (MSMEs and SMEs) while nurturing youth-driven invention.

Our Strategy

The 2021- 2025 Strategy Client Experience (CX) Vision:

We will serve with empathy & care and provide an EPIC² experience



Sustainability at a Glance

Our Sustainability Vision

To be the leading diversified financial services company in our chosen markets, driving positive environmental and social impact, with the highest standards of governance.

Our Sustainability Mission

Empowering a sustainable future, where dreams and aspirations thrive.

Our Sustainability Material Topics



Safeguarding our Environment



Healthier Lives & well-Being



Positive Impact to Our People



Innovation, Collaboration & Technology



Responsible Business

Our Sustainability Framework

Lead in environmental responsibility and contribute to a healthier planet for both present and future generations

Create a workplace and customer experience that goes beyond expectations, promotes mutual growth, satisfaction and lasting relationships.

Drive innovation, foster collaboration and responsibly leverage on technology.

Be a catalyst for positive change, actively commit to community well-being, healthcare, sustainability and the overall health and education landscape.

Aim to set a benchmark for responsible business ethics in the financial services industry.

Impact on UN SDGs

<p>03 GOOD HEALTH AND WELL-BEING</p> 	<p>04 QUALITY EDUCATION</p> 	<p>05 GENDER EQUA</p> 	<p>08 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>09 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p>10 REDUCED INEQUALITIES</p> 	<p>13 CLIMATE ACTION</p> 	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 	

Our Value Creation Model

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



INPUTS

GOVERNANCE



Intellectual Capital

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

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



Human Capital

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

- 1000+ dedicated workforce
- 3800+ financial advisors
- Experienced leadership team
- Corporate culture based on clear ethics and values



Financial Capital

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

- Shs 174 billion total assets
- Shareholders funds at Shs 26 billion



Natural Capital

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

- Our natural capital includes:
- Land
 - Electricity
 - Water



Social Capital

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

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



Manufactured Capital

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

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



Organise around the Customer



Embed Customer-Centricity



Leverage Technology

BUSINESS VERTICALS

- Insurance
- Asset Management
- Property
- Portfolio Investments

Our Value Creation Model

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



OUTPUTS

RISK & CAPITAL MANAGEMENT



DELIVERY CHANNELS

Financial Advisors

- Dedicated Agents
- Independent Agents

Partners

- Dedicated Agents
- Independent Agents

Digital Channels

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

Brokers



TRANSFORMING VALUE



PRODUCT & SERVICES

Insurance

- Life - Long term Insurance
- General - Short term Insurance

Asset Management

- Retail Client Solutions
- Corporate Client Solutions

Property Management

- Management Services



Investors

- 14% Growth in total assets
- 41% Insurance service revenue
- 65% Growth profitability with Shs 4.8 billion Profit Before Tax



Customers

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



Employees

- Shs 4.3 billion paid in salaries and wages
- Achieved 58:42% male/female gender ratio in executive management
- High performance culture across the Group



Regulators

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



Social Impact

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



Turnaround Key Cost Drivers



Shift Investment Strategy



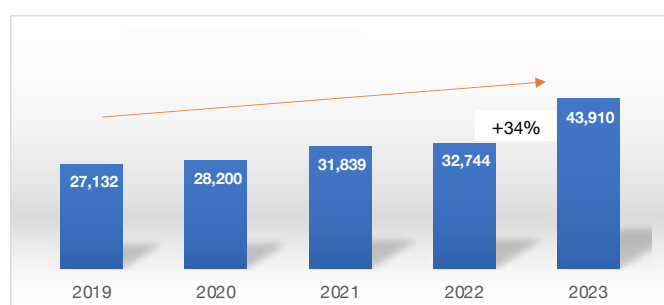
Drive International Growth

Financial Review

The Britam Group has continued to perform very well in the year despite the macroeconomics factors, exhibited in both Kenya and its international businesses, and managed to sustain the growth momentum in line with the 2021 to 2025 Strategy.

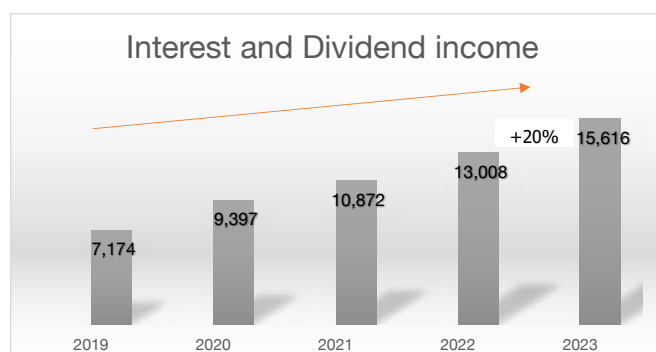
Gross Earned Premiums

The insurance businesses recorded a 34% growth in gross earned premiums from prior year, with the Kenya insurance business registering 34% growth. Similarly, the regional businesses registered a 34% growth, contributing Shs 10.2 billion (2022: Shs 7.6 billion), to the total insurance revenue. This accounts for 23% (2022: 23%) of the total gross earned premiums.



Interest and dividend income

Dividend and interest income increased by 20% from Shs 13.0 billion in 2022 to Shs 15.6 billion



Net income from investment property - which comprises rental income and fair value movements in investment properties recorded a gain of Shs 644 million (2022: Shs 643 million) in the year on the background of growth in occupancy levels and sustained property market. The Group's investment in equities and government securities returned unrealised fair value loss amounting to Shs 4.7 billion compared to losses of Shs 2.3 billion in 2022. The significant fair value losses recorded in government securities compared to prior period was as a result by shifts in the yield curve upwards across different maturities categorised at fair value through profit or loss.

In addition, the share of profit of the companies amounted to Shs 146 million (2022: loss of Shs 2.7 million) in the Group profit before tax, mainly arising from the profit of Shs 26 million (2022: loss of Shs 98 million) recorded by Kilimani Hotel Suites Limited associate, an associate fully owned by Britam Life Assurance Company. HF Group Plc- associate contributed a profit of Shs 120 million (2022: Shs 95 million).

Insurance Service Expenses

The insurance service expenses increased by 31% to Shs 26.9 billion from Shs 20.6 billion in 2022, the increase majorly attributable to increase in the claims in 2023.

Profitability

The Group's profit before tax soared to Shs. 4.82 billion, marking a significant improvement from Shs. 2.92 billion in the previous year. This commendable performance was underpinned by prudent cost management practices, coupled with enhanced revenue streams from

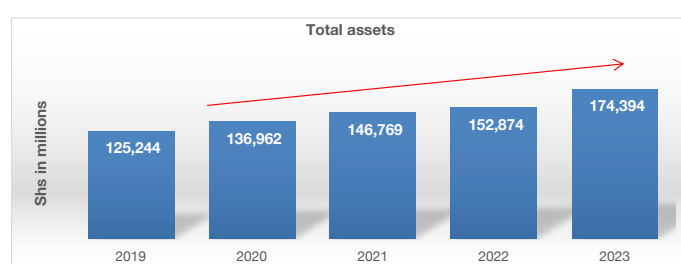
both insurance and investment activities.

Capital Adequacy and Solvency Margins

The Group ensures that its available resources are allocated in a way that is capital efficient, meets the Group's risk appetite and ensures that optimal returns are made while ensuring compliance with various regulations that govern most of its businesses; out of its 12 entities, 11 are regulated. Details of these are disclosed in Note 46 (e).

Consolidated Statement of Financial Position

We have reported an increase of 14% in total assets during the year.



The Group's balance sheet remains robust, with total equity increasing to Shs. 25.69 billion from Shs. 22.16 billion in the previous year. This improvement in equity position highlights the Group's strengthened financial position and underscores its ability to weather economic uncertainties.

Strategic Initiatives and Outlook

The Group's strong financial performance is a testament to the effectiveness of its strategic initiatives, including customer-centricity and prudent investment strategies. Looking ahead, the Group remains committed to driving sustainable growth and enhancing shareholder value through the continued execution of its strategic roadmap.

Your confidence
in us fuels our
determination to
excel and reinforces
our commitment to
being your **trusted
financial partner.**



Board Chairman's Message

Our Board Chairman's Statement



Mr. Kuria **Muchiru**
Board Chairman

Dear Shareholders and Stakeholders,

I am pleased to present my third annual report as Group Chair, for the financial year ending December 31, 2023, reaffirming our commitment to provide you with financial security every step of the way. We encountered several challenges, primarily stemming from macroeconomic factors, but we responded with agility and are pleased with our performance and advancements in our strategic endeavors.

Company Performance:

In the narrative of Britam's journey through the Financial Year 2023, we witnessed significant growth and resilience across our operations, reflecting the effectiveness of our strategic initiatives and operational capabilities.

1. Stellar Growth:

Britam experienced remarkable growth, with our total comprehensive income surging by 76% compared to the previous year. This growth underscores our resilience and ability to navigate challenging market conditions effectively.

2. Financial Resilience:

Despite economic uncertainties, Britam demonstrated financial resilience, adapting to volatile market dynamics and maintaining stability. Our strong financial performance highlights our commitment to delivering long-term value to stakeholders.

3. Enhanced Profitability:

Our focus on operational efficiency and strategic investments resulted in a substantial increase in net insurance and investment results. Improved profitability reflects our prudent risk management practices and customer-centric approach.

4. Customer-Centric Approach:

Britam remains committed to providing financial security at every stage of the customer journey. We prioritize customer satisfaction by delivering tailored solutions that meet evolving needs and expectations. Our customer-centric approach has enabled our life insurance company to be recognized by AKI as the best life insurance company for 17 years consecutively.

5. Operational Excellence:

Our relentless pursuit of operational excellence contributes to cost optimization and improved efficiency across our business operations. Streamlined processes and prudent resource management strengthen our competitive position in the market.

6. Strategic Alignment:

Britam's performance in FY 2023 aligns with our strategic direction and long-term objectives. We progress towards our vision of becoming the leading financial services provider in Africa through innovation, diversification, and a customer-centric approach. As we navigate future challenges and opportunities, Britam remains committed to delivering value and maintaining our position as a trusted financial partner for all stakeholders.

Strategic Direction:

Our strategic direction revolves around Employees, Partnerships, Innovation, Customer-centricity and Conduct (EPIC³). These pillars form the cornerstone of our commitment to delivering sustainable value to our stakeholders. By staying true to our strategic pillars and embracing a spirit



We encountered several challenges, primarily stemming from macroeconomic factors, but we responded with agility ...”

of innovation, collaboration, and customer-centricity, we are confident in our ability to continue delivering sustainable value and making a meaningful difference in the lives of our stakeholders and the communities we serve.

Corporate Governance:

Our commitment to corporate governance remains unwavering. We operate with integrity, transparency, and accountability at the forefront of everything we do. The Board of Directors play a pivotal role in upholding these principles, exercising vigilant oversight to ensure that our operations adhere to the highest standards of ethical conduct, responsibility, and transparency. With their diverse expertise and dedication, our Board members actively engage in strategic decision making processes, ensuring that every action taken is in the best interests of our shareholders and stakeholders.

Our commitment to corporate governance is not merely a regulatory requirement—it is a fundamental aspect of who we are as an organization. Through integrity, transparency, and accountability, we uphold the values that define Britam, ensuring that we remain a trusted and responsible steward of the resources entrusted to us.

Stakeholder Engagement:

We understand that the success of our business is intricately linked to the relationships we build with our stakeholders. From our customers and employees to the communities we serve and our shareholders, each stakeholder plays a vital role in shaping our journey and contributing to our collective achievements.

We recognize that open dialogue, collaboration, and mutual respect are essential elements in building trust and driving positive outcomes for all parties involved.

First and foremost, our customers are central to our business. We are deeply committed to understanding their needs, preferences, and aspirations. By listening attentively to their feedback and insights, we tailor our products and services to better meet their evolving requirements, thereby enhancing their overall experience with Britam.

Our employees and financial advisors are the driving force behind our success. We value their dedication, expertise, and diversity, recognizing that their contributions are integral to achieving our strategic objectives. By fostering a culture of inclusivity, empowerment, and continuous learning, we enable them to thrive professionally and personally, driving innovation and excellence across our organization.

As responsible corporate citizens, we are committed to making a positive impact on the communities in which we operate. Through various corporate social investment initiatives and partnerships, we strive to address societal challenges, promote sustainable development, and create lasting value for communities and future generations.

Our shareholders entrust us with their investments, and we take this responsibility seriously. We are committed to maintaining transparency, accountability, and delivering long-term value to our shareholders. By upholding high standards of corporate governance and financial stewardship, we seek to safeguard their interests and foster trust in our organization.

By building strong and enduring relationships with our customers, employees, communities, and shareholders, we create a shared vision for success and drive positive change in the world around us. At Britam,

Our Board Chairman's Statement (continued)

we believe that together, we can achieve greatness and create a brighter future for all.

Risk Management:

Risk management is central to our operations. We remain vigilant in identifying and mitigating risks that may impact our financial stability and reputation. Our robust risk management framework enables us to navigate uncertainties effectively, safeguarding the interests of our stakeholders and ensuring the long-term sustainability of our business.

Outlook and Future Prospects:

As we look to the future, Britam is well-positioned for continued growth and success. We are excited about the opportunities that lie ahead and remain committed to our mission. Together, we will navigate the challenges and seize the opportunities that come our way, driving sustainable value and prosperity for all.

In closing, I extend my sincere appreciation to our shareholders, customers, employees, financial advisors and partners for their continued support and trust in Britam. Your confidence in us fuels our determination

to excel and reinforces our commitment to being your trusted financial partner. I thank all the Britam directors for their dedication and wisdom as we jointly provide oversight to our teams of executives.



Kuria Muchiru
Board Chair, Britam Group
27 March 2024

Taarifa ya Mwenyekiti wa Shirika



Mr. Kuria **Muchiru**
Mwenyekiti wa Shirika

Wenyehisa na wadau wapendwa,

Nina furaha kuwasilisha kwenu ripoti yangu ya tatu ya kila mwaka ya mwaka wa kifedha uliomalizika Desemba 31, 2023, nikiwa mwenyekiti wa shirika. Ripoti hii ni hakikisho la ahadi yetu kuendelea kuwapatia usalama wa kifedha katika kila hatua ya uhusiano wetu. Mnamo 2023 tulikabiliana na changamoto kadha zilizotokana hasa na masuala ya uchumi mkuu. Hata hivyo, tulikabiliana ipasavyo na hali hiyo na ninafurahishwa na matokeo yetu na hatua za kimkakati tulizopiga.

Matokeo ya utendaji kazi wa Kampuni:

Katika mwaka wa kifedha wa 2023, Britam ilishuhudia kiwango kikubwa cha ukuaji na uthabiti katika shughuli zake zote, thibitisho la jinsi juhudi zetu za kimkakati zinaendelea kuleta matokeo yanayotakiwa na pia uwezo wetu wa kuendesha shughuli za shirika.

Matokeo ya kuvutia

Britam ilishuhudia ukuaji wa kujivunia, huku mapato yetu yote yakiongezeka maradufu kwa asilimia 76 ikilinganishwa na mwaka uliotangulia. Ukuaji huo unathibitisha uthabiti wetu na uwezo wa kukabiliana kikamilifu na changamoto za soko.

Uthabiti wa kiuchumi

Ingawa hali ya kiuchumi ilikuwa ya kutatanisha, Britam ilitibitisha wepesi wake wa kijirekebisha kifedha kwa kufanya mabadiliko hitajika kuiwezesha kudumisha uthabiti. Matokeo yetu imara ya kifedha ni dhahirisho la kujitolea kwetu kuwapatia wadau wetu thamani ya muda mrefu ya uwekezaji wao.

Kuzidisha faida

Kauli yetu kutilia mkazo kuimarishwa kwa utendaji kazi wetu na kumakinika kimkakati imeleta ongezeko kubwa mapato ya jumla katika shughuli za bima na uwekezaji. Ongezeko hilo la faida ni thibitisho la usimamizi wetu wa busara wa kuthibiti hatari za biashara na kuwapatia wateja wetu kipaumbele.

Mfumo wa kuwapatia wateja kipaumbele

Britam inaendelea kuhakikisha kwamba inawapa wateja wake usalama wa kifedha katika kila hatua ya uhusiano wao. Tunatilia mkazo utoshelezaji wa wateja kwa kuwapatia huduma zinazoridhisha mahitaji yao yanayobadilika kila mara na kufaa matarajio yao. Mfumo wetu wa kuwapatia kipaumbele wateja wetu umewezesha kampuni yetu ya bima ya maisha kutambuliwa na AKI kuwa kampuni bora zaidi ya bima za maisha kwa miaka 17 mfululizo.

Ubora wa uendeshaji shughuli

Kushughulika kwetu kikamilifu katika uendeshaji bora wa shughuli za Shirika kumechangia katika kutuhakikishia kiwango kinachofaa cha matumizi na kuimarisha ustadi kote katika shughuli zetu za biashara. Tumeimarisha ushindani na nafasi yetu katika soko kwa kupiga msasa taratibu na usimamizi wa busara wa rasilmali.

Mfungamano wa kimkatati

Matokeo ya Britam ya mwaka wa kifedha wa 2023 yanalingana na mwelekeo wetu kimkakati, na malengo ya muda mrefu. Bado tunapiga hatua katika kufikia ndoto yetu ya kuwa Shirika la huduma za kifedha linaloongoza katika Afrika kupitia kwa ubunifu, kupanua biashara kwa kutoa huduma za aina nyingi, na mfumo wa kuwapatia wateja kipaumbele. Tukiendelea kukabiliana na changamoto za siku zijazo na nafasi zilizopo, Britam bado inashikilia msimamo wake kwamba itahakikisha mnapata thamani ya uwekezaji wenu na kudumisha nafasi yake kuwa mshirika



tulikabiliana na changamoto kadha zilizotokana hasa na masuala ya uchumi mkuu. Hata hivyo, tulikabiliana ipasavyo ...”

mwaminifu wa kifedha kwa wadau wote.

Mwelekeo wa kimkakati

Mwelekeo wetu wa kimkakati unaangazia wafanya kazi, ushirikiano wa kibashara, ubunifu, kuwapa wateja kipaumbele, na maadili (EPIC2). Nguzo hizo ndizo msingi wa azma yetu ya kutoa thamani endelevu kwa wadau wetu. Kwa kuzingatia kikamilifu na kwa dhati nguzo hizo za kimkakati na kufuata kikamilifu moyo wa ubunifu, ushirikiano na kuwapa wateja kipaumbele, tuna imani uwezo upo wa kuendelea kutoa thamani endelevu na kuleta mabadiliko ya maana kwa maisha ya wadau wetu, na jamii tunazohudumia.

Usimamizi wa Shirika

Msimamo wetu wa kusimamia na kudhibiti shirika kikamilifu ungalii imara. Huwa tunaendesha shughuli zetu kwa uaminifu na uadilifu, uwazi, na uwajibikaji. Bodi ya wakurugenzi hutekeleza wajibu muhimu katika kudumisha kanuni hizo. Wakurugenzi wote huwa waangalifu katika usimamizi wetu sote ili kuhakikisha shughuli za shirika zinazingatia kiwango cha juu cha maadili, uwajibikaji na uwazi. Wakurugenzi wetu wana taaluma tofauti na hushiriki kikamilifu katika kuchukua maamuzi yanayofungamana na mpango wetu wa kimkakati, wakihakikisha kwamba kila hatua inayochukuliwa na shirika ni kwa manufaa ya wenyehisa na wadau.

Azma yetu hailengi kutimiza tu kanuni za kisheria; ni kipengele cha msingi kubainisha sisi ni nani tukiwa shirika. Kwa kuzingatia uaminifu na uadilifu, uwazi na uwajibikaji, tunadumisha maadili yanayoifanua Britam, tukihakikisha kwamba tunabaki kuwa wasimamizi waaminifu na wanaowajibika wa rasilmali tulizopewa kutunza.

Mashauriano na wadau

Tunafahamu kwamba ufanisi wetu katika biashara unauwiana kwa karibu na mahusiano tuliyonayo na wadau wetu. Kuanzia kwa wateja na wafanya kazi wetu, hadi kwa jamii tunazohudumia na wenyehisa wetu, kila mdau ana wajibu muhimu katika kutoa mwelekeo wa safari yetu na kuchangia kwa mafanikio yetu sote.

Tunatambua kwamba mashauriano, ushirikiano na kuheshimiana ni vipengele muhimu katika kujenga kuaminiana na kutuletea sote tunaohusika matokeo halisi na bayana.

Jambo la kwanza na muhimu ni kwamba wateja wetu ni nguzo kuu ya biashara yetu. Tumejitolea kwa moyo kufahamu mahitaji yao, wanayoyapendelea na matarajio yao. Kwa kuwasikiliza kwa makini wanayotueleza, kutilia maanani maoni yao kuhusu tunayofaa kutekeleza, tunatarisha bidhaa na huduma bora zaidi ili kuridhisha mahitaji na matarajio yao yote kwa Britam.

Wafanya kazi wetu pamoja na washauri wa kifedha ni muhimu katika ufanisi wa Shirika. Tunadhamini kujitolea kwao, taaluma na asili zao tofauti, tukitambua kuwa michango yao ni muhimu katika kutimiza malengo yetu ya kimkakati. Kwa kuhimiza ushirikishwaji, uwezeshaji na kuendelea kujifunza, tunawapatia nafasi muafaka ya kufanikiwa kitaaluma na kibinafsi, kuendelea ubunifu na ubora wa huduma kote katika shirika.

Tukiwa shirika la wananchi wanaowajibika, tumeazimia kuleta matokeo halisi na bayana kwa jamii katika maeneo ambamo tunafanyia biashara. Kupitia kwa juhudi za kusaidia na kushirikiana na jamii, huwa tunajitahidi kushughulikia changamoto zinazokumba jamii, kuimarisha maendeleo endelevu na kuumba thamani ya kudumu kwa jamii na vizazi vijavyo. Wenyehisa wetu wametukabidhi rasilmali zao, wajibu ambao tunauchukulia kwa makini. Tumeazimia kudumisha uwazi, uwajibikaji, na kuwapatia wenyehisa wetu thamani ya muda mrefu. Kwa kudumisha

Taarifa ya Mwenyekiti wa Shirika (kuendelea)

kiwango cha juu cha usimamizi wa shirika na fedha, tunalenga kulinda maslahi yao na kuimarisha kuaminika kwa shirika letu.

Kwa kujenga mahusiano imara na ya kudumu na wateja wetu, wafanya kazi, jamii na wenyehisa, tunaunda ndoto ya pamoja ya ufanisi na kuleta mabadiliko halisi na bayana katika ulimwengu wetu. Katika Britam, tunaamini kwamba pamoja tunaweza kupata umashuhuri na kujenga hali ya baadaye iliyojaa matumaini kwa wote.

Uthibiti wa hatari za kibiashara

Uthibiti wa mashaka na hatari za kibiashara ni nguzo muhimu katika shughuli zetu. Tuko macho kila mara kutambua na kuchukua hatua kukabiliana na hatari zozote ambazo huenda zikaathiri uthabiti wetu kifedha, na sifa njema. Muundo wetu imara wa kuthibiti hatari za kibiashara unatuwezesha kukabiliana kikamilifu na mashaka yoyote, kulinda maslahi ya wadau wetu na kuhakikisha uendeleu wa muda mrefu wa biashara yetu.

Mtazamo wa hali ya baadaye na matarajio

Tunapoangazia siku zijazo, Britam imo katika nafasi nzuri ya kuendelea kukua na kufanikiwa. Tunafurahishwa na nafasi zilizo mbele yetu na azma yetu kwa wito wetu ni imara. Pamoja, tutakabiliana na changamoto zitakazotukabili, tutwae nafasi zinazotujia, tusukume thamani endelevu na kuleta mafanikio kwa wote.

Nikimalizia, ninawashukuru kwa dhati wenyehisa wetu, wateja, wafanya kazi, washauri wa masuala ya kifedha na washirika wetu kwa kuendelea kuunga Britam mkono na kuiamini. Imani yenu kwetu huamsha moyo wa kuendelea kufanya vizuri zaidi kushinda wengine na kusisitiza moyo wa

kuendelea kuwa mshirika wa kifedha anayeaminika. Ninawashukuru wakurugenzi wote wa Britam kwa kujitolea kwa hekima waliyonayo tunapoendelea kuandamana katika kuthibiti usimamizi wa shirika.



Kuria Muchiru
Mwenyekiti wa Shirika
Machi 27, 2024

Our Group Managing Director's Statement



Mr. Tom **Gitogo**
Group Managing Director and CEO



We are humbled by the trust and confidence you have placed in us, and we remain deeply grateful for your continued support and partnership..."

Dear Esteemed Shareholders, Partners, and Stakeholders,

I am honored to present Britam Group's Annual Report for the year ended 31 December 2023, a testament to our collective achievements, resilience, and unwavering commitment to excellence. As we reflect on the past year, we are humbled by the trust and confidence you have placed in us, and we remain deeply grateful for your continued support and partnership.

In 2023, Britam Group continued the journey of transformation, innovation, and growth across our diverse operations spanning seven African countries. The year witnessed perhaps the most drastic changes in macroeconomics. Interest caps shot up as did exchange rates against hard currencies. Despite these prevailing challenges, our collective resolve and shared vision propelled us forward, enabling us to navigate uncertainties and seize opportunities with boldness and agility.

Financial Report:

Our financial performance in 2023 demonstrates that our steadfast dedication to customer-centricity, innovation, and strategic partnerships is bearing fruits. We are pleased to report significant growth across key financial metrics, with our Insurance Service Revenue witnessing a remarkable 41% increase to Shs. 36.4 billion. This growth underscores our commitment to delivering value-driven solutions and enhancing the financial well-being of our customers across the region.

The Profit Before Tax (PBT) figure reflects a commendable trajectory in line with our strategic objectives for the third consecutive year, marking a substantial 65% growth from the prior year, reaching Shs. 4.8 billion which underscores the robustness and efficacy of our operational and investment strategies. This growth is a testament to the resilience and adaptability of our business model in navigating through evolving market dynamics and economic conditions.

Furthermore, the contribution from regional businesses has played a pivotal role in augmenting our overall performance and diversifying our revenue streams. With a keen focus on regional expansion and market penetration, we have leveraged opportunities in diverse geographic regions, capitalizing on emerging markets and optimizing operational synergies across borders. This diversification strategy has not only mitigated risks associated with localized economic fluctuations but has also unlocked significant growth potential, evident from the notable contributions of our regions to the Group's profitability.

Net investments income reached Shs. 11.6 billion, representing a 3% increase from the previous year. Our disciplined investment approach and prudent risk management practices have enabled us to optimize returns while mitigating market risks.

The net insurance and investment result surged by 48% to Shs. 6.8 billion, affirming the synergies between our insurance and investment operations. Our ability to generate sustainable returns across both segments demonstrates our integrated approach to value creation and our steadfast commitment to delivering long-term shareholder value.

Operational Performance:

We have continued to enhance efficiency and streamline processes to

better serve our customers and adapt to evolving market dynamics. Our focus on operational excellence has enabled us to achieve significant cost efficiencies and drive profitability across all business lines. We continue to invest in cutting-edge technology, talent development, and process optimization to enhance our operational capabilities and better serve the evolving needs of our customers.

Investments in technology play a pivotal role in reshaping how we engage with our clients and deliver value-added services. By embracing innovative solutions and digital platforms, we are able to streamline processes, improve accessibility, and provide seamless experiences tailored to meet diverse needs.

Furthermore, our unwavering commitment to talent development ensures that our workforce remains equipped with the skills and expertise necessary to navigate evolving market dynamics. Through comprehensive training programs and professional development initiatives, we empower our employees to adapt to change, embrace innovation, and deliver best-in-class services.

Process optimization is another cornerstone of our strategy. By continually evaluating and refining our operational workflows, we identify opportunities to enhance efficiency, reduce redundancy, and minimize operational risks. This proactive approach enables us to stay agile and responsive in a rapidly evolving business landscape.

Market Analysis:

The dynamic market landscape in Africa presents both challenges and opportunities. As a forward-thinking organization, we have remained vigilant in monitoring market trends, consumer behavior, and regulatory developments. Our proactive approach to market analysis has enabled us to adapt swiftly to changing dynamics, mitigate risks, and capitalize on emerging opportunities.

Our strategic initiatives have been guided by our unwavering commitment to innovation, diversification, and value creation. We have continued to invest in strategic partnerships, expand our product portfolio, and explore new market segments to unlock new growth avenues and enhance shareholder returns.

As we examine the economic landscape across the African region, it becomes clear that several countries have demonstrated resilience and growth, particularly throughout the third quarter of 2023. With notable GDP expansion across the region, ranging from 5.9% to 6.5%, compared to figures of 4.0% to 4.8% in the same period the previous year, the trajectory of many economies reflects positive momentum and underlying strength. We intend to tap into this momentum, even as we bet some of our fortunes in an underserved micro-insurance sector.

Sector Performance Across Britam's Markets:

Across the diverse markets where Britam operates, we have observed notable trends in sector performance, reflecting the varied economic landscapes and growth drivers present in each country.

Group Managing Director's Statement (continued)

Agricultural Sector:

The agricultural sector, a fundamental component of the economies in which Britam Group operates, displayed a significant turnaround across our markets. With an average expansion of 6.7% in Q3 2023, this growth was fueled by favorable weather conditions and enhanced productivity. The resilience of the agricultural sector underscores its pivotal role in driving sustainable development across our diverse markets.

Services Sector:

In line with the evolving economic landscapes of our markets, the services sector emerged as a key driver of growth, recording robust expansion averaging 7.1%. Growth in accommodation, finance & insurance, professional services, and ICT sectors showcased the sector's adaptability and resilience. This diversification within the services sector reflects the dynamic nature of our markets and the varied opportunities present for economic development.

Industry Sector:

The industry sector, spanning various sub-sectors including manufacturing and mining, witnessed accelerated growth averaging 2.8% across Britam's markets. Notably, the mining sector rebounded with a growth rate of 1.1%, signaling its potential for growth and its role in driving industrialization and economic diversification within our markets.

Sustainability:

Sustainability is at the heart of everything we do at Britam Group. We are committed to conducting our business in a responsible, ethical, and sustainable manner, while making a positive impact on society and the environment. Our sustainability efforts encompass environmental stewardship, social responsibility and corporate governance practices, reflecting our unwavering commitment to creating shared value for all stakeholders.

We recognize that sustainable business practices not only benefit the environment and society but also contribute to long-term business success and resilience. By aligning our business goals with the interests of our stakeholders, we create a win-win situation that fosters prosperity and growth for all.

Outlook and Future Prospects:

Looking forward, Britam remains poised to successfully navigate the dynamic economic landscape. Our diversified investment portfolio, coupled with our commitment to prudent risk management, positions us well to capitalize on emerging opportunities while effectively managing risks. We remain vigilant, adaptable, and focused on delivering sustainable

value to our stakeholders amidst evolving market conditions.

We remain dedicated to deepening our relationships within the markets where we operate, by engaging with local communities, regulatory bodies, and industry peers. Building robust partnerships across the ecosystem enables us to drive innovation, ensure compliance, and contribute to the socio-economic development of the regions we serve. As we move forward, our commitment to deepening relationships will remain central to our efforts, propelling us towards sustainable growth, expanded market presence, and meaningful impact.

We are optimistic about the future and remain steadfast in our commitment to driving sustainable growth and value creation. We will continue to leverage our strengths, innovate relentlessly, and uphold the highest standards of integrity and professionalism as we chart our course towards a brighter future.

In conclusion, I extend my deepest gratitude to our shareholders, clients, employees, financial advisors and partners for their unwavering support, dedication, and trust in Britam Group. Together, we have achieved significant milestones, overcome challenges, and forged ahead with resilience and determination. As we embark on the next phase of our journey, I am confident that with your continued support and collaboration, we will realize our shared aspirations and create a brighter, more prosperous future for us all.

Thank you for your continued trust and confidence in Britam Group.



Tom Gitogo
Group Managing Director and CEO, Britam Group
27 March 2024

Ripoti ya Meneja Mkurugenzi wa Shirika



Mr. Tom Gitogo
Group Managing Director and CEO

Wapendwa wenyehisa, washirika na wadau waheshimika,

Ninayo heshima kuu nikiwasilisha ripoti ya kila mwaka ya Shirika la Britam ya mwaka uliomalizika Desemba 31, 2023, thibitisho la mafanikio yetu pamoja, uthabiti na wepesi wa kujirekebisha, na azma imara ya kuwa bora. Tunapotafakari kuhusu mwaka uliopita, tunajivunia imani mliyonyo kwetu na tunawashukuru kwa mnavyoendelea kutuunga mkono na kushirikiana nasi.

Mnamo 2023, Shirika la Britam liliendelea na safari ya kuleta mabadiliko, ubunifu na ukuaji wa shughuli zetu mbali mbali katika mataifa saba ya Afrika. Ni mwaka ulioleta mabadiliko yenye athari kubwa kwa uchumi mkuu. Viwango vya faida viliongezeka, sawa na vile vya ubadilishanaji wa pesa zetu na za kigeni zinazotumika zaidi katika biashara za kimataifa. Hata hivyo, changamoto hizo zilikusuma mbele azma yetu sote na ndoto ya pamoja na kutuwezesha kukabiliana na mashaka ya kibiashara na kutwaa kwa ujasiri na wepesi nafasi zilizojitokeza.

Ripoti ya kifedha

Matokeo yetu ya kifedha ya 2023 yanathibitisha kuwa azma yetu kuendelea kuwapatia wateja kipaumbele, ubunifu na ushirika wa kibiashara inazalisha matunda. Tuna furaha tukiripoti ukuaji mkubwa katika vipengele vyote vya kifedha. Mapato ya huduma za bima yaliongezeka kwa kiwango kikubwa cha asilimia 41 hadi Shs. 36.4 bilioni. Ukuaji huo ni thibitisho la azma yetu kuendelea kutoa huduma na bidhaa zinazoongeza thamani na kuimarisha hali ya kifedha ya wateja wetu kote katika nchi zote ambamo tunaendesha biashara.

Faida kabla ya kutozwa ushuru imeendelea kuongezeka kulingana na shabaha yetu ya kimkakati kwa mwaka wa tatu mfululizo. Iiongezeka kwa asilimia 65 ikilinganishwa na mwaka uliotangulia na kufikia Shs. 4.8 bilioni, thibitisho la jinsi mikakati yetu ya utendaji kazi na uwekezaji ilivyo imara na ya kufaa. Ongezeko hilo la faida ni thibitisho la uthabiti na wepesi wa kukubali mabadiliko la muundo wetu wa kibiashara katika kukabiliana na mabadiliko ya masoko na hali za kiuchumi.

Kadhalika, shughuli za biashara katika mataifa mengine ya Afrika zimetimiza wajibu muhimu katika kuinua matokeo yetu kwa jumla na kutoa nafasi tofauti za mapato. Kwa kutilia maanani upanuzi wa biashara katika nchi za Afrika nje ya Kenya, na kuimarisha upenyaji wa masoko, tumezitwaa kikamilifu nafasi zilizoletwa na nchi hizo tofauti, na kufanya juhudi kujifaidi na masoko ibuka, na kukuza ushirikiano wa utendaji kazi kati na baina ya mataifa. Mkakati wa kupanua maeneo ya biashara umekabiliana na mashaka yanayotokana na mabadiliko ya kiuchumi kwa kufanyia biashara katika nchi moja tu. Mkakati huo umefungua pia nafasi nyingi za ukuaji na kuchangia faida kwa Shirika kutoka katika nchi nyingine za maeneo ya Afrika.

Mapato ya jumla kutokana na uwekezaji yalifikia Shs. 11.6 bilioni, kiasi ambacho ni ongezeko la asilimia tatu ikilinganishwa na mwaka uliotangulia. Nidhamu tunayozingatia katika uwekezaji na uthibiti wa busara wa mashaka ya kibiashara zimetuwezesha kuongeza mapato na kuthibiti pia hatari za kibiashara.

Mapato ya jumla ya bima na uwekezaji yaliongezeka kwa asilimia 48% hadi Shs. 6.8 bilioni, thibitisho la uhusiano muhimu uliopo katika shughuli zetu za bima na uwekezaji. Matokeo hayo endelevu katika shughuli zetu zote za biashara ni thibitisho la mafanikio ya mfumo wetu wa kuunganisha biashara ili kuzidi kuwapatia wenyehisa wetu thamani ya muda mrefu.

Matokeo ya utendaji kazi

Tumeendelea kuimarisha ustadi na kupiga msasa taratibu zetu za utendaji kazi ili kuinua kiwango cha huduma kwa wateja wetu na kutekeleza



Tunajivunia imani mliyonyo kwetu na tunawashukuru kwa mnavyoendelea kutuunga mkono na kushirikiana nasi....”

mabadiliko kulingana na hali ya masoko. Kadhalika, kutilia mkazo ustadi katika utendaji kazi kumetuwezesha kuthibiti gharama na hivyo kuongeza faida katika laini zote za biashara. Tunaendelea kuwezesha katika teknolojia ya kiwango cha juu, ustawishaji wa vipawa na uimarishaji wa taratibu ili kuinua uwezo wetu wa kutenda kazi na kuridhisha mahitaji yanayobadilika kila mara ya wateja wetu.

Teknolojia hutumiza jukumu muhimu katika kubadilisha jinsi tunawafikia wateja wetu na kutoa huduma zenye thamani ya ziada. Utumiaji wa mbinu fumbuzi na majukwaa ya kidijitali umetuwezesha kulainisha taratibu zetu, kuimarisha jinsi tunavyowafikia wateja na wanavyotufikia ili kutosheleza mahitaji yao tofauti bila pingamizi yoyote. Isitoshe, azma yetu ya kukuza vipawa ni imara ili kuhakikisha kwamba wafanya kazi wetu wanapata ufundi na ustadi unaohitajika kukabiliana na mabadiliko katika muundo wa masoko. Tumeendelea kuinua kiwango cha wafanya kazi wetu kupitia kwa mipango ya mafunzo na juhudi za kujitendeleza kitaalamu ili kuwawezesha kukubali mabadiliko, ubunifu na kutoa huduma za kiwango cha juu.

Kuziboresha zaidi taratibu zetu ni nguzo nyingine muhimu ya kimkakati. Kuendelea kutathmini na kuimarisha shughuli za utendaji kazi hutupatia nafasi ya kutambua nafasi zilizo za kuinua utendaji bora zaidi wa kazi, kupunguza kazi na taratibu zisizohitajika na kuteremsha gharama za kufanya kazi. Mfumo huu wa kuwa macho hutuwezesha kukabiliana na mabadiliko kila yakitokea katika shughuli za biashara.

Utathmini wa hali ya masoko

Mabadiliko ya kila mara ya masoko katika Afrika hutoa changamoto na pia nafasi za kupanua biashara. Tukiwa shirika ambalo huona mbali, tumekuwa macho tukichunguza mwelekeo wa masoko, tabia za wateja na mabadiliko ya kisheria. Mfumo wetu wa kutabiri kila mara hali ya masoko umetuwezesha kufanyia shughuli zetu mabadiliko ya haraka, kuthibiti mashaka na hatari za kibiashara na kujitwalia nafasi zinazoibuka.

Juhudi zetu za kimkakati huongozwa na azma imara kuzingatia ubunifu, kutoa bidhaa na huduma tofauti katika nchi mbali mbali, na kutoa thamani ya ziada katika shughuli zetu. Kadhalika, tumeendelea kukuza ushirikiano wa kibiashara, kupanua orodha ya huduma na bidhaa zetu na kutafuta masoko mapya ili kufungua njia mpya za ukuaji, na kuimarisha mapato kwa wenyehisa.

Tukiichunguza hali ya kiuchumi katika Afrika, ni dhahiri kwamba nchi kadha zimebainisha jinsi zilivyo nyepesi kukubali mabadiliko ya kibiashara na ukuaji, hasa katika robo ya tatu ya 2023. Ustawi wa kiuchumi katika Afrika uliimarika kwa kati ya asilimia 5.9 na 6, ikilinganishwa na asilimia 4.0 na 4.8 katika kipindi sawa cha mwaka uliotangulia. Tunanua kutwaa nafasi zinazotolewa na ustawi huo, huku tukiendelea kupenya katika sekta ya biashara ndogo ambayo ina kiwango cha chini cha huduma za bima.

Matokeo ya shughuli muhimu za kichumi katika sehemu za masoko ya Britam

Kwenye masoko tofauti ambapo Britam ina biashara, tumetambua mielekeo fulani katika sekta muhimu za uchumi, ishara ya hali tofauti za kiuchumi na mambo yanayochochea ukuaji wa uchumi katika kila nchi.

Kilimo

Kilimo ni uti wa mgongo katika nchi nyingi ambapo Britam inafanyia biashara. Sekta hii ilionyesha ustawi mkubwa katika nchi zote. Kilimo kilikua kwa jumla ya asilimia 6.7 katika robo ya tatu ya 2023 kutokana na hali nzuri ya anga ambayo iliimarisha uzalishaji wa mazao. Ustawi imara wa kilimo unakariri umuhimu wake katika kuchochea maendeleo endelevu kote katika masoko yetu tofauti.

Ripoti ya Meneja Mkurugenzi wa Shirika (kuendelea)

Huduma

Sekta ya utoaji huduma katika masoko yetu iliibuka kuwa kichocheo muhimu cha ustawi na ikakua kwa jumla ya asilimia 7.1. Ukuaji katika shughuli za malazi, fedha na bima, huduma za kitaalamu na teknolojia ya habari na mawasiliano (ICT) ulidhihirisha jinsi shughuli hizo hubadilika haraka na marekebisho hayo kukubalika kasi. Shughuli tofauti katika sekta ya huduma ni ishara ya mabadiliko makubwa ya kila mara ya masoko yetu na nafasi mbali mbali za ustawi wa kiuchumi.

Viwanda

Shughuli mbali mbali za viwanda ambazo ni pamoja na utengezaji wa bidhaa na uchimbaji madini zilikuwa kwa jumla ya asilimia 2.8 kote katika maeneo ya masoko ya Britam. Uchimbaji madini ulikuwa kwa asilimia 1.1, ishara ya nafasi zilizopo na ustawi, na wajibu wa shughuli hizo katika ustawi wa viwanda na uanzishaji wa shughuli tofauti za kiuchumi kwenye masoko yetu.

Uendelevu

Uendelevu ndicho kiini cha shughuli zetu zote katika Britam. Tuna azma ya kuendesha biashara zetu tukizingatia maadili na kwa njia endelevu, huku tukileta manufaa halisi na dhahiri kwa jamii na mazingira. Juhudi zetu za uendelevu ni pamoja na usimamizi wa mazingira, uwajibikaji wa jamii na maadili ya usimamizi thabiti wa mashirika, thibitisho la azma yetu imara ya kuumba maadili ya pamoja kwa wadau wetu wote.

Tunatambua kwamba taratibu endelevu za biashara zina faida sio tu kwa mazingira na jamii lakini huchangia pia katika mafanikio ya muda mrefu na uthabiti wa biashara. Kwa kuhakikisha biashara zetu zinafungamana na maslahi ya wadau wetu, huwa tunajenga hali inayoleta manufaa na ustawi kwa wote.

Mtazamo wa hali ya baadaye na matarajio

Mtazamo wetu wa hali ya baadaye ni kwamba Britam iko tayari kukabiliana na mabadiliko makubwa ya kiuchumi katika maeneo ya masoko yake. Orodha ya huduma na bidhaa zetu tofauti pamoja na azma yetu imara ya kuthibiti kwa busara mashaka na hatari za kibiashara, zinatuweka katika nafasi bora ya kutwaa na kujinufaisha kwa nafasi ibuka, huku tukithibiti hatari. Tungali macho, tayari kukubali mabadiliko yoyote ya kibiashara na kuwapa wadau wetu thamani endelevu katika hali inayobadilika ya masoko.

Tu tayari kuimarisha na kueneza uhusiano wetu na masoko yetu yote kwa kushauriana na jamii za wenyeji, mashirika ya usimamizi na walio katika biashara sawa nasi. Kujenga ushirikiano imara wa kibiashara katika masoko yetu yote hutuwezesha kuendeleza ubunifu, kuhakikisha tunazingatia sheria na kanuni, na kuchangia ustawi wa kijamii na kiuchumi katika maeneo hayo tunayohudumia. Tukiendelea mbele, azma yetu kuimarisha mahusiano itabaki kuwa nguzo kuu ya juhudi zetu na kutuwezesha kufikia maendeleo endelevu, kuendelea kupanua masoko yetu na kuleta mabadiliko halisi na dhahiri.

Tuna matumaini kuhusu hali ya baadaye na tuko imara katika azma yetu ya kuendesha ukuaji endelevu na utoaji huduma zenye thamani ya ziada. Tutaendelea kutumia uwezo wetu kujiimarisha, kuendeleza ubunifu bila kuchoka na kudumisha kiwango cha juu cha uaminifu na uadilifu, na weledi kazini tunapoangazia mafanikio tunayoyatarajia siku zijazo.

Nikimalizia, ninawashukuru kwa dhati wenyehisa, wateja, wafanya kazi, washauri wa kifedha na washirika wetu kwa kutuunga mkono bila kuyumba, kujitolea na kuliadini Shirika la Britam. Pamoja tumepiga hatua muhimu, tutafanikiwa kukabiliana na changamoto na kusonga mbele kwa uthabiti na ushupavu. Tunapoanza awamu nyingine ya safari yetu, nina

imani kwamba kwa ushirikiano wenu na mkiendelea kutuunga mkono, tutatimiza matarajio yetu ya pamoja na kuijenga hali ya baadaye yenye matumaini na mafanikio kwa wote.

Ahsanteni kwa imani yenu kuu kwa Shirika la Britam.



Tom Gitogo

Meneja Mkurugenzi wa Shirika na Afisa Mkuu Mtendaji

Machi 27, 2024

Our success has
been built on
respect, integrity,
innovation, and
**unwavering
customer focus**

Our Material Matters

Our success has
been built on
respect, integrity,
innovation, and
unwavering
customer focus

Our Leadership

Board of directors:



Mr. Kuria Muchiru

63 years

Board Chairman

Year of Appointment: 2021

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

Other Directorships

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



Ms. Judy Kyanda

52 years

Independent Non-Executive Director

Year of Appointment: 2024

Ms. Kyanda, the Managing Director at Knight Frank Uganda, boasts over 25 years of expertise in the real estate industry. A Chartered Valuation Surveyor with a BSc and MSc in Real Estate from the University of Reading, she excels in valuation, investment, development, and finance. Her professional scope covers corporate real estate services, including consultancy, advisory, property and facilities management, and brokerage.

Judy has played a key role in Knight Frank's expansion into Kigali, Rwanda, and has led strategic and legal reforms as Chair of the Knight Frank Africa Valuation Committee and the Surveyor's Registration Board in Uganda.



Dr. Peter K. Munga, E G H

80 years

Non-Executive Director

Year of Appointment: 1982

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

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

Other Directorships

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



Jimnah M. Mbaru

75 years

Non-Executive Director

Year of Appointment: 1984

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

Other Directorships

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

Board of directors (Continued):



Mr. George **Odo**
57 years
Non-Executive Director
Year of Appointment: 2019

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



Mr. Edouard **Schmid**
59 years
Non-Executive Director
Year of Appointment: 2021

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

Other Directorships

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



Mr. Julius **Mbaya**
62 years
Independent Non-Executive Director
Year of Appointment: 2022

Mr. Julius is a seasoned professional with over 30 years of experience in the C-Level Executive Leadership covering multiple disciplines in Banking and Financial Services Sector. He holds a Bachelor in Education Science degree Major in Mathematics and a Post Graduate Diploma in Computer science. Julius is currently the Chief Digital & Innovation Officer at Stanbic Bank Kenya Ltd (a member of the Standard Bank Group of SA).

Other Directorships

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



Ms. Celestine **Munda**
63 years
Independent Non-Executive Director
Year of Appointment: 2022

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

Board of directors (Continued):



Ms. Susan Abisola
64 Years
Non-Executive Director
Year of Appointment: 2023

Susan is a Senior Executive with over 30 years' experience in Insurance Marketing and Business Development for both public and private (Banking, Oil and Gas) institutional clients in Nigeria and Ghana. She has garnered extensive experience especially in the areas of strategic planning, product expansion and customer acquisition.

Susan possesses excellent stakeholder management skills with experience dealing with foreign underwriters and international investors. Susan has a Bachelor of Laws degree, LL. B from the University of Warwick, UK and a Master of Laws, LL.M from the University of Lagos. Over the course of her career she has attended several leadership and proficiency trainings including Downstream Energy Insurance Risk Management course at Jardine Lloyd Thompson (JLT); Leadership and Business Strategy for Success at the Wharton School (University of Pennsylvania); Women on Boards – Succeeding as a Corporate Director at the Harvard Business School; Leading with Impact at Harvard University and Emerging Leader Development Program at the Columbia University.

She is a certified member of the Nigerian Institute of Management, Chartered Insurance Institute of Nigeria and the Nigerian Institute of Marketing. She is also a member of the Nigeria Women Executives on Boards (WEOB).



Mr. Tom Gitogo
55 Years
Group MD and CEO
Year of Appointment: 2023

Tom rejoined Britam on 1st September 2022 (he was the Finance Director at Britam until early 2007). He is an accomplished Financial Services Professional skilled in General Management, Commercial and Business Strategy, Sales, Finance Operations and Talent Management, having spent over 30 years in various roles in the financial services industry in Africa and Europe.

He sits on several boards including HF Group PLC. Previously, Tom was the Group CEO at CIC Insurance Group, a listed entity with operations in Kenya, Uganda, South Sudan, and Malawi. Before CIC, Tom was the CEO of Sanlam Kenya Plc.

Tom holds a Master of Business Administration (Strategic Management) from Moi University and a Bachelor of Science in Civil Engineering from the University of Nairobi. He is also a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), a Fellow of the Kenya Institute of Management, a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and a member of the Institute of Directors of Kenya (IOD).



Mr. Lotfi Baccouche
61 Years
Non-Executive Director
Year of Appointment: 2023

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

Other Directorships

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



Ms. Hilda Njeru
Company Secretary
Year of Appointment: 2023

Hilda is a financial services executive with over 15 years' experience in banking, capital markets, regulatory affairs and corporate governance leadership. Hilda holds a Master of Laws degree, LL.M, and a Bachelor of Laws degree, LL.B, both from the University of Nairobi. She graduated with a Masters of Science degree in International Business Administration from the University of London in July 2023. Hilda is also a Certified Public Accountant - CPA(K), a Certified Public Secretary - CPS(K), a Certified Governance Auditor and an Advocate of the High Court of Kenya.

Executive Management Team



Mr. Tom **Gitogo**
Group Managing Director and CEO



Mr. Charles **Njuguna**
Finance Director



Mr. Ambrose **Dabani**
CEO/ Principal Officer Britam Life Assurance



Mr. Jackson **Theuri**
CEO/ Principal Officer Britam General Insurance



Ms. Evelyne **Munyoki**
Human Resources Director



Ms. Evah **Kimani**
Partnerships and Digital Director



Ms. Catherine **Karita**
Strategy and Investor Relations Director



Ms. Diane **Korir**
Customer Experience Brand & Marketing Director

Executive Management Team (Continued)



Mr. Barack **Obatsa**
CEO – Britam Asset Managers



Mr. Tom **Juma**
General Manager - ICT & Digital



Mr. Saurabh **Sharma**
Emerging Consumers Director



Mr. Kennedy **Aosa**
International Business Director



Eric **Kisaka**
Risk and Compliance Director



Ms. Hilda **Njeru**
Legal Director and Company Secretary



Ms. Evelyne **Agola**
Head - Internal Audit

Our 2021 – 2025
strategy is all about
“**Delighting the
Customer**”

Strategy Report

#OneBritam Strategy

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


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




Reground the Business




Fix the basics and fuel the journey




Drive Customer-Centric Transformation




Organise around the Customer




Embed Customer-Centricity




Leverage Technology



P&D
Forge Strategic Partnerships




Retail Corp.
Optimise Approach to Customer




EMC
Unlock next tier of Customers



Turnaround Key Cost Drivers



Drive International Growth



Shift Investment Strategy

Our Strategy at a glance – EPIC²

Despite the threats in our operating environment in 2023; geopolitical tensions, high inflationary pressures, overall growth slow down, supply chain disruptions and roiling financial markets, we continue to deliver our the EPIC² strategy. Indeed, our continued success is testament to our resilience as a company anchored on our strong customer centricity, resilience and revenue diversification efforts. We believe that our strategy still holds true and remains fit for purpose.

Our 2021 – 2025 strategy is all about **“Delighting the Customer”** underpinned by our three commitments:

1. We will transform Britam by putting **Customer needs at the center of everything we do**
2. **Our customers will experience “One Britam”**; We will deploy deep customer insights and data analytics to understand their needs and provide solutions they want.
3. We will leverage our **People, Technology and Culture and enable our partners** to deliver meaningful interactions, satisfying experiences, all the time.

Strategic Milestones

Reflecting back on the year under review, Britam has delivered solid results during its third year of the Group’s 5-year strategy ‘EPIC²’ as we repositioned ourselves to be the leading diversified financial services company in our chosen markets across Africa.

We are delighted to report that our strategy execution process based on the strategy pillars has yielded significant results to date as highlighted below;

Organize around the customer: This was envisioned to improve customer experience through customer profiling and development of customer value propositions (CVPs) to drive customer centricity. We are happy to report that we have optimized our approach to customers through the introduction of target segments (Corporate & Retail) and channels with optimal solutions. Our customer numbers have grown by tremendously from 2020 supported by the introduction of Strategic Partnerships segment and Britam Microinsurance products to unlock the next tier of consumers; this segment has 2.4million customers as at end of 2023. Our Customer Net Promoter Score improved from 27 to close at 30 in 2023 and 36 for customer interacted with in 2023. This is a true testament that our customer centric initiatives are creating a delightful experience for our customers.

Leveraging on technology: The key intent was to drive operational efficiency and provide seamless customer experience across all the channels while optimizing the costs. So far, significant IT systems have been procured and operations moved to cloud for optimal functioning. This is envisaged to enhance efficiency and further improve our cost-to-income ratio to our desired thresholds.

Shifting Investment Strategy: Our legacy capital problems are now well managed and solvency ratios within the required limits. Initiatives to smoothen income volatility through strategic divestment and revenue diversification options are now fully implemented and in place to ensure steady income growth into the future.

Revenue Diversification: We are keen to diversify our income lines through growing non-traditional insurance businesses and products. The Group is pursuing both product diversification and regional expansion while maintaining sustainable growth of the existing business. Our International Business continues to support the overall Group’s revenue growth, contributing 23% of the total revenue.

Looking ahead, we remained anchored on our 2021 – 2025 EPIC² Strategy as we pursue the envisioned targets. We remain alive to the changing operating environment and customer needs; as management did pause in 2023Q3, to reflected on and refresh our strategic path to ensure that we remain aligned to our aspirations. The key 2024-2025 strategic focus areas will encompass;

- **Focus on Customer Growth and Expansion** leveraging on opportunities for growth through Partnerships & Digital and potential Emerging Market Consumers across our operating markets. To anchor this, our new subsidiary Britam Micro-insurance Company will be up and running while micro-insurance offering will be scaled through our regional entities. We will seek to expand to new markets and offerings in Uganda and potentially DRC.
- **Embedding Sustainability across the Group;** Focusing on Sustainability initiatives and expanding our Micro-insurance across the Group through Corporate Social Investments (CSI) and clear ESG framework.
- **Revenue Diversification;** expand product offering leveraging on digital distribution channels that complement traditional channels to effectively serve Emerging customers and establish rewarding partnerships across the operating markets. Additionally, we will re-purpose our sales team as to position them as premier financial advisors providing customer-centric financial solutions to our customers.

Britam embeds sustainability into its core principles, actively tackling **global challenges**

Sustainability Highlights

Sustainability in Action

Britam goes beyond simply incorporating sustainability; it's a core principle driving our business. We actively address global challenges like climate change and social inequality, reflecting a deep commitment to responsible business conduct. Our memberships solidify this position and enables us to gain access to valuable resources, best practices, and a network of like-minded organizations:

- **Nairobi Declaration on Sustainable Insurance:** This membership highlights our proactive approach to sustainability in Africa. We collaborate with other insurers to develop solutions for environmental and social risks, specifically relevant to the challenges of our operating region.
- **UN Global Compact:** By embracing the UN Global Compact's 10 principles, Britam underscores its core responsibilities in human rights, labor, environment, and anti-corruption. This global framework allows us to effectively communicate our efforts and benchmark our progress against industry leaders. Our membership in the UN Global Compact signifies our commitment to a universal language of responsibility and positions Britam as a champion for impactful and ethical business practices.

Recognizing sustainability's role in preserving the planet, Britam systematically integrates these principles across operations. Our EPIC², One Britam strategy goes beyond financial returns, leveraging resources for positive societal outcomes. Our comprehensive commitment addresses environment, social responsibility, and governance through sustainable insurance and investment solutions as well as an unwavering pursuit of continual improvement in sustainability performance.

To ensure long-term success and positive societal impact, we will continuously and proactively adapt our sustainability strategy by staying updated on broad political and macroeconomic trends such as:

- Government regulations on ESG such as stricter regulations on environmental practices, social responsibility, and corporate governance. This could lead to prioritization of aspects like reducing our carbon footprint, promoting financial inclusion, and strengthening our anti-corruption measures.
- The impacts of climate change, like extreme weather events and droughts, could significantly affect our operations and the communities they serve. This could lead to prioritization of initiatives focused on climate adaptation and resilience, such as drought-resistant crops.
- A strong economic growth creates a more favorable environment for Britam's sustainability efforts. With a growing economy, Britam might have more resources to invest in social programs and environmental initiatives. Conversely, an economic downturn could force them to scale back on these efforts.

Building Strong Stakeholder Relationships

Britam prioritizes building strong relationships with its stakeholders, placing them at the heart of our operations. This focus fosters trust, collaboration, and positive societal outcomes that align with stakeholder expectations. We leverage on a robust stakeholder engagement process to inform our materiality assessment. This process strategically aligns with our business goals through several key aspects:

- Recognition of diverse needs of our stakeholders and apply a variety of engagement methods, from online surveys and focus groups to workshops and one-on-one meetings, to ensure we gather meaningful input from all relevant parties.
- Identification of the most pressing topics and concerns for each stakeholder group, we can facilitate focused discussions that yield valuable insights into their perspectives on ESG issues.
- Having a well-defined communication plan that ensures transparency throughout the engagement process. We actively listen to feedback and provide clear updates on how stakeholder input is integrated into our materiality assessment and overall sustainability strategy.

Stakeholders	Why we engage	How we engage	Stakeholder Interest	Desired outcome
Customers	<ul style="list-style-type: none"> To ensure the customer's needs are understood and addressed To increase customer loyalty and brand reputation To streamline business processes for better customer service 	<ul style="list-style-type: none"> Customer satisfaction survey Agents and Brokers Customer events In person engagement Online self - service portals Online channels 	<ul style="list-style-type: none"> Deliver exceptional service & meet evolving needs 	<ul style="list-style-type: none"> Financial security, tailored coverage, cost-effectiveness
Employees	<ul style="list-style-type: none"> To retain top talent To develop employees to be brand advocates for Britam To foster collaboration among teams To deliver excellent customer service To create opportunities for employees to realize their full potential 	<ul style="list-style-type: none"> Employee engagement survey In – person interactions Email updates Social collaboration tools Anonymous feedback platforms 	<ul style="list-style-type: none"> Attract & retain top talent, foster a thriving work environment 	<ul style="list-style-type: none"> Job satisfaction, growth opportunities, excellent customer service
Local Community	<ul style="list-style-type: none"> To create long term value to the environment and community To create awareness on Britam's products and services To demonstrate Britam's efforts in societal contribution 	<ul style="list-style-type: none"> Meetings Events Workshops Industry forums Donations Sponsorships 	<ul style="list-style-type: none"> Create shared value and contribute to social well-being 	<ul style="list-style-type: none"> Community support, financial inclusion, awareness programs
Suppliers and Partners	<ul style="list-style-type: none"> To ensure suppliers are aligned with Britam's business and ESG requirements To provide feedback to suppliers on their performance To foster collaboration and innovation of new insurance products 	<ul style="list-style-type: none"> Suppliers code of conduct Portals Emails Conference calls Face – to face meetings 	<ul style="list-style-type: none"> Ensure alignment with Britam's values and goals 	<ul style="list-style-type: none"> Long-term partnerships, innovation in product development, sustainability focus
Government and Regulators	<ul style="list-style-type: none"> To ensure compliance with all applicable and relevant legislations and regulations To maintain a positive brand image of responsible corporate citizen To contribute to the shaping regulatory policies within the insurance industry 	<ul style="list-style-type: none"> Reports Direct engagement key government regulatory and industry stakeholders 	<ul style="list-style-type: none"> Comply with regulations and contribute to a healthy industry 	<ul style="list-style-type: none"> Responsible business practices, positive brand image, participation in policy discussions
Investors and Shareholders	<ul style="list-style-type: none"> To foster transparency and accountability about Britam's financial and non – financial performance To attract and retain investors To build confidence among shareholders and investors 	<ul style="list-style-type: none"> In – person platforms Online platforms Annual General Meetings (AGM) Shareholder calls and meetings Conference calls Results announcements and presentations Investor roadshows and conferences General investor queries emails 	<ul style="list-style-type: none"> Foster trust and deliver strong returns 	<ul style="list-style-type: none"> Financial & sustainability performance, transparent communication

Our Materiality Assessment

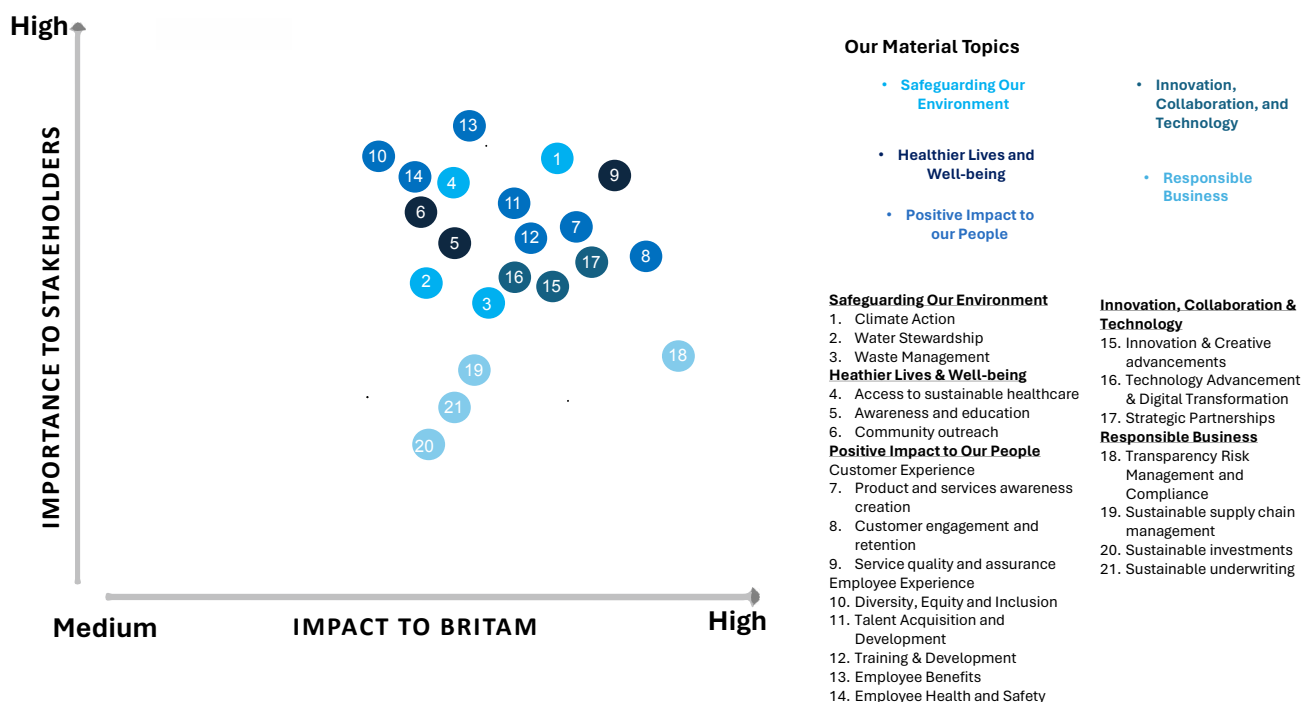
Materiality assessment is a systematic process to identify and prioritize environmental, social, and governance issues that significantly impact Britam, our stakeholders, and our sustainability performance. These are the issues that can influence our financial results, reputation, and stakeholder relationships. To ensure that we focus on the most critical areas, we conduct a robust materiality assessment aligned with the Global Reporting Initiative (GRI) standards.

This comprehensive process went beyond simply listing potential ESG concerns. We delved deeper through a multi-lens approach, where we focused on the ESG issues that truly matter, allowing us to create long-term value for Britam and contribute meaningfully to a more sustainable future:

- Engaged with customers, employees and investors to understand their concerns and expectations, so that we prioritize issues with the highest level of stakeholder interest and influence.
- Evaluated the potential financial implications of each ESG issue, assessing how it could impact revenue, expenses, and long-term financial stability
- Considered how each issue could affect Britam’s public image and brand perception.
- Aligned our approach with relevant national and international regulations, avoiding potential legal or compliance risks.
- Benchmarked our materiality assessment process against industry leaders, ensuring we’re utilizing the most effective methods.
- Assessed the potential operational challenges or opportunities presented by each sustainability issue, allowing us to develop a more holistic strategy
- Prioritized issues that positively contribute to the UN Sustainable Development Goals (SDGs), demonstrating our commitment to a broader positive impact.

Our Materiality Matrix

Our materiality matrix maps critical environmental and social issues based on their impact on Britam’s success and stakeholder concerns. We leverage a multi-faceted approach, including the latest materiality assessment, industry trend analysis, and in-depth stakeholder engagement. By analyzing this comprehensive data, we gain valuable insights into the most critical factors shaping our long-term sustainability. This information guides our strategic decisions and shapes our sustainability initiatives, ensuring we prioritize the areas that matter most.



Environmental & Social Responsibility

Britam is committed to Environmental and Social (E&S) responsibility by integrating these considerations into its investment decisions. We consider various guidelines when evaluating investments, including our E&S Policy, exclusion lists, international standards, and national laws.

Our E&S principles guide our conduct and ensure we operate in a responsible and sustainable manner; this not only benefits the environment and communities we serve but also strengthens our long-term business performance. These core principles include:

- Adherence to all environmental and social laws and regulations, and actively seeking to minimize our negative environmental footprint.
- Prioritize respecting the rights and interests of local communities and indigenous people in the areas we operate in.
- Promote a safe and healthy work environment for all our employees.

Britam’s E&S policy addresses key environmental and social challenges like climate change, pollution, and resource depletion. It uses a risk-based approach, tailoring the level of E&S assessment to the specific investment and prioritizes responsible investing by:

- Evaluating environmental and social risks of potential investments to make informed decisions.
- Setting clear E&S standards that clients must follow to ensure alignment with responsible practices.
- Requiring an E&S risk assessment for all investments, identifying potential sustainability concerns.
- Operating with a focus on sustainability and responsibility, integrating these principles throughout their business practices.

Impactful Community Initiatives

By fostering positive change across various areas, Britam paves the way for a more sustainable future for all. These initiatives highlight Britam's dedication to ESG practices.

Environmental Stewardship:

- **Kenya Navy Base Mtongwe Tree Planting Initiative:** Britam staff and leadership actively participated in planting 5,000 trees at the Kenya Navy Base.
- **Tree Planting at Machakos School:** Britam contributed Kshs. 257,500 and partnered with teachers, students, and alumni to plant trees at the Machakos School.
- **2023 Friends of Karura (FKF) Anniversary Race:** Britam provided a Kshs. 350,000 donation to support the Friends of Karura, a community organization dedicated to protecting Nairobi's vital green lung, the Karura Forest Reserve.

Social Responsibility:

- **The Art of Music Foundation:** Britam donated Kshs. 250,000 to the Ghetto Classics Orchestra for Schools Initiative. This program provides music education, mentorship, and performance opportunities for Kenyan elementary school children.
- **3rd Edition of Mountain-to-Mountain Ultra Marathon:** Britam Financial Advisors donated Kshs. 250,000 to Nyeri County marathon, whose initiative was to raise awareness about combatting non-communicable diseases through physical activity.
- **Faraja Cancer Support Trust:** Britam made a Kshs. 250,000 donation to the Faraja Cancer Support Trust, acknowledging their vital work in providing emotional, practical, and healing support to Kenyan cancer patients.
- **Crafts for Cure Program:** Britam staff joined the Faraja Cancer Trust's program at Kenyatta National Hospital, to offer support and a creative outlet to children undergoing cancer treatment.

Britam's Board and Leadership Development

Britam's success is driven by a well-rounded board of directors with extensive experience in critical fields like legal and governance, investments, insurance, finance, and business strategy. This diverse skillset fosters informed decision-making that benefits both Britam and the communities we serve.

In 2023, Britam further solidified its leadership team by welcoming Ms. Hilda Njeru, Ms. Susan Abisola, Mr. Lotfi Baccouche, and Mr. Tom Gitogo to the board. These appointments bring fresh perspectives and expertise, ensuring Britam's agility and adaptability in a dynamic market. Combined with the existing board's strength, this positions Britam to deliver even greater value to our communities.

Demonstrating a commitment to continuous learning, Britam's board and executive management participated in a comprehensive leadership development program in September 2023. This program focused on critical emerging trends that will shape the future of the insurance industry, including:

- **The Impact of Artificial Intelligence (AI):** The program explored how AI can be leveraged to enhance efficiency, improve risk assessment, and personalize insurance products.
- **Climate Change and Financial Risk:** Shared insights into the potential financial risks associated with climate change and explored strategies for mitigating them.
- **Human Capital Trends and Challenges:** The program addressed the evolving landscape of human capital management, equipping leaders to address talent acquisition, development, and retention challenges in the coming decade.

Our Focus on the SDGs

Britam aligns its sustainability efforts with nine of the UN Sustainable Development Goals (SDGs), demonstrating our commitment to global progress. This focus translates into tangible results, showcasing our active role in tackling global challenges.

The specific SDGs we prioritize directly connect to our core business and create a framework for positive impact. By integrating these SDGs into our strategy, Britam goes beyond simply offering insurance products. We aim to become a driving force for positive change, contributing to a more sustainable and equitable future for all.

Below is a highlight of the SDGs that Britam most impacts and an outline of some of our actionable initiatives;

SDG 3: Good Health and Well-being

A healthy population translates to a more resilient society with lower healthcare costs. We support initiatives focused on promoting healthy lifestyles and access to quality healthcare. We contribute to this goal by:

- Offering affordable health insurance plans that cover preventative care and chronic disease management.
- Partnering with healthcare providers to design wellness programs that incentivize healthy lifestyles for policyholders.
- Supporting health awareness initiatives: (e.g., cancer prevention, mental health).

SDG 4: Quality Education

We champion educational equity by supporting programs that empower young minds and bridge the skills gap. Britam supports initiatives that provide financial literacy training for policyholders, particularly in underserved communities.

SDG 5: Gender Equality

We promote diversity and inclusion within Britam and advocate for equal opportunities for women across all aspects of society. Our contribution is evident through ensuring gender parity in our leadership positions as well as developing products with equal benefits and coverage for all genders.

SDG 8: Decent Work and Economic Growth

We are committed to creating sustainable employment opportunities and fostering economic development within the communities we serve:

- Investing in sustainable businesses that prioritize ethical labor practices and environmental responsibility.
- Offering microinsurance products for the informal sector.
- Developing innovative insurance solutions that reach underserved communities and increase access to financial services.

SDG 9: Industry, Innovation and Infrastructure

We continuously explore innovative solutions to enhance our services and contribute to building a more resilient infrastructure. Innovation is vital for the insurance industry to adapt to emerging risks and offer efficient solutions:

- We leverage technology to streamline processes, personalize products, and improve risk assessment.
- Developing new products that address emerging risks, such as climate-resilient agriculture insurance.

SDG 10: Reduced Inequalities

Economic and social disparities create instability and hinder development. Britam strives to bridge the economic and social divide by promoting inclusive financial services and supporting initiatives that empower vulnerable communities, such as:

- Offering microinsurance solutions tailored for low-income communities and marginalized groups.
- Promoting financial literacy for underserved communities by organizing workshops and educational programs to empower individuals to make informed financial decisions.
- Supporting social impact initiatives that address issues like poverty, social exclusion, and lack of access to healthcare in underserved communities.

SDG 13: Climate Action

Climate change poses a significant risk, and we contribute towards climate action through various initiatives such as:

- We take environmental responsibility seriously, implementing initiatives to reduce our carbon footprint and promote sustainable practices such as office efficiency by implementing energy-efficient lighting and appliances in Britam offices, remote working options for our staff, digitalization and supporting tree planting initiatives.
- Developing climate-resilient insurance products such as parametric flood insurance and index-based livestock insurance.
- Raising awareness about climate change both through internal and external campaigns. This includes utilization of Britam’s internal communication channels (e.g., newsletters) to share information about climate change and Britam’s sustainability efforts. As well as educating policyholders on climate risks and encouraging them to adopt sustainable practices.

SDG 16: Peace, Justice and Strong Institutions

We uphold ethical business practices and promote good governance within Britam and across our industry. We contribute to this by:

- Upholding high ethical standards through the implementation of robust anti-corruption and fraud prevention measures within Britam.
- Promoting responsible investment and procurement practices through partnership with companies that adhere to ethical labor standards and environmental regulations.
- Advocating for sound regulatory frameworks that promote a fair and competitive insurance market.

SDG 17: Partnerships for the Goals

Collaboration is key to achieving the SDGs and Britam maximizes our collective impact through:

- Building partnerships with stakeholders such as NGOs, and other industry players to develop and implement sustainable solutions.
- Engaging in knowledge-sharing initiatives to promote best practices in sustainable insurance
- Using our voice to raise awareness about the importance of the SDGs and inspire others to take action.

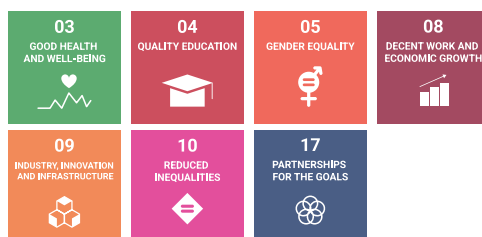
Environmental:

Safeguarding our environment



Social:

- Healthier Lives and well being
- Positive Impact to our people
- Innovation, Collaboration and Technology



Governance:

- Responsible Business



Our Material Topics

At Britam, we believe true success extends beyond financial results. It’s about fostering positive change for our people, communities, and the environment. This narrative explores our core sustainability topics, showcasing how we integrate these principles into every aspect of our operations.

Our five key material topics are highly relevant, reflecting evolving stakeholder expectations and the current business landscape. This focus ensures we prioritize issues with significant impact on our finances, environment, reputation, and stakeholder relationships. These topics are firmly anchored in:

- UN Sustainable Development Goals (SDGs): We actively contribute to these global objectives for a more sustainable future. <https://sdgs.un.org/>
- UN Global Compact (UNGC) Principles: We uphold its ten principles, promoting responsible business practices and ethical conduct. This includes our annual reporting on the Communication on Progress within the UNGC platform. <https://unglobalcompact.org/what-is-gc/mission/principles>
- Global Reporting Initiative (GRI) Standards: These internationally recognized guidelines guide our comprehensive materiality assessment process as well as reporting. <https://www.globalreporting.org/standards/>

The table below highlights how our material topics align with the relevant GRI topic standard, which provides a framework for reporting the most essential issues to our stakeholders.

Material Topic	Relevant GRI Topic Standards	Related UN SDG(s)	Related UNGC Principles
Positive Impact to our People (Customer & Employee Experiences)	GRI 401, 403, 404, 405,406, 409,416,417 418-1	SDG 3,4, 5, 8, 10 & 17	1,2,3,4,5,6,7, 8,9 & 10
Healthier Lives & Well-being	GRI 203-1, 203 -2, 203 & 413	SDG 3,4,8,10 & 17	1,6,7,8 9 & 10
Collaboration, Innovation & Technology	GRI 203	SDG 9 & 17	9
Safeguarding our Environment	GRI 302, 303 and 306	SDG 13 & 17	7,8 & 9
Responsible Business	GRI 201-2, 204, 205,206, 207,308 & 414	SDG 10,16 & 17	1,2,7,8 & 10

Our Sustainability Commitment

Britam is committed to creating a positive impact on our stakeholders and the world around us. We achieve this by integrating sustainability principles into everything we do, fostering a thriving workplace, delivering exceptional customer service, and promoting healthier communities and a sustainable environment:

- **Employee Experience:** We prioritize the well-being of our employees, fostering a diverse and inclusive environment through talent development programs and robust health & safety initiatives.
- **Customer Focus:** We deliver exceptional customer service while safeguarding privacy and data security. Our commitment to continuous improvement ensures we meet evolving customer needs with innovative solutions.
- **Healthier Lives and Well-being:** Our commitment extends beyond our employees. Through strategic partnerships and community outreach programs, we promote access to essential healthcare and raise environmental awareness.
- **Collaboration and Technology:** We cultivate a culture of collaboration and innovation, leveraging technology to develop solutions that address societal needs. Strategic partnerships further amplify our impact and drive meaningful change.
- **Safeguarding Our Environment:** We recognize our environmental responsibility. We minimize our footprint through responsible resource management practices, focusing on climate action, water stewardship, and waste management.
- **Responsible Business Practices:** Transparency, risk management, and ethical conduct are core to our values. We adhere to the highest standards of governance and compliance while promoting responsible practices throughout our supply chain and investment activities.

Weaving Sustainability into Our Future

By integrating sustainability into our core business, we aim to create lasting value for all our stakeholders. This includes contributing to a more sustainable future and empowering progress for generations to come.

We maintain a dynamic materiality assessment process to ensure our focus remains on the issues that truly matter. Taking a significant step forward, **Britam's 2023 inaugural Sustainability Report** showcases our commitment and outlines measurable efforts to achieve a sustainable future. Sustainability isn't just an aspiration; it's at the heart of our daily operations and core business strategy.

Providing Livelihoods with a Green Focus

In the heart of Britam Microinsurance lies a profound understanding: the delicate balance between environmental sustainability and community prosperity. We are more than just insurers; we are stewards of resilience, champions of sustainability, and guardians of livelihoods.

In our quest to safeguard communities, we've pioneered innovative insurance solutions in the financial year 2023 that not only shield against economic losses but also promote sustainable practices and fortify resilience against the looming specter of climate change.

Take our flagship initiative, Britam Mafuriko: Index Based Flood Insurance. By harnessing the power of parametric insurance linked to rainfall and river gauge data, we've revolutionized disaster response, providing prompt payouts and reducing reliance on cumbersome post-disaster assessments. Through strategic partnerships with esteemed organizations like OXFAM and SwissRe, we've extended our reach to vulnerable households in Tana River County, ensuring their



financial security amidst the ravages of recent El-nino rains. And as we prepare to scale up our efforts, we have successfully sought collaborations with the Tana River County government to bolster early warning systems and community preparedness initiatives, laying the groundwork for a more resilient future.

Our commitment to sustainability extends beyond floods to the arid plains of Kenya, where the DRIVE project is making strides in Index Based Livestock Insurance. Here, in collaboration with the World Bank, we are providing a lifeline to pastoralists in drought-stricken regions, offering payouts based on indices like rainfall levels. With digital payments and Savings Enrolment Bonuses, we are not just insuring animals; we're investing in the financial well-being of herders, ensuring their resilience in the face of adversity. And as we look ahead, our vision extends to smallholder farmers, where tailored products and discounts for sustainable practices will pave the way for a greener, more prosperous agricultural sector.

Crop insurance, too, has undergone a transformation under our stewardship. Index-based solutions, driven by weather data, are revolutionizing risk management for smallholder farmers. Through collaborations with agricultural aggregators, we're tailoring affordable products that not only mitigate financial risk but also promote climate-smart farming practices, fostering resilience in the face of environmental uncertainty.

Our achievements speak volumes: from launching the first flood insurance product in East Africa to safeguarding the livelihoods of thousands affected by floods, livestock diseases, and crop failures. Our claim payouts within 48 hours of submission stand testament to our unwavering commitment to our clients. As we forge strategic partnerships with governments and increase our consortium share, our impact only grows stronger.

Yet, challenges abound. Affordability, data availability, and awareness remain pressing issues. But as we look to the future, our resolve remains unshaken. We will continue to expand our range of sustainable insurance products, working hand in hand with governments, NGOs, and relevant stakeholders to build more resilient communities. Through outreach programs and partnerships, we will ensure that no one is left behind. And with innovative approaches and a steadfast commitment to our values, we will pave the way for a greener, more sustainable future for all.

At Britam Microinsurance, sustainability isn't just a buzzword; it's our guiding principle, our raison d'être. For in protecting livelihoods today, we ensure a brighter tomorrow for generations to come.



Offering clients
convenient and
high-quality
alternatives for
accessing services.

Customer-centric Innovations & Partnerships

Kenya

1. Britam, Airtel Money and Inclusivity Solutions, partner to Provide Affordable Mobile-Enabled Insurance Solutions for low-income families and MSMEs.

Britam Insurance, Airtel Money, and Inclusivity Solutions, partnered to introduce a range of mobile-enabled insurance solutions targeting lower income families and Micro, Small, and Medium Enterprises (MSMEs). The partnership aims to provide protection to these underserved segments of the population against several risks, including loss of income because of hospitalization, death or disability caused by an accident, and funeral costs in the event of death of the assured from natural causes or an accident.

The partnership will enable customers to access three innovative insurance products through their mobile phones: Hospital Cash, Last Expense and Personal Accident covers or a combination of the three covers.

The affordable range of covers, include:

- Personal Accident Cover available at a monthly fee of Ksh 35 for individuals and Ksh 150 for families,
- Hospital Cash (Hospicash) Cover at a monthly fee of Ksh 40 for individuals and KSH 170 for families,
- Last Expense Cover at a monthly fee of Ksh 40 for individuals and Ksh 170 for families, and,
- Combo Benefit that combines Hospital Cash, Accidental/ Natural Death and Permanent Total Disability covers at a monthly fee of Ksh 100 for individuals, and Ksh 420 for families.

2. Britam Pays Out Shs. 14.1 million in flooding insurance claims to Tana River households.

Britam processed Shs. 14.1 million in compensation for the losses resulting from flooding in Upper Tana to some three hundred households in Madogo Ward, Tana River County. The compensation will alleviate the immediate challenges faced by the policy holders who have experienced loss and damage due to the floods.

The amount was handed over to Oxfam, which will facilitate payment to all 300 households insured under Britam's Flooding Insurance Policy. The policy was launched in May 2023 to enable vulnerable households recover from losses resulting from flooding in what is Kenya's largest river basin.

3. Britam to offer free Travel Insurance for Bonfire Travelers

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

Under this partnership with Britam, Bonfire will offer all their domestic travel customers, a free travel insurance cover, insuring them against accidental injuries, illnesses, and death during their travel.

In case of an accident resulting in death, an amount of Sh100,000 will be paid to the beneficiaries of the covered, while a similar amount will be paid to the person covered in the event of permanent disability arising from an accident during the trip. Additionally, customers are covered up to Sh40,000 for medical expenses resulting from an accident during their trip.

Travelers can also opt in to an enhanced package for Sh600, which covers evacuation and hospitalization during their trip. The benefits of this enhanced cover include Sh100,000 for death and Sh100,000 for permanent disability arising from an accident during the trip. Additional benefits include Sh100,000 for inpatient medical treatment and Sh40,000 for emergency medical evaluation during the trip.

4. Britam partners with Leading Pharmacies to introduce convenient access to outpatient healthcare for minor ailments.

Britam General Insurance launched the Pharmacy First Program a service that allows Britam medical insurance clients to access medical services at pharmacies, for minor and uncomplicated ailments without the need to visit a hospital. The program, designed by mPharma for Britam, went live on 2nd October 2023 at mPharma-owned Haltons Pharmacies in Kenya. Its success and positive uptake led Britam to expand to include other partners such as GoodLife Pharmacy, Malibu Pharmacy and MYDAWA Online Pharmacy. The Pharmacy First Program was born out of

the necessity to offer clients a convenient and high-quality alternative for accessing medical services as well as stretch out their outpatient benefits. Recognizing that many Kenyans' initial point of contact for uncomplicated health issues is often their local pharmacy, Britam is capitalizing on this trend to offer clients a high-quality alternative.

Malawi

5. Britam, Airtel and Inclusivity Solutions partner to offer affordable insurance cover to low income families.

Britam Insurance partnered with Airtel Money and digital insurance solutions provider, Inclusivity Solutions, to unveil an affordable mobile enabled insurance cover dubbed – Limodzi. Limodzi is an inclusive insurance aimed at covering the under-insured from unforeseen circumstances like accidents and hospitalization which can affect their health and income. The Personal Accident cover compensates the customer for accidental injuries or loss of body parts, disability or death rising from an accident. Additionally, in case of hospital admission for 2 nights or more, the insured gets daily cash which would cater for hospital bills or lost business hours while admitted.

The insurance solution is available for as low as K150 per month for an individual or K1,150 per month for a family and one can choose to purchase either the personal accident benefit cover or the Hospital cash cover or both.

They have also made it easy to sign up for this insurance, Simply dial *211# from an Airtel line, select Financial Services then Limodzi and follow the simple instructions to choose cover and make monthly payment via Airtel Money.

Tanzania

6. Britam Insurance marks 25 Years in Tanzanian market

Britam marked 25 years of its operations in Tanzania with pomp and fanfare at a ceremony attended by its board and management as well as government officials.

Established in 1998 with a team of just five employees, Britam Insurance Tanzania became only the second registered insurance company in Tanzania. It has since grown and positioned itself as a provider of innovative and comprehensive insurance solutions including but not limited to Motor Vehicle Insurance, Health Insurance, Travel Insurance, Domestic Insurance, Engineering Insurance, among others, for both individuals and businesses in line with its value proposition of Securing Your Dreams and Insuring Risks.

Besides its Dar es Salaam office, the company has strategic offices in five regions, including Arusha, Dodoma, Mwanza, Mbeya, and Mtwara, and a dedicated team of over 65 employees. It has a strong team of services of Agents and Sales Force Executives who serve as distribution channels spanning the length and breadth of the country.

We will intentionally create a culture and environment where our people can **thrive and succeed.**

Our People

Our People are important to us

The 2021 – 2025 EPIC² strategy is about Delighting the Customer. Britam will be deliberate in creating a culture and environment where our people can thrive and succeed. It is also about focusing on our people and building an employee brand to deliver our customer and brand promise. Our people will through empathy and care consistently deliver an EPIC experience to our customers through meaningful interactions and satisfying experiences. At Britam, where people power dreams, we understand that our employees are the driving force behind our success. Just as we safeguard the aspirations of our customers, we are committed to fostering a thriving environment where our team, the Blue Tribe, can flourish.

How do we achieve this? We believe the answer lies in a powerful combination:

- **EPIC², our customer-centric strategy**, ensures we align our efforts with delivering exceptional experiences for those we serve.
- **A culture of innovation and transformation**, empowers our team to push boundaries and embrace exciting possibilities.
- **Unwavering commitment to our purpose**, Safeguarding dreams and aspirations, both within our company and the communities we operate in.

These are not just taglines: it is the fuel that propels us. We constantly seek ways to enhance the employee experience, offering the support and resources necessary for success. However, here is the real question:

How can we translate this dedication to EPIC experiences for both our people and our customers?

- **Cultivating a distinctive culture:** One that embodies our core values, fosters innovation, agility, customer-centricity, high performance and inclusivity.
- **Recognizing that the employee experience is the heart of this culture:** By investing in our people, we nurture a vibrant community that fuels our ability to deliver on our promises.

How do we make an impact on people?

We are deliberate about co-creating and executing exciting initiatives and engagements that is part of creating the culture and inspiring experiences for all our people in Britam. This is a journey of transformation of our People Agenda. #OneBritam #CreatingEpicExperiences #TheBlueTribe.

In this section, we provide insights into our culture transformation journey, employee engagement initiatives, commitments to Diversity, Equity and Inclusion (DEI), Learning and development initiatives and recognition policy across the countries we operate in.

Here are the highlights of how we engaged with our employees:

Pillar: Employee Engagement Initiatives	What we achieved
1. Teamwork in action: The 2023 Britam sports day	The 2023 Britam sports day fostered collaboration, boosted morale, and built a winning mindset.
2. Culture Transformation Journey	Co-creation and launch of Britam #BlueTribe Winning Culture, the Britam leadership code was developed, translating to our winning culture.
3. Employee Engagement and Culture Survey	Our overall employee engagement has had a remarkable shift moving from 62% in 2022 to an impressive 77% in 2023 across the Britam Group. This demonstrates the dedication and commitment by leadership and employees to succeed and create inspiring employee experience.
4. Life @ Britam	The “Life @ Britam” featured nine inspiring videos. These videos highlight achievements, growth, recognition, and daily life at Britam. They actively promote our key initiatives #BuildTheBlueTribe and #JoinTheBlueTribe, emphasizing the culture and distinctive value proposition of building a long-term career in Britam.



Our People are important to us (continued)



Pillar: Diversity, Equity and Inclusion Initiatives	What we achieved
1. Pro-Diversity and Inclusiveness policies and support to employees	Policies that support mothers’ transitioning to work after birth; Mother’s rooms in Kenya and an aspiration to have these across all countries; flexible working and family friendly policies.
2. The launch of DEI initiatives for Women@Britam and men@Britam dubbed: SheThrives and ManCave mentorship programs	We organized celebrations of international Women’s/Men’s/Africa Day panel discussions, workshops and awareness campaigns and mentorship programs to provide a platform where our employees can enjoy the ‘school of life’ journey with others and diversity is our strength as the Blue Tribe.



Our People are important to us (continued)

Pillar: Learning and development initiatives	What we achieved
1. Our Rising Star program with One Africa Leadership Development program.	Purpose discovery, personal growth, teamwork, and leadership development of our rising stars across the Group and making an impact in their communities and social good as leaders.
2. The Britam Leadership Development Journeys.	The Britam Leadership Development journeys that shape our leaders as world-class leaders. Enabling our leaders with empathy, drive and EPIC ² experience for our employees and customers.

Pillar: Recognition Policy	What we achieved
1. The Britam Pinnacle Awards 2023.	These prestigious annual awards are designed to honor employees and teams who consistently exhibit outstanding leadership and contribute significantly to embodying Britam's core values: Respect, Integrity, Innovation, and Customer Focus.



Category	Female	%	Male	%
Executive team	5	42%	7	58%
Management	68	39%	105	61%
Other staff	414	48%	441	52%
FTC	22	40%	33	60%
Total	509	46%	586	54%

How we will continue to make an impact on people.

Nurturing Talent

Fueling Future Leaders Across All Levels:

At our company, we take employee growth seriously. That is why we have curated talent development and retention programs that not only **accelerate individual potential** but also **propel our organization forward**.

Cultivating Leadership Pipelines:

Our programs cater to **diverse leadership journeys**, spanning from **junior management to the executive suite**. They equip individuals with the knowledge, skills, and experiences necessary to excel at their current roles and prepare them for future advancement.

Our People are important to us (continued)

#BlueTribe Culture Transformation

Transforming our culture is a multifaceted journey that demands time and dedication. We have made notable strides in our cultural evolution and our overarching business strategy underscoring the urgency to adapt to evolving customer needs swiftly.

Our culture transformation commenced with redefining how leaders lead, behave, and make decisions within our organization to align with our cultural aspirations. Thus far, our focus has been on cultivating and exemplifying inclusive leadership and building trust. This initiative started by deliberate action and determination to shift mindsets and behaviors among our executive teams, aligning them with our envisioned cultural destination, and disseminating these principles throughout the organization's tiers. Embedded within this approach are our core leadership principles, encapsulated in our Leadership Code:

- "I will put the customer at the center of it all"
- "I will lead and serve with empathy and care"
- "I will trust and empower"
- "I will move first, fail forward, and be part of the solution"
- "I will do the best for Britam"
- "I will be bold and act now"

Employee Wellness, Health & Safety

Investing in our people: Recognizing the crucial role employees play in Britam's success, we prioritize their well-being through various initiatives. This includes flexible work arrangements for a healthy work-life balance integration, comprehensive health & wellness programs for physical and emotional well-being, and financial wellness initiatives for peace of mind.

Safety matters: At Britam, safety is paramount. We invest in safe work environments, provide regular training, and nurture a culture of risk awareness through open communication and incident reporting.

Measuring impact and looking ahead: We track key metrics to evaluate the effectiveness of our programs and continuously improve. Britam remains committed to enhancing employee well-being, fostering a thriving workforce that drives success and makes a positive impact.



Values and ethics are integral to the Company's strategic & business objectives, targeting **sustainable and profitable growth.**

Corporate Governance

Statement of Corporate Governance

The Board and Management of Britam Holdings Plc is committed to the highest standards and practices of corporate governance and business ethics and recognizes that good corporate governance is key to the enhancement of business performance. The Company's corporate values and ethics are entrenched in the strategic and business objectives which are aimed towards achieving sustainable and profitable growth for the Company. The Board of Directors of Britam Holdings Plc recognizes that it has responsibilities to its shareholders, customers, employees, business partners as well as to the communities in which the entities it controls operate. The Board and management of the Company continues to comply with various Corporate Governance Guidelines as prescribed by regulatory authorities that govern its operations and those of its subsidiaries. This statement details key corporate governance practices of Britam Holdings Plc and its subsidiary companies.

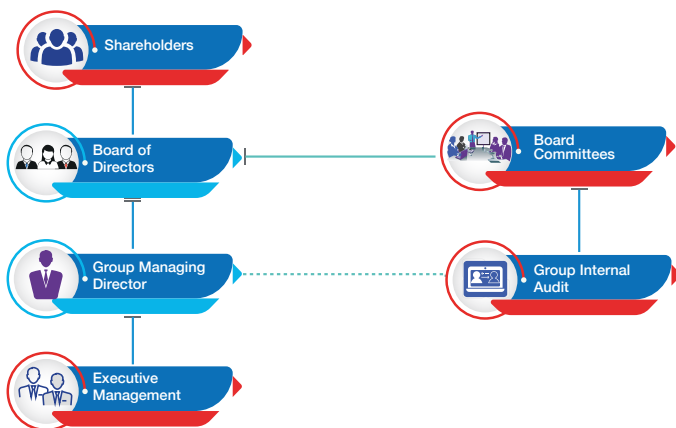
Statement of Compliance

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

Governance Structure

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

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



Board Operations

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

CEO are separate and distinct with a clear separation of their responsibilities

The current Board Charter in respect of the Company was reviewed and approved by the Board in December 2022 and is available on the Company website. A summary of the provisions of the Board Charter are:

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

The Company Secretary

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

The Board

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

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

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

Board Composition

The Board of Directors is comprised of eleven (11) members as at the end of the reporting year and as at the date of this report. Five (5) of the Directors are independent as defined by the CMA Corporate Governance Code. Three (3) members of the Board are female. The directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

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

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

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

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

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

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

Board Induction and Development

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

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

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

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

Conflicts of Interest

All Directors are required to disclose on appointment, annually and at the beginning of each Board and Board Committee meeting, any circumstance which may give rise to any actual or potential conflict of

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

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

Board and Executive changes in the year

Mr. Lotfi Baccouche was appointed to the Board on 18 January 2023 and regulatory approval for his appointment was received from the Insurance Regulatory Authority (IRA) on 3 March 2023.

Ms. Susan Abisola was appointed to the Board on 28 March 2023 and regulatory approval for her appointment was received from the Insurance Regulatory Authority (IRA) on 6 April 2023.

Mr. Tom Gitogo was appointed to the Board on 2 January 2023 and regulatory approval for his appointment was received from the Insurance Regulatory Authority (IRA) on 19 May 2023.

Ms. Josephine Ossiya retired from the Board on 28 March 2023.

Ms. Caroline Kigen retired on the 13th February 2024.

Ms. Judy Rugasira Kyanda was appointed to the Board on 7 December 2023 and regulatory approval for her appointment was received from the Insurance Regulatory Authority (IRA) on 15 February 2024.

Board Activities

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

Board Evaluation

The Board reviews its performance and that of the Board Committees, individual directors, the Group Managing Director and CEO and the Company secretary annually. The evaluation is conducted by an external consultant electronically and in a confidential manner. The 2023 Board effectiveness rating of the Britam Holdings PLC board stands at 4.45 (89%) as compared to 4.25 (85%) in 2022 as scored by the respective Board members. The evaluation examined the balance of skills on the Board, Board's oversight on business performance, strategic focus, stakeholder management and risk management. In addition, the evaluation also considered the Board's oversight on Governance and succession planning, senior management performance as well as employee satisfaction. Group-and-subsiidiaries relationship was also a key focus area.

Board Skills Matrix

The Nominations, Governance and Remuneration Committee has developed a Board matrix setting out the mix of skills and diversity of the Board. The matrix is used to evaluate whether the collective skills and experience of the Directors meet the Group's current and future requirements. If the Board determines that new or additional skills are required based on analysis of existing skill gaps, appropriate training is conducted to empower the Board meet its obligations. The Board, through the Nominations, Governance and Remuneration Committee, strives to ensure that the Company has the right mix of skills and experience for the Company to achieve its strategic aim of enabling people achieve financial security.

Policy on Appointment of New Directors

The Group Nominations, Governance and Remuneration Committee (NGR) and the Group Board reviews and assesses Board composition and recommends the appointment of new Directors for all subsidiaries Boards. Proposed candidates for the role of non-executive Director undergo a formal screening process conducted by the NGR Committee

Policy on Appointment of New Directors (continued)

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

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

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

Engagement with stakeholders

Britam Holdings Plc is committed to giving its shareholders appropriate information and facilities to enable them to exercise their rights effectively. As a result, the Company seeks to provide shareholders with information that is timely, of high quality and relevant to their investment and listens and respond to shareholders' feedback. The Board recognizes the importance of maintaining transparency and accountability to its shareholders and works to ensure that all shareholders are treated equitably, and their rights are protected. Communication with the shareholders is through the Annual report and investor briefings where the full year and half yearly financial results are announced. Material information is also posted on the Company's website www.britam.com and published through the local dailies.

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

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

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

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

Business Management

The Group's business is conducted guided by a carefully formulated strategy, annual business plans and budgets that set out clear objectives. Roles and responsibilities are clearly defined with approved authority delegated. Performance against the objectives is reviewed and discussed monthly and quarterly by the management teams in the Group. The Board recognizes that employees form an integral part of the internal control system of the corporate structure. Each year every employee commits to adhere to the code of business conduct.

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

Actuaries

The Group engages independent and external actuaries to examine the financial soundness of the various entities in the Group. The actuary reports independently and directly to the Board. The following actuaries

provided services to the Group in the year under review: -

- Long term business - Xander Faure of QED Actuaries and consultants
- Short term business - Lance Moroney of QED Actuaries and Consultants
- Britam Group employee pension scheme - Mr. R. Leiser - Banks of Triangle Actuarial Services

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board appointed The Leadership Group to conduct the Company's Governance Audit for the financial year ended 31 December 2023. The Governance Audit Report was adopted by the Board of Directors on 27 March 2024. The Company was issued with an unqualified opinion.

Statutory Audit

Appointment of Auditors

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

Independence of Statutory Auditors

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

Board Members Attendance

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

Meeting Date	Mr. Kuria Muchiru	Mr. Tom Gitogo	Mr. George Odo	Mr. Julius Mbaya	Dr. Peter Munga	Mr. Jimnah Mbaru	Mr. Edouard Schmid	Mr. Lotfi Baccouche	Ms. Caroline Kigen	Ms. Celestine Munda	Ms. Josephine Ossiya**	Ms. Susan Abisola*
3/28/2023	√	√	√	√	√	√	√	√	√	√	√	--
6/8/2023	√	√	√	√	√	√	√	√	√	√	--	√
8/14/2023	√	√	√	√	√	X	√	√	√	√	--	√
8/30/2023	√	√	√	√	√	√	√	√	√	√	--	√
10/24/2023	√	√	√	√	X	√	√	√	√	√	--	√
12/7/2023	√	√	√	√	√	X	√	√	X	√	--	√

*Ms. Susan Abisola joined the Board on 6 April 2023

**Ms. Josephine Ossiya retired from the Board on 28 March 2023

√ - present

X - absent

-- not applicable

Committees of the Board

The Board is responsible for the oversight of the Group. It has delegated the detailed roles and responsibilities to five committees, each of which meets at least four times annually.

Audit, Risk and Compliance Committee

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

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

- Risk Assessment reports and Consolidated Risk Reports
- Forensic update reports
- Schedule of Delegated Authorities
- Enterprise Risk Management (ERM) and Business Continuity Plan (BCP) reports.
- Management accounts and financial results.
- Internal Audit Reports
- Subsidiaries and Special Purpose Vehicles Audit Reports
- Internal and External Audit Plans
- Incident Reports
- Risk and Compliance Reports
- Policy Reviews

The members of the Committee as at December 31 2023 were:

- Mrs. Celestine Munda - Chairperson
- Ms. Caroline Kigen
- Ms. Susan Abisola

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

Meeting Date	Ms. Caroline Kigen	Mrs. Celestine Munda	Ms. Josephine Ossiya**	Ms. Susan Abisola*	Mr. Tom Gitogo
3/23/2023	√	√	√	-	√
5/26/2023	√	√	--	√	√
8/24/2023	√	√	--	√	√
11/27/2023	√	√	--	√	√
12/4/2023	√	√	--	√	√

* Ms Susan Abisola joined the committee on 6 April 2023

**Ms. Josephine Ossiya left the Board on 28 March 2023

Investment and Strategy Committee

The Investments and Strategy Committee determines the Group's investment strategy and policy and considers the proposed strategic investments and makes recommendation to the Board. It also maintains an interactive strategic planning, implementation and monitoring process with management. As at 31st December 2023 the Committee was comprised of five (5) Non-Executive Directors and the Group Managing Directors.

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

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

The current members of the Committee are as follows:

- Mr. George Odo - Chairman
- Dr. Peter K. Munga
- Mr. Jimnah Mbaru
- Mr. Kuria Muchiru
- Mr. Lotfi Baccouche
- Mr. Tom Gitogo

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

Meeting Date	Africinvest III SPV I (Mr. George Odo)	Mr. Tom Gitogo	Dr. Peter Munga	Mr. Jimnah Mbaru	Mr. Kuria Muchiru	Mr. Lotfi Baccouche
2/24/2023	√	√	√	√	√	--
3/20/2023	√	√	√	√	√	--
3/22/2023	√	√	√	√	√	--
4/26/2023	√	√	√	√	√	√
6/2/2023	√	√	√	√	√	√
8/22/2023	√	√	√	x	√	√
11/29/2023	√	√	x	√	√	√
12/1/2023	√	√	√	√	√	√

*Mr. Lotfi Baccouche joined the Committee on 2 April 2023

Customer Experience, Brand and Marketing Committee

The Customer Experience Committee consists of three (3) Non-executive Directors, one co-opted member, the Group Managing Director and CEO and the Customer Experience Director. The Committee may co-opt members who are not directors of the Company. These may include employees and consultants.

The Committee is tasked with developing the client centric vision, overseeing key strategic client selected initiatives, providing oversight and guidance on innovation projects and ideas aimed at delighting customers. Some of the key issues substantively discussed during the period included:

- Customer centric vision implementation
- Customer experience report: innovative solutions and information technology updates
- Policy development on customer experience
- People, skills and culture
- Customer centricity strategic plans and initiatives;

The current members of the Committee are as follows:

- Mr. Edouard Schmid - Chairman
- Ms. Barbra Chesire (Co-opted member)
- Mr. Julius Mbaya
- Ms. Susan Abisola

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

Meeting Date	Mr. Julius Mbaya	Mr. Tom Gitogo	Ms. Barbara Chesire	Ms. Susan Abisola*	Mr. Edouard in Schmid
3/23/2023	√	√	√	--	√
5/29/2023	√	√	√	--	√
8/23/2023	√	√	√	√	√
11/30/2023	√	√	√	√	√

* Ms Susan Abisola joined the Committee on 6 April 2023

Nominations, Governance and Remuneration Committee

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

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

- Approve matters for discussion and approval at the 2023 AGM
- Review of the Board and Committee structure at subsidiaries level
- Recruitment of Independent Non-executive directors
- Senior management appointments and changes
- Monitor the implementation of:
 - Human Resource Reports
 - Human Resource and Board Governance Policies
 - 2022 Governance Audit findings
 - 2022 Group Board Evaluation
 - The 2022 Board Evaluation recommendations and action plan
- Review of the performance management framework and the staff bonus policy
- Governance Compliance Risks

The current members of the Committee are as follows:

- Mr. Kuria Muchiru - Chairman
- Dr. Peter K. Munga
- Mr. Jimnah M. Mbaru
- Mr. George Odo – Representing Africinvest II SPV 1
- Mrs. Celestine Munda
- Mr. Tom Gitogo

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

Meeting Date	Africhvest I SPV III	Mr. Tom Gitogo	Dr. Peter Munga	Mr. Jimnah Mbaru	Mrs. Celestine Munda
2/23/2023	√	√	√	√	--
3/17/2023	√	√	√	√	--
5/31/2023	√	√	√	√	--
8/25/2023	√	√	√	√	--
10/9/2023	√	√	√	√	--
10/11/2023	√	√	√	x	√
12/1/2023	√	√	x	--	√
12/15/2023	√	√	√	--	√

*Mrs. Celestine Munda joined the Committee on 11 October 2023

**Mr. Jimnah Mbaru retired from the Committee on 11 October 2023

Information and Technology Committee

The Information and Technology Committee is mandated to develop and sustain the IT plan for the Group, develop ICT policies, development of IT project plans, co-ordinate main IT operations across the Group and prioritizing IT related strategic projects and transformation agenda. The Committee consists of four (4) Non-executive Directors, Head of IT and Operations, Customer Experience Director, Retail Director, Corporate Director, International Business Director, Human Resource director and Risk and Internal Audit Director.

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

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

The current members of the Committee are as follows:

- Mr. Julius Mbaya - Chairman
- Mr. Kuria Muchiru (Invitee)
- Mr. Edouard Schmid
- Mrs. Celestine Munda
- Mr. Tom Gitogo

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

Meeting Date	Mr. Tom Gitogo	Mr. Julius Mbaya	Mr. Kuria Muchiru	Mrs. Celestine Munda	Mr. Edouard in Schmid
3/21/2023	√	√	x	--	√
5/29/2023	√	√	√	--	√
8/23/2023	√	√	√	√	√
11/30/2023	√	√	√	√	√

Mrs. Celestine Munda joined the Committee on 1 August 2023

Policies

Britam Holdings Plc as part of implementation of best corporate governance practices and in compliance with the regulatory requirements, has in place policies and practices to promote a culture of compliance,

honesty and ethical behavior. The policies stipulate the obligations of the organization to different stakeholders. The Policies apply to all employees, directors, contractors and consultants working for the Group.

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

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

Procurement Policy

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

Insider Trading Policy

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

Code of Conduct

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

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

Whistle Blowing Policy

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

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

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

Related Party Policy

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

Disclosure of a Related Party Engagement Review and financial due diligence and valuation of Continental Re-Insurance Ltd

Britam Holdings PLC as part of balance sheet, compliance, and liquidity management actions, sought to re-organize its investments in Continental Re-Insurance Ltd within the Britam entities. To actualize this, there was need to appoint an independent valuation services providers.

The services were sought in a competitive tender process in which 4 firms responded to the invitation to tender. Following a competitive bidding process and robust technical and financial appraisal, the tender was awarded to Dyer & Blair Investment Bank. It was further noted that the winning entity has cross directorship/shareholdership with Britam Holdings PLC through Mr. Jimnah Mbaru. We sought the review of conflict of interest policy guidelines through the Compliance department which cleared the engagement; noting that the engagement was competitive and a statement of independence provided by the valuing professional.

Stakeholder Engagement Policy

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

The Company purposes to be deliberate in practicing open, honest, two-way communication and recognizing the mutual benefits for both the business and our stakeholders that result from genuine engagement. The policy sets out Britam's approach to engaging with its stakeholders. Britam appreciates that a sound stakeholder engagement is important for developing and maintaining strong relationships that enable the company to understand and effectively attend to stakeholders' needs, perceptions, and concerns.

Corporate Communication Policy

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

Directors' shareholding as at 31st December 2023

No.	Names	Roles	Shares
1	Mr. Kuria Muchiru	Chairman	-
2	Mr. Jimnah M. Mbaru	Director	130,000,000
3	Dr. Peter K. Munga	Director	75,000,000
4	Mr. Tom Gitogo	Group MD and CEO	200,000
5	Africinvest III SPV (Represented by Mr. George Odo)	Director	442,779,881
6	Mr. Edouard Schmid	Director	-
7	Ms. Susan Abisola	Director	-
8	Mrs. Celestine Munda	Director	-
9	Mr. Julius Mbaya	Director	-

Share Capital

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

Shareholders Rights

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

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

Shareholding Information

Distribution of shareholding

The table below provides details of the number of shareholders and shares held within each of the bands/ranges stated in the register of members as at 31st December 2023.

Shareholder Volume analysis

No.	Shareholding	No. of Shareholders	No. of Shares held	% Shareholding
1.	1 to 500	4,222	976,207	0.04%
2.	501 to 5000	15,066	35,164,032	1.39%
3.	5001 to 10000	2,127	16,654,049	0.66%
4.	10001 to 100000	1,885	47,880,520	1.90%
5.	100001 to 1000000	151	39,530,358	1.57%
6.	1000001 and above	35	2,383,281,650	94.44%
Grand Totals		23,456	2,523,486,816	100%

Top Ten Shareholders

No.	Names	Shares	Percentage
1.	AfricInvest III-SPV-1	442,779,881	17.55%
2.	Standard Chartered Kenya Nominees Ltd A/C KE003819	398,504,000	15.79%
3.	EH Venture Capital Kenya Limited	231,726,800	9.18%
4.	Standard Chartered Nominees Resd. A/C KE11396	230,564,205	9.14%
5.	Standard Chartered Nominees Non-Resd. A/C KE11752	224,187,697	8.88%
6.	EHL 2022 Limited	173,273,200	6.87%
7.	Mbaru, Jimnah Mwangi	130,000,000	5.15%
8.	Wairegi, Benson Irungu	101,685,400	4.03%
9.	Mwangi, James Njuguna	75,000,000	2.97%
10.	Munga, Peter Kahara	75,000,000	2.97%
11.	Others	440,765,633	17.47%
Grand Totals		2,523,486,816	100%

Shareholders by Category

Investor Pool	Records	Shares	Percentage
Foreign Investors	97	1,075,985,078	42.64%
Local Institutions	708	918,012,032	36.38%
Local Individuals	22,651	529,489,706	20.98%
Grand Totals	23,456	2,523,486,816	100%



Mr. Kuria Muchiru
Board Chairman
27 March 2024

Director's Remuneration Report

ANNUAL STATEMENT BY THE CHAIRMAN OF THE BOARD NOMINATIONS, GOVERNANCE AND REMUNERATION COMMITTEE

Dear Shareholder

As the Chairman of the Board Nominations, Governance and Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2023.

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

This report contains:

- The background information on the Committee's members and role;
- A highlight of the current directors' remuneration policy; and
- The annual remuneration report, describing how the remuneration policy has been put in practice during the year ended 31 December 2023 and how it will be implemented in the year ending 31 December 2024.

Role of the Committee

The members of the Committee during the year were Mr. Kuria Muchiru (Chairman), Ms. Celestine Munda, Dr. Peter K. Munga, Mr. Jimnah Mbaru and Mr. George Odo.

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

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

Our remuneration principles

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

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

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

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

Executive Directors

Contracts of Service and Remuneration

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

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

There is also a performance-based bonus which is paid from the Company's profit. A percentage of the Company's profit is shared amongst employees according to their individual performance. The bonus

pool is approved by the Board upon recommendation by the Board Nomination, Governance and Remuneration Committee. The Committee approved a new bonus structure during the year.

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

Mr Tom Gitogo – Group Managing Director and CEO (effective 1 September 2022)

	2023	2022
Salary and allowances	72,990,000	22,180,000
Non-cash benefits	4,216,050	5,545,000
Gratuity	16,612,500	5,000,000
Total Pay	93,818,550	32,725,000

Mr Tavaziva Madzinga – Immediate Former Group Managing Director (upto 14 February 2022)

	2023	2022
Salary and allowances	-	10,000,000
Non-cash benefits	-	2,500,000
Gratuity	-	1,125,000
Total Pay	-	13,625,000

Service contracts and policy on payment for loss of office

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

Commentary on Significant Changes to Directors Remuneration

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

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

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

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

During the Annual General Meeting held on 29th June 2023, the shareholders in attendance approved the Directors' Remuneration policy and Directors' Remuneration Report for the year ended 31 December 2022.

The results on voting were as follows:

FOR RESOLUTION	%	AGAINST	%	ABSTAINED	VERDICT
To receive, consider and, if deemed fit approve the Directors' Remuneration Report for the year ended 31 st December 2022 and to authorise the Board to fix the remuneration of Directors.	99.9941%	77,000	0.0058%	224,279,997	PASSED

At the Annual General Meeting to be held on 27th June 2024, the shareholders will also consider the Directors' Remuneration Report for the year ended 31 December 2023.

Directors' Remuneration Report (continued)

The Current Directors' Remuneration Policy and Strategy

Current Policy

The current Directors' Remuneration Policy was tabled and approved by the shareholders at the Company's Annual General Meeting held on 29th June 2023 and has remained unchanged.

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

- The Company should remunerate its directors fairly and responsibly.
- The remuneration should be sufficient to attract, motivate and retain directors to run the Company effectively.
- The remuneration should be consistent with recognised best practice standards and is competitive in line with remuneration for other directors in competing sectors.
- The remuneration should reflect the Directors' responsibilities, expertise, and the complexity of the Company's activities.

Payments to past Directors

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

Approval by shareholders

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

Directors Remuneration Report 2023

Information subject to audit

Board Member	Position	Annual Retainer	Sitting Allowance	Other Allowances	Salaries and Other Benefits	Total
Mr. Kuria Muchiru	Chairman	1,000,000	1,775,000	10,240,000	-	13,015,000
Dr. Peter K. Munga	NED	1,000,000	1,900,000	-	-	2,900,000
Mr. Jimnah M. Mbaru	NED	1,000,000	1,487,500	-	-	2,487,500
Mrs. Caroline Kigen	NED	1,000,000	1,487,500	-	-	2,487,500
Africinvest III SPV- Represented by Mr. George Odo	NED	1,000,000	2,500,000	-	-	3,500,000
Mr. Edouard Shomid	NED	-	-	-	-	-
Ms. Josephine Ossiya	NED	250,000	162,500	-	-	412,500
Mr. Julius Mbaya	INED	1,000,000	3,462,500	-	-	4,462,500
Ms. Celestine Munda	INED	1,000,000	2,725,000	-	-	3,725,000
Mr. Tom Gitogo	ED	-	-	-	93,818,550	93,818,550
Mr. Lotfi Baccouche	INED	1,000,000	1,975,000	-	-	2,975,000
Ms. Susan Abisola	NED	750,000	1,375,000	-	-	2,125,000
Ms. Barbara Chesire (Co-opted CXI Committee Member)	NED	-	250,000	-	-	250,000
Total		9,000,000	19,100,000	10,240,000	93,818,550	132,158,550

NED - Non-executive Directors

INED - Independent Non-executive Directors

Directors' Remuneration Report (continued)

Directors Remuneration Report 2022

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

NED - Non-executive Directors

INED - Independent Non-executive Directors

The remuneration of all directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate. Aggregated amounts of emoluments and fees paid to directors are disclosed in Note 45 (iv) of the Audited Financial Statements.

The Annual Remuneration Report will be put forward for your consideration and approval by vote at the AGM to be held on or about 27 June 2024.

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



Mr Kuria Muchiru
Chairman
27 March 2024

Independent Governance Auditor's Report



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OPINION OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC

Introduction

We have performed the Governance Audit for Britam Holdings PLC covering the year ended 2023 which comprises assessment of governance practices, structures and systems put in place by the Board.

Board Responsibility

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

Governance Auditor's Responsibility

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

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

The governance auditor has reviewed the governance practices in 2023 and provided observations and recommendations in the management letter to the board.

OPINION

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

FCS. Dr. Martin Oduor-Otieno, CBS
Accredited Governance Auditor, ICS GA No. 00110
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Our Group's risk strategy is integrated with our business strategy, reflecting our comprehensive approach to risk **management & our vision.**

The background of the page features a silhouette of a group of people standing on the edge of a dark, rocky cliff. They are looking out over a vast, hazy landscape under a bright, yellowish-orange sky, suggesting a sunrise or sunset. The overall mood is one of contemplation and resilience.

Our Enterprise Risk Management Framework

Our Risk Management Principles

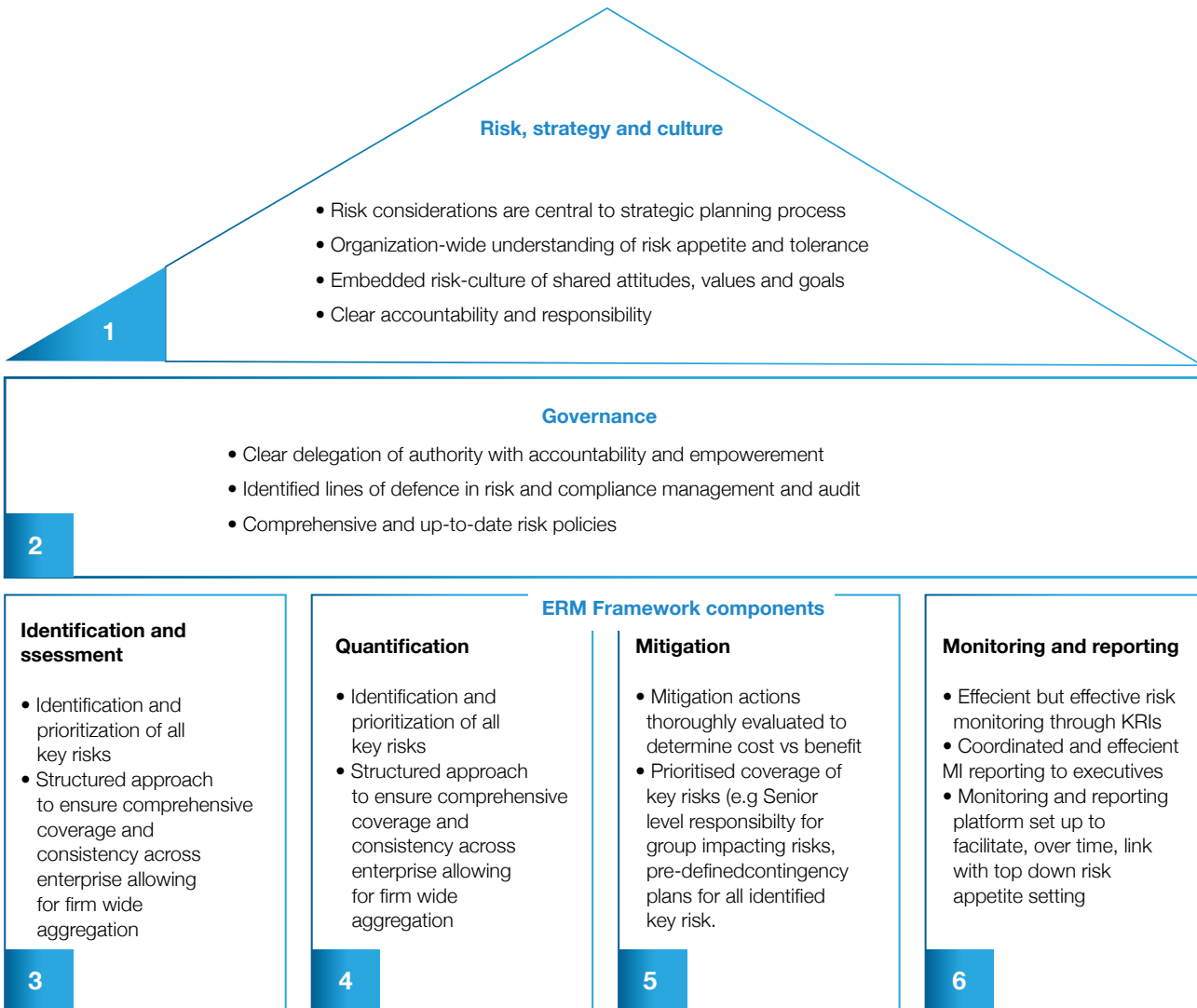
Britam Group's long-term resilience and stability are the goal of our risk management initiatives. We accept the risks that come with our primary insurance and asset management businesses. Even as we embrace these inherent risks, we strive to diversify them through our size, geographic spread, range of products and services offered, and sales channels. To safeguard the dreams of our stakeholders, we pursue those risks that we believe we can manage to generate a return for our stakeholders.

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

<p>1. An advanced and comprehensive Enterprise-wide Risk Management (ERM) Framework with a forward-looking approach</p>	<p>The use of this ERM Framework assists in strategic decision-making by evaluating the potential impact of risks on the Group's long-term objectives and goals. It enables the Group to align its risk appetite with its business strategy, ensuring that risk-taking activities are consistent with its overall direction.</p>
<p>2. A model predicated on autonomous subsidiaries with robust governance</p>	<p>This model is based on a delegation of authority and a Groupwide structure that separates the risk management and control functions from the business operations. This clearly defined delegation of authority ensures that business units are accountable for their risk and their incentives are aligned with the overall business objectives.</p>
<p>3. Information and technology-driven processes</p>	<p>This enables risks to be identified, developed, managed and reported at appropriate levels effectively and efficiently.</p>
<p>4. A risk culture integrated throughout the Group</p>	<p>Our risk culture comprises a series of attitudes, values, skills and action guidelines that manage the risks the Group is exposed to.</p>
<p>5. All risks are managed by the units that generate them.</p>	<p>The use of this ERM Framework assists in strategic decision-making by evaluating the potential impact of risks on the Group's long-term objectives and goals. It enables the Group to align its risk appetite with its business strategy, ensuring that risk-taking activities are consistent with its overall direction.</p>
<p>6. An advanced and comprehensive Enterprise-wide Risk Management Framework with a forward-looking approach</p>	<p>These principles, combined with a series of relevant interrelated tools and processes in the Group's strategy planning (risk-based capital management, risk appetite, risk identification, assessment, analysis of scenarios, risk reporting framework, budgetary processes, etc.), make up our risk management and control framework.</p>

The Elements of our ERM Framework

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



Our Risk Management Strategy

Our Group’s risk strategy is deeply intertwined with its business strategy, embodying our comprehensive approach to risk management aligned with our vision. It encompasses our philosophy on risk, essential for fulfilling our brand promise of Safeguarding Dreams and Aspirations, thereby underpinning our commitment to being the most reliable financial partner for our customers.

Our Risk Preferences and Risk Appetite

Core risk appetite metrics have been developed and are used to measure Capital Adequacy, Liquidity Adequacy and Risk Adjusted Return on Investment. We use this metrics to manage our overall risk exposures and to express our tolerance for uncertainty resulting from risks we take.

Our Risk preference refers to the Group’s inclination or attitude towards taking on risk. It reflects how willing Britam Group is to accept varying levels of risk in pursuit of our objectives. It shows how the Group views and manages risk, ranging from actively seeking opportunities to mitigate or avoid downside risks.

Risk Governance



The First Line of Defence - Executive Management

The Risk-Taking Function

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

They are responsible for:

- Managing daily risk exposures using suitable procedures, internal controls, and adherence to Group-wide specified policies.
- Ensuring that sufficient resources are allocated for the effective execution of risk management initiatives and activities.
- Tracking risk incidents and losses, identifying issues and taking remedial action to resolve these issues, and reporting and escalating material risks and issues to the appropriate governing bodies.

The Second Line of Defence - The Risk Management Function

The Risk Oversight Function

The second line of defence oversees the maintenance a formal risk management framework within which the Britam Group’s policies and minimum requirements are established, as well as objective risk management monitoring across the Britam Group.

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

The Third Line of Defence - The Internal Audit Function

The Risk Assurance Function

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

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

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

Inherent Risk Types in Our Business Model

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

<p>Risks Customers transfer to us</p>	<ul style="list-style-type: none"> • Life insurance risk, which includes: <ul style="list-style-type: none"> • Longevity Risk: the risk that our annuity customers will live longer than we expect. • Mortality Risk: the risk that our customers with life protection may not reach their expected lifespans. • Expense Risk: the risk that costs to administer policies exceed our expectation. • Persistency Risk: the risk that customers lapse or surrender their policies prematurely. • General insurance risk: This is the risk of loss events such as fire, flooding, theft or accidents. • Accident and Health Insurance risk: This risk covers healthcare costs and loss of earnings from the customer falling ill or facing injuries.
<p>Risk Arising From our Investments and Other Core Activities:</p>	<ul style="list-style-type: none"> • Credit / Counterparty risk: The risk that money lent or contracts entered into with third parties not being honoured is referred to as credit and counterparty risk. As a result, we are at risk of losing our principal and interest, as well as our capacity to take on substantial insurance risks. • Liquidity risk: This is the risk of not being able to make payments when they are due because of insufficient cash and near-cash assets. • Market risk: This is the risk that arises from changes in asset prices, such as equity prices, real estate prices, foreign exchange rates, inflation, and interest rates. This risk is also material particularly for life insurance products as they have embedded investment guarantees which means that the Group is obliged to settle clients' obligations even in circumstances where the investment performance is poor.
<p>Risks From Our Strategy & Operations:</p>	<ul style="list-style-type: none"> • Operational risk: This is the risk of direct or indirect losses resulting from insufficient or failed internal processes, people, and systems, as well as external events such as legislative or regulatory changes • Strategic risk: The potential for loss or reputational damage arising from ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment. It includes the risk that discretionary decisions are made that adversely affect future earnings and/or the sustainability of the business. • Sustainability Risk: Sustainability risks refer to the potential negative impacts on the environment, society, and the economy that can result from various activities, practices, and decisions. These risks can have far-reaching consequences and are often associated with unsustainable practices and policies.

Material Risks to the Group

Key Risk	Our Strategic Response
<p>Insurance Risk</p>	<p>We have a moderate to high preference for insurance risk, as assuming and effectively managing this risk yields favourable returns for our shareholders.</p> <p>We apply thorough underwriting practices to ensure that risks are accurately assessed and appropriately priced to align with the Group's risk appetite and profitability targets. Additionally, diversification of our insurance and investment portfolios across different lines of business, geographic regions, customer segments and asset classes, helps mitigate concentration risk.</p>
<p>Market Risks</p>	<p>We face potential negative impacts on our balance sheet and future earnings, both directly and indirectly, from fluctuations in market prices of financial instruments and property valuations. We have a moderate to low preference for market risk, and we have progressively decreased our holdings in highly volatile investments in the short to medium run.</p>

Material Risks to the Group (Continued)

<p>Conduct Risks</p>	<p>Conduct risk is the risk that actions, behaviors, or decisions by Britam Group (Britam) and its personnel may result in adverse consequences for clients, stakeholders, or the institution's reputation. The Group is exposed to both intentional and unintentional misconduct risks. We have a low preference for conduct risk, and our primary objective is to ensure that our employees' behaviour consistently aligns with the highest ethical and professional standards.</p> <p>To manage these risks, there is a Group Conduct Risk Framework that outlines the mandatory requirements and principles governing conduct within Britam as well as supporting policies to manage Conflict of Interest, Fraud, Anti-Money Laundering, Whistleblowing and Bribery and Corruption.</p> <p>Conduct risk is the risk that actions, behaviors, or decisions by Britam Group (Britam) and its personnel may result in adverse consequences for clients, stakeholders, or the institution's reputation. The Group is exposed to both intentional and unintentional misconduct risks. We have a Low Preference for conduct risk, and our primary objective is to ensure that our employees' behaviour consistently aligns with the highest ethical and professional standards.</p> <p>To manage these risks, there is a Group Conduct Risk Framework that outlines the mandatory requirements and principles governing conduct within Britam as well as supporting policies to manage Conflict of Interest, Fraud, Anti-Money Laundering, Whistleblowing and Bribery and Corruption.</p>
<p>Information Technology & Security Risks</p>	<p>As we transform our business using technology to better serve our customers and drive efficiency, our exposure to threats and vulnerabilities associated with the use of technology and the protection of sensitive data within the Group has increased.</p> <p>Effectively managing IT and security risks is essential for us to safeguard sensitive information, protect the interests of our clients and other stakeholders, maintain regulatory compliance, and preserve trust in the integrity and reliability of our solutions.</p> <p>To manage this risk, we have invested in upgrading our technology platforms and applications to increase efficiency and reliability, and implemented best in class information and cybersecurity measures as we continuously monitor and adapt to evolving threats in the IT and security landscape.</p>
<p>Emerging Risks</p>	<p>i) Interest Rate Risk - The market has consistently been experiencing a rise in the interest rates which reduced the economic activity due to lower borrowing for either consumption or investment. This meant lower demand for financial products as a significant portion of these products are savings in nature. Additionally, the rising interest rates have also resulted to the reduced value of the treasury bonds we hold. The key opportunities however the Company is taking advantage of is taking up the assets that are yielding higher returns on behalf of clients so that the returns realized by clients are higher.</p> <p>ii) Limited Capital and Liquidity to Support Strategic Growth - The main strategic objective of the Group is transforming the organization to be customer centric and also expand its regional footprint. In this regard, the Group has increased capital needs as a critical enabler to support the 2021 to 2025 strategic initiatives that range from: technology re-platforming, meeting regulatory capital requirements as the business grows and support international business expansion. The Board and Management have opted to initially fund these initiatives from internally generated funds as the initiatives will be implemented in phases based on the order of priority. Additionally, other internally driven capital optimization initiatives are currently being implemented including Balance Sheet Optimization and improving Operational Efficiency.</p> <p>iii) Third Party Risks - Britam continues to pursue one of its strategic pillars to enhance partnerships and digital channels to grow the insurance and asset management business. These channels not only unlock new growth opportunities but also exposes the business to new third-party related risks such as cyber, fraud, business continuity, legal, reputational, contagion, and regulatory. A third-party risk management policy provides guidelines on how to manage these potential risks. Emerging Market and Consumers and the Partnerships and Digital segments are headed by Director level executives who continually ensure that this space has sufficient governance structures, policies and processes to mitigate any potential risks.</p>

Material Risks to the Group (Continued)

<p>Emerging Risks</p>	<p>iv) Talent Risk- The competitive environment for talent has never been greater. Britam has been challenged with retention, attraction, and compensation of employees hence high attrition levels across the regions. Given this foregoing, the Group has adopted a couple of initiatives driven towards retention and attraction of potential and current staff.</p> <p>v) Geo-political Related Risk (Conflict / unrests)- With the onset of the various global conflicts, there has been a cost push inflation across the region. Political instability and violent social unrest may result from geopolitical conflicts, especially in the case of e.g. high food and energy prices, water scarcity, high unemployment, income inequality and degraded public services.</p> <p>vi) Extreme Weather/Climate Change - Climate risk is likely to stress local economies and, more grimly, cause market failures that affect both consumers and insurers due to its systemic effects. More frequent catastrophic events, combined with the need to meet evolving regulatory requirements, can jeopardize company business models, making insuring some risks unaffordable for customers or impossible for insurers. In response to this emerging risk, Britam's focus is on:</p> <ul style="list-style-type: none"> • Undertaking an assessment of climate-related risks while taking long-term actions to alleviate and mitigate such exposures. • Using a holistic approach toward managing climate-related risks by integrating them as a part of their enterprise risk management efforts. • Taking steps to better demonstrate their climate readiness to regulators, analysts, and customers. <p>vii) Regulatory Compliance Risks - Our businesses face significant regulatory challenges which could impede profitability, stifle growth, and expose us to regulatory actions. These risks stem from:</p> <ul style="list-style-type: none"> • Extensive legal and regulatory oversight – which leads to increased compliance costs, restrict business activities and pose legal and regulatory threats (fines, sanctions and legal proceedings). • Global complexity • Jurisdictional differences <p>To mitigate regulatory compliance risks, we are:</p> <ul style="list-style-type: none"> • Proactively Monitoring Regulatory Changes • Environmental Scanning • Investing in Compliance Systems • Cultivating a Compliance Culture • Regular Program Updates <p>viii) Data Protection - Ensuring the protection of confidential, personal, and proprietary data is a cornerstone of our organization's values and operations. In addition to the risks highlighted earlier, we have fortified our data protection measures through a multifaceted approach:</p> <ul style="list-style-type: none"> • Deployment of Data Loss Prevention (DLP) Solutions • Regular Training and Culture Building • Oversight by the Board. • Audits of the Privacy Program. • Registration with Data Protection Commissioners. • Adherence to Privacy Law • Regular Updates and Continuous Improvement • Audits of the Privacy Program. <p>Overall, the Company continues to implement proactive measures and fostering a culture of agility and adaptability in navigating emerging risks while seizing opportunities for sustainable growth and resilience in our ever-evolving business environment</p>
<p>Sustainability Risk</p>	<p>Sustainability risks refer to the potential negative impacts on the environment, society, and the economy that can result from various activities, practices, and decisions. These risks can have far-reaching consequences and are often associated with unsustainable practices and policies.</p> <p>We have a Low Preference for sustainability-related risks and are dedicated to responsible and sustainable business practices that protect our environment, society, and stakeholders. Britam has therefore adopted the following approach in managing these risks:</p> <ul style="list-style-type: none"> • A comprehensive ESG strategy approved by the Board. • A comprehensive Sustainability Risk Management Policies and Procedures approved by the Board. • ESG screening procedures embedded in the underwriting and investment management procedures. • ESG screening procedures embedded in the business administration systems.

Our outlook revolves around **three key strategies.**

Financial statements:

Report of the Directors

The Board of Directors have the pleasure in presenting the annual report together with the audited financial statements of Britam Holdings Plc (“the Company”) and its subsidiaries (together “the Group” or “Britam Group”) for the year ended 31 December 2023, which disclose the state of financial affairs of the Company and the Group.

INCORPORATION

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

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDEND

Profit after tax of Shs 3,279,119,000 (2022 Restated: Shs 1,660,647,000) has been added to the accumulated losses. The Directors do not recommend the payment of a dividend (2022: Nil).

ENHANCED BUSINESS REVIEW

Financial Performance

The Group has maintained its revenue growth with its insurance service revenue growing by 41 percent to Shs 36.4 billion. The Kenya Insurance entities recorded growth in insurance service revenue of 42 percent to Shs 25.8 billion from 18.1 billion and generated a profit before tax of Shs 3.4 billion. The regional units continue to increase their contribution to the Group’s performance and profitability. The international general insurance business recorded a 39 percent growth in insurance service revenue to Shs 10.6 billion. This represents 29 percent of the Group’s overall insurance service revenue. In terms of profitability, the international business generated a profit before tax of Shs 1.3 billion compared to Shs 860 million prior year.

Overall, the Group reported a profit before tax of Shs 4.8 billion compared to a profit before tax of Shs 2.9 billion in restated 2022. The Group’s total investment income grew by 3 percent to Shs 11.6 billion compared to Shs 11.3 billion in 2022 majorly attributable to unrealized fair value losses on equities and government securities.

Risk Management

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

The Environment

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

Human Capital

The Group’s greatest strength and the reason for its market leadership is its human capital, with the number of employees 1,095 in 2023 and 976 in 2022, and over 2,000 Financial Advisors. The Group utilizes the balanced Scorecard performance management

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

Corporate Social Investment (CSI)

We continue to enrich our communities through Corporate Social Investment (CSI), allocating resources towards volunteerism, engaging with diverse publics and stakeholders. The Britam Foundation serves as the conduit for the Group’s Corporate Social Investment (CSI) endeavors. The Foundation’s focus is on supporting Health, Education, Entrepreneurship, and Environment to empower individuals, nurture communities, and inspire sustainable development for generations to come.

Future Outlook

Our outlook revolves around three key strategies. First, we aim for customer growth and expansion by forming strategic partnerships and targeting emerging market consumers. Secondly, we will leverage technology to optimize our current IT platform, aligning with our evolving business operating model. Finally, embedding sustainability into our core operations is a priority, ensuring our business is both profitable and socially responsible for the long term.

DIRECTORS

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

Name	Position
Mr. Kuria Muchiru	Chairman and Independent Non-Executive Director
Dr. Peter K. Munga	Non-Executive Director
Mr. Jimnah M. Mbaru	Non-Executive Director
Mrs. Caroline J. Kigen(v)	Non-Executive Director
Ms. Judy R Kyanda(vi)	Independent Non-Executive Director
Mr. George Odo/AfricInvest III SPV 1	Non-Executive Director
Ms. Josephine Ossiya(iv)	Non-Executive Director
Mr. Edouard Schmid	Non-Executive Director
Mr. Julius Mbaya Mungai	Independent Non-Executive Director
Mrs. Celestine Munda	Independent Non-Executive Director
Ms. Susan Abisola/ (i)	Non-Executive Director
Mr. Lotfi Baccouche (ii)	Independent Non-Executive Director
Mr. Tom Gitogo (iii)	Group Managing Director and CEO

- i) Ms. Susan Abisola was appointed to the Board on 6 April 2023
- ii) Mr. Lotfi Baccouche was appointed to the Board on 18 January 2023.
- iii) Mr. Tom Gitogo was appointed to the Board on 2 January 2023 following his confirmation as the Group Managing Director and Chief Executive Officer.
- iv) Ms. Josephine Ossiya retired from the Board on 28 March 2023.
- v) Ms. Caroline Kigen retired from the Board on 13 February 2024.
- vi) Ms. Judy Rugasira Kyanda joined the Board on 15 February 2024.

DISCLOSURES TO AUDITOR

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

- a) there was, as far as each director is aware, no relevant audit information of which the Company’s and Group’s auditor is unaware; and
- b) each director had taken all the steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company’s and Group’s auditor is aware of that information.

Report of the Directors (Continued)

TERMS OF APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP having expressed their willingness, continue in office in accordance with provisions of section 721 (2) of the Kenyan Companies Act 2015.

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

BY ORDER OF THE BOARD



Company and Board Secretary

27 March 2024

Statement of Directors' Responsibilities

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

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

- Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- Selecting suitable accounting policies and then applying them consistently; and
- Making judgements and accounting estimates that are reasonable in the circumstances.

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

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

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on its behalf by:



Mr. Kuria Muchiru
Chairman



Mrs. Celestine Munda
Director



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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Britam Holdings Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 81 to 238, which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2023, and the Company statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters (continued)

Key audit matter	How our audit addressed the matter
<p>Adoption of IFRS 17 and restatement of comparatives</p> <p>The Group adopted IFRS 17 for insurance contracts as of 1 January 2023. This has led to changes in the valuation of insurance contract liabilities, recognition of insurance revenue and expenses, and the presentation of the financial statements. We have determined the implementation of IFRS 17 to be a key audit matter in the current year due to the significance of the changes brought about by the new Standard.</p> <p>The contracts within the Non-Life, Group Life, Group Disability, Group Critical Illness and Group Personal Accident portfolios have a coverage period of 12 months or less. They have therefore been measured using the Premium Allocation Approach ("PAA"). The Non-Life contracts with a coverage period of more 12 months have also been measured using PAA following a PAA eligibility assessment.</p> <p>Contracts within the Credit Life, Individual Life Conventional Products, Whole Life Cover, Term Assurance and Annuities portfolios have been measured using the General Measurement Model ("GMM").</p> <p>Contracts within the Unit Linked, Deposit Administration and Income Drawdown portfolios have been measured using the Variable Fee Approach ("VFA").</p> <p>We consider the following as the management areas of judgement in relation to the adoption of IFRS 17 and restatement of comparatives;</p> <ul style="list-style-type: none"> • The judgments involved in the determination of the measurement model to apply under the standard, in particular, management's use of PAA measurement model for groups of contracts that are not automatically eligible, and the use of the VFA measurement model for the groups of contracts with discrete participation features; • The methodology and assumptions in respect of determining the risk adjustment; • The methodology used by management to determine discount rates and illiquidity premium; • The implementation of new models to produce the IFRS 17 results; and • The appropriateness of methodologies, assumptions and significant judgements applied in the calculation of relevant balances. 	<p>We performed the following procedures over the Group's accounting for the transition from IFRS 4 to IFRS 17:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the transition approach adopted for each group of insurance contracts; • Assessed whether the judgements, methodology and assumptions applied by management in determining their accounting policies are in accordance with IFRS 17; • Assessed the appropriateness of the judgements and supporting estimates used to determine use of the three measurement models; • Tested on a sample basis the reliability of the data used as the basis for making estimates; • Performed validation of certain new models by evaluating the testing performed by management to assess its appropriateness and performed independent validation testing using sample scenarios and comparing the output between our calculations and those produced by management's models; • Evaluated the appropriateness of methodologies and assumptions used in determining loss components recognised, and tested the accuracy of the loss component calculation through reperformance; • Tested the appropriateness of the split of expenses between attributable and non-attributable; • Tested the mathematical accuracy and completeness of the supporting calculations and adjustments used to determine comparatives; • Performed testing over key data flows within the IFRS 17 business processes; and • Performed review of the disclosures within the financial statements for appropriateness with regard to meeting the requirements of IFRS 17.

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF BRITAM HOLDINGS PLC (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the matter
<p>Valuation of Insurance Contract Liabilities</p> <p>Insurance contract liabilities comprises liability for remaining coverage and liability for incurred claims.</p> <p>We considered insurance contract liabilities as a key audit matter because:</p> <ul style="list-style-type: none"> • The estimation of the liability for incurred claims involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. In addition, the liabilities are adjusted for the time value of money based on historical settlement patterns. Judgement is applied in estimating this future settlement pattern and in determination of the discount rate. • Determination of liability for incurred claims requires calculation of risk adjustment for non-financial risk which represents the compensation for bearing the uncertainty about the timing and amount of the risk insured. This calculation involves significant judgement in determining the confidence level and assumption that future development of claims will follow past patterns. • For onerous contracts, calculation of loss component involves judgment in estimating fulfilment cashflows relating to the remaining coverage period of insurance contracts. • The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts. • The determination of the liability for remaining coverage requires the estimation of the expected future cashflows, valuation of the contractual service margin and the determination of the coverage units that shall be used to accrete the contractual service margin, for the contracts measured using GMM and VFA measurement models. 	<p>We performed the following procedures;</p> <ul style="list-style-type: none"> • Evaluated and tested controls around claims handling, settling, and reserving; • Tested a sample of claim payments and reserves to confirm the amounts recorded in the claims systems agree to the source data; • Tested the appropriateness of the methodology and assumptions used by the external actuary and management in estimation of reserves as at 31 December 2023 and performed rejections for a sample of reserves to validate estimates; • Tested management’s calculation of the discount rate used to compute the present value of liability for incurred claims; • Tested the methodology and assumptions used by management in estimating the risk adjustment; • Reconciled the claims data used by management to calculate reserves to the audited claims data; • Assessed the adequacy of disclosures in the financial statements; and • Reviewed the CSM calculation and loss component for long-term contracts and measured under GMM and VFA and the simplification taken under PAA for all the short-term contracts and the estimation of the additional liability for onerous contracts.

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

Key audit matters (continued)

Key audit matter	How our audit addressed the matter
<p>Valuation of investment properties</p> <p>The Group has a diverse portfolio of investment properties and applies either the market approach or the income approach depending on the property's highest and best use to determine the fair value.</p> <p>As explained in Note 29 of the financial statements, the Group uses external independent property valuers to determine the fair values of investment properties at the year end. This is an area of focus as the valuation models involve significant estimates and assumptions of unobservable inputs such as comparable market prices based on location of the property, projected future cash flows, future rent escalations, exit values and the discount rates.</p> <p>The fair values of the investment properties are highly sensitive to the changes in the underlying estimates and assumptions.</p>	<p>Assessed management's processes and controls over the valuation of investment properties, including the oversight from those charged with governance.</p> <p>Evaluated the objectivity, independence and expertise of the external independent valuation specialists.</p> <p>Assessed the appropriateness of the valuation methodology used and the applicable assumptions depending on the type of property.</p> <p>Agreed the carrying amounts and the related valuation gains/losses of the investment properties in the financial statements to the independent valuers' reports.</p> <p>Assessed the adequacy of the disclosures in the financial statements.</p>
<p>Impairment assessment of the investment in associates</p> <p>The Group has a significant investment in an associate in the banking sector. In the recent years, the bank has faced performance challenges in its recovery from unfavourable market conditions.</p> <p>Management applies significant estimates and assumptions such as projected cash flows, discount rate and terminal growth rate to determine the recoverable value of the investment in associate. Changes in these assumptions could result in material variations in the recoverable amount which makes this an area of focus.</p> <p>Details of disclosures of the investment in associate are on Note 25 of the financial statements.</p>	<p>Assessed management's processes and controls for determination of the carrying value of the associate, including oversight from those charged with governance.</p> <p>Assessed the consistency of the valuation method used.</p> <p>Tested the reasonableness of the projected cash flows based on the past performance of the investment.</p> <p>Tested the reasonableness of the discount rate and terminal growth rate used in the valuation to market observable data.</p> <p>Tested the mathematical accuracy of the computations.</p> <p>Evaluated the adequacy of disclosures in the financial statements.</p>

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

Other information

The other information comprises the Chairman's statement, Group Managing Director's Statement, Financial review, Statement of corporate governance, Directors' remuneration report, Enterprise risk management report, Strategy report, Report of the Directors, Statement of Directors' responsibilities and Corporate information which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable taken actions to eliminate threats or applied safeguards, where applicable.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors on pages 71 to 72 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 59 to 61 has been properly prepared in accordance with the Companies Act, 2015.

A handwritten signature in blue ink that reads 'Richard Njoroge'.

FCPA Richard Njoroge, Practising certificate No. 1244

Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP

Certified Public Accountants

Nairobi,

28 March 2024

Consolidated statement of profit or loss

	Notes	For the year ended 31 December	
		2023 Shs'000	2022 Restated Shs'000
Insurance revenue	4	36,436,197	25,769,463
Insurance service expense	5	(26,854,848)	(20,555,206)
Net expenses from reinsurance contracts held	6	(5,831,125)	(2,891,568)
Insurance service result		3,750,224	2,322,689
Net income from investment properties	7	644,449	643,237
Interest computed using effective interest method	8(i)	9,387,574	2,892,824
Interest and dividend income from investments at fair value through profit or loss	8(ii)	6,228,379	10,115,120
Net realised gains/(losses) on financial assets at fair value through profit or loss	9	33,930	(5,085)
Net unrealised fair value losses on financial assets at fair value through profit or loss	10	(4,682,791)	(2,323,765)
Net investment income		11,611,541	11,322,331
Finance expenses from insurance contracts issued	11	(9,139,705)	(9,558,829)
Finance income from reinsurance contracts held	11	578,932	500,205
Net insurance finance expenses	11	(8,560,773)	(9,058,624)
Net insurance and investment result		6,800,992	4,586,396
Fund management fees	12	639,750	658,465
Other income	13	766,128	540,086
Fund management commission	14	(199,527)	(187,172)
Other operating expenses	15 (i)	(3,154,028)	(2,400,696)
Other finance costs	16 (i)	(247,135)	(272,917)
Profit before share of profit/loss of associates		4,606,180	2,924,162
Share of profit/(loss) of associates accounted for using the equity method	25 (i) (c)	213,315	(2,760)
Profit before income tax		4,819,495	2,921,402
Income tax expense	26 (a)	(1,540,376)	(1,260,755)
Profit for the year		3,279,119	1,660,647
Profit attributable to:			
- Owners of the parent		3,255,890	1,557,928
- Non-controlling interests	28 (iii)	23,229	102,719
Earnings per share for profit attributable to the owners of the parent			
- Basic and diluted (Shs per share)	20	1.29	0.62

Consolidated statement of comprehensive income

	Notes	For the year ended 31 December	
		2023	2022 Restated
		Shs'000	Shs'000
Profit for the year		3,279,119	1,660,647
Other comprehensive (loss)/income items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	26(a)	-	33,036
Gain on disposal of quoted ordinary shares at fair value through other comprehensive income	26(a)	-	28,122
Re-measurement of the net defined benefit asset	26(a)	(6,795)	25,215
Total items that will not be reclassified to profit or loss		(6,795)	86,373
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from the associate accounted for using the equity method	26(a)	(94,806)	90,580
Exchange differences on translation of foreign operations	26(a)	347,397	163,811
Total items that may be subsequently reclassified to profit or loss		252,591	254,391
Total other comprehensive income		245,796	340,764
Total comprehensive income for the year		3,524,915	2,001,411
Attributable to:			
-Owners of the parent		3,501,686	1,898,692
-Non-controlling interests	28 (iii)	23,229	102,719

Items in the statement above are disclosed net of tax.

Consolidated statement of financial position

	Notes	31 Dec 2023 Shs'000	31 Dec 2022 Restated Shs'000	1 Jan 2022 Restated Shs'000
CAPITAL EMPLOYED				
Share capital	17	252,344	252,344	252,344
Share premium	17	13,237,451	13,237,451	13,237,451
Other reserves	18	15,367,403	13,998,860	16,649,830
Accumulated losses	19	(3,408,334)	(5,541,477)	(10,091,139)
Attributable to owners		25,448,864	21,947,178	20,048,486
Non-controlling interests	28 (iii)	239,533	216,304	113,585
Total equity		25,688,397	22,163,482	20,162,071
Assets				
Deferred income tax	37	628,317	467,556	505,441
Property and equipment	22	1,321,694	1,243,090	1,256,407
Intangible assets	23	726,983	983,281	1,416,165
Right of use asset	24 (i)	532,748	516,030	319,717
Investment in associate	25 (i)	2,672,874	2,528,174	1,366,027
Goodwill	27	1,416,635	1,416,635	1,416,635
Retirement benefit asset	42	252,807	223,498	160,406
Investment properties	29 (i)	15,992,881	15,785,792	16,597,058
Quoted ordinary shares at fair value through other comprehensive income	30	-	-	6,716,098
Mortgage loans and receivables	33	1,129,886	1,150,370	1,135,847
Insurance contract assets	36	-	2,198	-
Reinsurance contract assets	36	7,788,246	7,168,691	6,899,839
Financial assets at fair value through profit or loss - designated	31	58,957,327	53,458,025	50,181,988
Financial assets at amortised cost	32	68,541,507	57,105,719	48,344,106
Other receivables	38	2,976,257	2,491,535	2,251,774
Current income tax	26 (b)	598,510	277,614	517,344
Restricted cash	39 (ii)	216,417	64,140	185,203
Cash and bank balances	39 (i)	10,640,881	7,991,854	7,499,485
Total assets		174,393,970	152,874,202	146,769,540
Liabilities				
Deferred income tax	37	4,717,240	3,973,500	3,267,125
Insurance contract liabilities	36	133,702,453	118,190,592	106,322,835
Reinsurance contract liabilities	36	561,024	131,841	155,052
Lease liability	24 (ii)	632,186	672,066	441,125
Borrowings	16 (i)	2,581,068	2,540,223	4,227,825
Provisions and other payables	40	6,176,775	5,087,136	12,159,409
Current income tax	26 (b)	334,827	115,362	34,098
Total liabilities		148,705,573	130,710,720	126,607,469
Net assets		25,688,397	22,163,482	20,162,071

The financial statements on pages 81 to 238 were authorised and approved for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:



Mr. Kuria Muchiru
Chairman



Mrs. Celestine Munda
Director

Consolidated statement of changes in equity

Year ended 31 December 2023	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Attributable to owners	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Balance as at 1 January 2023		252,344	13,237,451	13,998,860	(5,541,477)	21,947,178	216,304	22,163,482
Profit for the year		-	-	949,906	2,305,984	3,255,890	23,229	3,279,119
Other comprehensive profit, net of tax	18	-	-	245,796	-	245,796	-	245,796
Total comprehensive loss for the year		-	-	1,195,702	2,305,984	3,501,686	23,229	3,524,915
Transfer from retained earnings	18	-	-	172,841	(172,841)	-	-	-
Balance as at 31 December 2023		252,344	13,237,451	15,367,403	(3,408,334)	25,448,864	239,533	25,688,397

Year ended 31 December 2022 Restated	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Attributable to owners	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Balance as at 1 January 2022, as previously reported		252,344	13,237,451	16,394,912	(10,943,574)	18,941,133	142,384	19,083,517
Impact of initial application of IFRS 17	18	-	-	254,918	852,435	1,107,353	(28,799)	1,078,554
Restated balance as at 1 January 2022		252,344	13,237,451	16,649,830	(10,091,139)	20,048,486	113,585	20,162,071
Profit for the year (Restated)		-	-	1,060,994	496,934	1,557,928	102,719	1,660,647
Other comprehensive profit, net of tax (Restated)	18	-	-	340,764	-	340,764	-	340,764
Total comprehensive loss for the year		-	-	1,401,758	496,934	1,898,692	102,719	2,001,411
Transfer to retained earnings	18	-	-	(4,098,823)	4,098,823	-	-	-
Transfer from retained earnings		-	-	46,095	(46,095)	-	-	-
Restated balance as at 31 December 2022		252,344	13,237,451	13,998,860	(5,541,477)	21,947,178	216,304	22,163,482

Consolidated statement of cash flows

	Notes	For the year ended	
		2023 Shs'000	2022 Shs'000
Cash flows from operating activities			
Cash generated from operations	41	9,426,053	(2,539,150)
Income tax paid	26(b)	(1,058,828)	(231,073)
Net cash generated from /(used in) operating activities		8,367,225	(2,770,223)
Cash flows from Investing activities			
Purchase of property and equipment	22	(168,156)	(128,492)
Purchase of intangible assets	23	(98,922)	(45,130)
Purchase of investment property	29 (i)	(156,303)	(24,608)
Proceeds from disposal of property	29 (ii)	36,406	40,863
Proceeds from disposal of fixed assets		-	30,833
Purchase of quoted shares at fair value through profit or loss	31 (i)	(253,541)	(185,288)
Purchase of unquoted shares at fair value through profit or loss	31 (i)	(186)	(1,258)
Proceeds from disposal of quoted ordinary shares at fair value through profit or loss		309,299	6,697,839
Proceeds from disposal of quoted shares at fair value through OCI	30	-	6,772,341
Purchase of unit trusts	31(iii)	(2,751,969)	(1,775,531)
Proceeds from disposal of unit trusts	31(iii)	-	39,953
Purchase of government securities at fair value through profit or loss	31(iv)	(8,510,356)	(7,873,853)
Proceeds from disposal of government securities at fair value through profit or loss	31(i)	1,119,229	2,836,504
Purchase of government securities at amortised cost	32(i)	(14,846,537)	(15,200,516)
Maturities of government securities at amortised cost	32(i)	3,525,988	1,089,103
Purchase of corporate bonds at amortised cost	32(ii)	139,379	(134,937)
Maturities of corporate bonds at amortised cost	32(ii)	132,276	111,890
Mortgage loans advanced	33	(95,236)	(201,344)
Mortgage loans repayments	33	226,285	297,993
Proceeds from disposal of investment in property funds	29(i)	36,406	10,030
Dividends received from equity investments at fair value through profit or loss	8	178,919	239,949
Rent and interest received		15,808,023	12,849,898
Net cash (used in)/generated from investing activities		(5,368,996)	5,446,239
Cash flows from financing activities			
Proceeds from borrowings	16	-	1,500,000
Repayment of bank loan	16	-	(3,227,521)
Interest paid on bank loan	16	(118,961)	(217,795)
Interest paid on lease liability	24	(110,753)	(92,724)
Payment of the principal portion of the lease liability	24	(176,072)	(141,454)
Net cash used in financing activities		(405,786)	(2,179,494)
Increase in cash and cash equivalents		2,592,443	496,522
Cash and cash equivalents at start of year		7,991,854	7,499,485
Effect of exchange on cash and cash equivalent		56,584	(4,153)
Cash and cash equivalents at end of year	39 (i)	10,640,881	7,991,854

Company statement of profit or loss and other comprehensive income

	Notes	For the year ended 31 December	
		2023	2022
		Shs'000	Shs'000
Income			
Net gain from investment in property funds	7	28,956	17,777
Interest computed using effective interest method	8(i)	160,996	291,588
Interest and dividend income from investments at FVTPL	8(ii)	271,591	55,189
Net realised fair value gains	9	257	16,751
Net unrealised fair value losses	10	-	(257)
Other income	13	83,402	8,115
Total income		545,202	389,163
Expenses			
Operating and other expenses	15 (i)	978,332	903,655
Finance costs	16 (i)	168,168	218,617
Total expenses		1,146,500	1,122,272
Loss before share of the associates		(601,298)	(733,109)
Share of profit of the associates accounted for using the equity method	25 (i)	75,341	38,254
Loss before income tax		(525,957)	(694,855)
Income tax expense	26 (a)	(11,937)	(6,786)
Loss for the year		(537,894)	(701,641)
Other comprehensive income/(loss) items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain on disposal of quoted ordinary shares at fair value through other comprehensive income	30	-	20,106
Total items that will not be reclassified subsequently to profit or loss		-	20,106
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from the associates accounted for using the equity method	25 (i)	(48,138)	44,423
Total items that may be subsequently reclassified to profit or loss		(48,138)	44,423
Total other comprehensive (loss)/income		(48,138)	64,529
Total comprehensive loss		(586,032)	(637,112)

Company statement of financial position

	Notes	As at 31 December	
		2023	2022
		Shs'000	Shs'000
CAPITAL EMPLOYED			
Share capital	17	252,344	252,344
Share premium	17	13,237,451	13,237,451
Other reserves	18	52,617	100,755
Accumulated losses	19	(6,487,043)	(5,949,149)
Shareholders' funds		7,055,369	7,641,401
REPRESENTED BY:			
Assets			
Property and equipment	22	96,648	128,887
Intangible assets	23	11,052	18,544
Right of use asset	24 (i)	29,518	126,218
Investment in associates	25 (i)	659,792	632,587
Investment in subsidiary companies	28 (i)	6,159,008	6,017,008
Investment in property	29 (i)	80,000	-
Investment in property funds	29 (ii)	2,100,442	2,095,016
Financial assets at fair value through profit or loss – designated	31	-	102,383
Financial assets at amortised cost	32	1,046,945	990,100
Receivables from related parties	45(i)	328,285	205,344
Other receivables	38	382,884	428,795
Current income tax recoverable	26(b)	24,061	33,866
Cash and cash equivalents	39 (i)	61,541	171,460
Total assets		10,980,176	10,950,208
Liabilities			
Lease Liability	24(ii)	38,400	175,703
Borrowings	16 (i)	1,567,894	1,550,473
Amounts due to related parties	45(a)(i)	328,770	199,983
Provisions and other payables	40	1,989,743	1,382,648
Total liabilities		3,924,807	3,308,807
Net assets		7,055,369	7,641,401

The financial statements on pages 81 to 238 were authorised and approved for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:



Mr. Kuria Muchiru
Chairman



Mrs. Celestine Munda
Director

Company statement of changes in equity

Year ended 31 December 2023	Notes	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Equity Shs'000
At start of year		252,344	13,237,451	100,755	(5,949,149)	7,641,401
Total comprehensive income						
Loss for the year		-	-	-	(537,894)	(537,894)
Share of associate's other comprehensive income	25	-	-	(48,138)	-	(48,138)
Total comprehensive loss for the year		-	-	(48,138)	(537,894)	(586,032)
At end of year		252,344	13,237,451	52,617	(6,487,043)	7,055,369

Year ended 31 December 2022	Notes	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Equity Shs'000
At start of year		252,344	13,237,451	4,135,049	(9,346,331)	8,278,513
Total comprehensive income						
Loss for the year		-	-	-	(701,641)	(701,641)
Share of associate's other comprehensive income	25	-	-	44,423	-	44,423
Gains on disposal of ordinary shares at fair value through other comprehensive income	18	-	-	20,106	-	20,106
Total comprehensive loss for the year		-	-	64,529	(701,641)	(637,112)
Transfer from other reserves		-	-	(4,098,823)	4,098,823	-
Total transactions with owners		-	-	(4,098,823)	4,098,823	-
At end of year		252,344	13,237,451	100,755	(5,949,149)	7,641,401

Company statement of cash flows

		2023	2022
	Notes	Shs'000	Shs'000
Cash flows form operating activities			
Cash used in operations	41	(248,132)	(6,768,214)
Net cash used in operating activities		(248,132)	(6,768,214)
Cash flows from investing activities			
Purchase of property and equipment	22	(3,997)	(8,021)
Purchase of intangible assets	23	(1,366)	(183)
Investment in subsidiaries	28 (i)	(208,501)	-
Proceeds from disposal of property and equipment	22	-	25,369
Proceeds from disposal of investment in property funds	29 (ii)	-	1,626
Distributions from investment property funds	29 (ii)	23,530	10,030
Proceeds of disposal of quoted shares at fair value through profit or loss	31 (i)	-	4,084,099
Proceeds of disposal of quoted shares at fair value through other comprehensive income	30	-	4,278,933
Proceeds from sale of unit trusts	31 (iii)	-	39,953
Purchase of government securities at amortised cost	32 (i)	-	(305,366)
Proceeds from disposal of government securities at fair value through profit or loss	31(iv)	102,689	202,726
Purchase government securities held at amortised cost	32(i)	(114,781)	-
Maturities of government securities at amortised cost	32(i)	60,405	-
Dividends received from subsidiaries	8	261,198	50,350
Interest received		156,675	352,080
Net cash generated from investing activities		275,852	8,731,596
Cash flows from financing activities			
Redemption of shareholder loan	28 (i)	66,500	-
Bank loan received	16 (i)	-	1,500,000
Bank loan repaid	16 (i)	-	(3,227,521)
Interest paid on loan	16 (i)	(118,961)	(217,795)
Interest paid on related balances	16 (i)	(21,336)	-
Interest paid on lease liability	24 (ii)	(10,450)	(17,249)
Payment of the principal portion of lease liability	24 (i)	(53,392)	(21,976)
Net cash used in financing activities		(137,639)	(1,984,541)
Net decrease in cash and cash equivalents		(109,919)	(21,159)
Cash and cash equivalents at start of year		171,460	192,619
Cash and cash equivalents at end of year		61,541	171,460

1. General information

Britam Holdings Plc Limited is incorporated in Kenya under the Companies Act as a public limited company and is domiciled in Kenya. The Company was first incorporated in Kenya on 26 July 1995 under the name British- American Financial Services Limited, changed its name to Britak Investments Company Limited on 25 September 2003 and again to British-American Investments Company (Kenya) Limited on 5 May 2006 all under certificate number C66029. On 29 February 2012, the Company changed its status from a private liability limited company to a public limited company after listing in 2011 on the Nairobi Securities Exchange. British-American Investments Company (Kenya) Limited then became Britam Holdings Limited on 5 August 2015. Thereafter the name of the Company was changed from Britam Holdings Limited to Britam Holdings Plc with effect from 4 May 2017 in conformity with the requirements of the Companies Act.

The address of its registered office is:

Britam Tower
Hospital Road
P.O Box 30375 - 00100
Upper Hill
Nairobi

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

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

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

- Insurance businesses:
 - o Britam Life Assurance Company (Kenya) Limited
 - o Britam General Insurance Company (Kenya) Limited
 - o Britam Micro Insurance Company (Kenya) Limited (yet to be operational)
 - o Britam Insurance Company (Uganda) Limited
 - o Britam Insurance Company (Rwanda) Limited
 - o Britam Insurance Company Limited (South Sudan)
 - o Britam Insurance (Tanzania) Limited
 - o Britam Insurance Company Limited (Malawi)
 - o Britam - Companhia De Seguros De Mozambique S.A.

- Asset Managers:
 - o Britam Asset Managers (Kenya) Limited
 - o Britam Asset Managers (Uganda) Limited
- Property companies:
 - o Britam Properties (Kenya) Limited

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

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

2. Summary of material accounting policies

(a) Basis of preparation

The consolidated and company financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act.

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

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

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

Accounting standards and disclosures

(i) Adoption of new and revised standards

During the current year, the Group has adopted the new and revised standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2023. Other than for IFRS 17, the adoption of these new and revised standards has not resulted in material changes to the Group's accounting policies. Information on the new and revised accounting standards effective in the current year and their impact to the consolidated and separate financial statements is detailed in Note 48 (i).

(ii) New and revised standards effective in future periods

Disclosure and assessment of the new and revised accounting standards effective in future periods is detailed in Note 48 (ii).

(iii) New standards and amendments – applicable 1 January 2023

The Group has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

(c) IFRS 17 Insurance Contracts

IFRS 17 replaced IFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification, measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of IFRS 17 are that the Group:

- i. Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards applicable to these separate components.

- Divides the insurance and reinsurance contracts into groups it will recognise and measure.
- Recognises and measures groups of insurance contracts at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus.
 - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM).
 - Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.
 - Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 2 (c(i)).

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates portfolios of insurance and reinsurance contracts issued, and reinsurance contracts held and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts and reinsurance contracts issued that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

2. Summary of material accounting policies (continued)

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line-item descriptions in the statement of profit or loss have been changed significantly compared with last year. Previously the Company reported the following line items:

- Gross earned premiums
- Policyholder claims and benefits
- Change in insurance contract liabilities

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

c) Insurance contracts and reinsurance contracts

(ii) Transition

On transition date of 1 January 2022, the Group:

- Identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable);
- Identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified;
- Derecognised any existing balances that would not exist had IFRS 17 always applied; and
- Recognised any resulting net difference in opening equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

Full retrospective approach

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group applied the full retrospective approach on transition to all contracts issued on or after 1 January 2017. For certain groups of contracts issued prior to 2017, the fair value approach was applied, as detailed below.

Fair value approach

The Group has applied the fair value approach on transition for certain groups of long term life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts;
- Determine whether any contracts are direct participating insurance contracts; and
- Identify any discretionary cash flows for insurance contracts without direct participation features.

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate applicable for the transition cohorts is based on the 2021 discount rates used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The Group has elected to recognize all insurance finance income or expenses between amounts included in profit or loss. The Group used the income approach to determine the fair value amount used for establishing the insurance contract liabilities at the transition date.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarized below:

(i) Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). It introduces a model that measures groups of contracts based on the group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses. The Group applies various measurement models depending on the type of contracts as shown below:

Contract issued	Products	Product classification	Adopted approach
Life Risk	Grouplife, Term credit life and annuity	Insurance contracts	General Measurement Model (GMM), Premium Allocation Approach (PAA)
Life Savings	Endowment and whole life	Insurance contracts	General Measurement Model (GMM)
Investment contracts with DPF	Deposit administration contracts, individual pension plan	Deposit administration and Unit linked investment contracts.	Variable Fee Approach (VFA)
Non- Life	motor, medical, fire, liability and engineering	Insurance contracts	Premium Allocation Approach (PAA)
Reinsurance contract held	Quota share, Treaty and Excess of loss	Reinsurance contracts	Premium Allocation Approach (PAA)

When measuring liabilities for incurred claims, the Group discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested or recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been derecognised. Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

(iv) Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

(v) Separating components from insurance and reinsurance contracts

At inception, the Group separates the distinct investment components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments. Distinct investment

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

(v) Separating components from insurance and reinsurance contracts (continued)

components: are investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts).

A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

(iv) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition.
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e., the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

(vii) Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and

obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

- Reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share and surplus treaty reinsurance contracts.
- Other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Group's excess of loss and stop loss reinsurance contracts.
- Reinsurance contracts acquired: The date of acquisition.

(viii) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance non-refundable acquisition cash flows are directly attributable to a group of contracts (e.g. commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.

Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cashflows are included in the measurement of the group of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss as above

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows. The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
 - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

i. Measurement-contracts not measured under the PAA. Insurance contracts - Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the group's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of

- a. the fulfilment cash flows.
- b. any cash flows arising at that date; and
- c. any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)) is a net inflow,
- d. then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no profit or loss arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination.

A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

i) Measurement-contracts not measured under the PAA (continued)

Insurance contracts - Subsequent measurement (continued)

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods including the investment component and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows, incorporating the investment component, for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services- Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
- Changes relating to current or past services- Recognised in the insurance service result in profit or loss.
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows- Recognised as insurance finance income or expenses. The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component or;
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM

Direct participating contracts

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

i) Measurement-contracts not measured under the PAA (continued)

- the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows
- a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
- an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items - e.g. the effect of financial guarantees.

Reinsurance contracts

To measure a group of reinsurance contracts, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises; the fulfilment cash flows that relate to services that will be received under the contracts in future periods.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of

- the fulfilment cash flows,

- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group,
- any cash flows arising at that date and

any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- i) the amount of the loss that relates to the underlying contracts; and
- ii) the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

Reinsurance of onerous underlying insurance contracts (continued)

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

ii. Measurement - Contracts measured under the PAA

In the non-life and short-term life business, the Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less. The liability for remaining coverage is similar to the unearned premium method. The liability for incurred claims will comprise of (a) the estimate of future cashflows, (b) an adjustment to reflect the time value of money and the financial risks related to the future cash flows and (c) the risk adjustment for non-financial risks. The insurance acquisition cashflows are amortized and expensed when incurred.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (vi). When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

However, if certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these

groups are expected to develop over more than one year. The Group measures these groups under the accounting policies in (vi).

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)). The Group has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year.

Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Group recognises the liability for incurred claims of a group of insurance contracts as the amount of the fulfilment cash flows relating to incurred claims. This is the discounted value of the Incurred But Not Reported (IBNR) claims reserves, Outstanding Claims Reserves (OCR) and Claims Handling Expense Reserves (CHER). The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred. The discount rates are derived from the current year's spot curve with an allowance made for an illiquidity premium. The risk adjustment factor is applied at a portfolio level to the claims reserves.

The IBNR is calculated using a combination of various statistical methods. The Chain Ladder method is used for periods with claims development greater than 75% and Cape Cod method for the other periods. The OCR is determined using the case estimates method. The CHER is established for both IBNR and OCR and caters for future operating expenses that will be incurred in the cause of settling claims. It is based on a factor of current claims expenses divided by current paid claims.

A hybrid approach is used to determine the risk adjustment by considering both the quantile techniques and margins approach to determine the risk margins to be applied to the best estimate liability. A confidence level of 80%-85% and 75% was used for the long-term and short-term businesses respectively.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. An allowance is made for the risk of non-performance at a reinsurance arrangement level. A time-dependent credit default factor is applied on the reinsurance claims liabilities reducing the reinsurance liabilities held. The probability of credit recovery is also allowed for.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

viii. Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous. If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

ix. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for

insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss into

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include critical illness or on death;
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortizes insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein; and
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group presents insurance finance income or expenses in profit or loss.

The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- life risk contracts: the discount rates determined on initial recognition of the group of contracts; and
- life savings contracts: for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

2. Summary of material accounting policies (continued)

(x) Redesignation of financial assets

As part of the initial implementation of IFRS 17, Insurance Contracts, effective 1 January 2022, Britam reassessed its business model for eligible financial assets in line with the requirements of paragraphs C29 to C33 of IFRS 17. The redesignation was based on the facts and circumstances that existed at the date of initial application of IFRS 17 and the designations and classifications were applied retrospectively without the use of hindsight.

The applied designations and classifications were based on how the performance of the financial assets is evaluated and reported to the key management personnel, the risks that affect the performance of the various liability funds including how those risks are managed and how the investment managers are compensated.

The Group has applied the IFRS 17 requirements and elected to revoke the previous designation based on:

1. Debt instruments held by the Life insurance business mainly relating to government securities with a business model to hold in order to collect contractual cash flows which comprise defined contractual coupons and maturities.
2. A portion of the government bonds are classified at FVTPL to remove the accounting mismatch arising with the introduction of IFRS 17 which requires application of a market consistent yield curve for discounting long tail liabilities. The same FVTPL portfolio is also available for trading in situations where there are market opportunities for trading to increase the earned returns.

The non-life insurance funds provide protection to the policyholders against financial consequences of an insured event materializing and does not provide an investment return. The key drivers of performance are claims experience, business retention and earned investment returns. These funds have historically generated positive cash flows and a significant portion of the government bonds are classified at amortised cost as they are held to collect contractual cashflows on specified dates.

Part of the government security portfolio that had previously been designated as FVTPL under paragraph 4.1.5 of IFRS 9, and that is no longer required to cover the reassessed accounting mismatch, has been redesignated to amortised cost.

The classification and measurement category for the affected government securities at the date of initial application were as follows:

Classification of financial assets

	IFRS 9 classification pre IFRS 17 implementation (31 December 2021)	IFRS 9 classification post IFRS 17 implementation (1 January 2022)	Carrying amount pre IFRS 17 implementation (31 December 2021)	Carrying amount post IFRS 17 implementation (1 January 2022)	Changes in carrying value
			Shs' 000	Shs' 000	Shs' 000
Government securities(note 32)	Amortised cost	FVTPL	9,040,206	48,344,106	(39,303,900)
Government securities (note 31)	FVTPL	Amortised cost	89,699,147	50,181,988	39,517,159
Total			98,739,353	98,526,094	213,259

	IFRS 9 classification pre IFRS 17 implementation (31 December 2021)	IFRS 9 classification post IFRS 17 implementation (1 January 2022)	Carrying amount pre IFRS 17 implementation (31 December 2021)	Carrying amount post IFRS 17 implementation (1 January 2022)	Changes in carrying value
			Shs' 000	Shs' 000	Shs' 000
Government securities(note 32)	Amortised cost	FVTPL	23,921,608	57,107,124	(33,185,516)
Government securities (note 31)	FVTPL	Amortised cost	85,271,314	53,458,025	31,813,289
Total			109,192,922	110,565,149	(1,372,227)

The remeasurements and reclassifications for government securities at FVTPL and at amortised cost are disclosed in Notes 31 and 32 respectively.

2. Summary of material accounting policies (continued)

(c) Insurance contracts and reinsurance contracts (continued)

(x) Redesignation of financial assets (continued)

Classification of financial assets

	IFRS 9 classification pre IFRS 17 implementation (31 December 2021)	IFRS 9 classification post IFRS 17 implementation (1 January 2022)	Carrying amount pre IFRS 17 implementation (31 December 2021)	Carrying amount post IFRS 17 implementation (1 January 2022)	Changes in carrying value
			Shs' 000	Shs' 000	Shs' 000
Government securities(note 32)	Amortised cost	FVTPL	9,040,206	48,344,106	(39,303,900)
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	IFRS 9 classification pre IFRS 17 implementation (31 December 2021)	IFRS 9 classification post IFRS 17 implementation (1 January 2022)	Carrying amount pre IFRS 17 implementation (31 December 2021)	Carrying amount post IFRS 17 implementation (1 January 2022)	Changes in carrying value
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Government securities(note 32)	Amortised cost	FVTPL	23,921,608	57,107,124	(33,185,516)
Government securities (note 31)	FVTPL	Amortised cost	85,271,314	53,458,025	31,813,289
Total			109,192,922	110,565,149	(1,372,227)

The remeasurements and reclassifications for government securities at FVTPL and at amortised cost are disclosed in Notes 31 and 32 respectively.

2. Summary of material accounting policies (continued)

(d) Subsidiaries

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

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

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiaries acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and also includes the Group's share of the results of the associate company as disclosed in Note 24 to the financial statements, all made up to 31 December 2023.

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

(i) 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.

(ii) 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.

2. Summary of material accounting policies (continued)

(d) Subsidiaries (continued)

(i) Investments in associate companies

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

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

(ii) Property partnerships

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

(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.

2. Summary of material accounting policies (continued)

(e) Functional currency and translation of foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Translation differences related to changes in amortised cost and financial assets at fair value through profit or loss are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(ii) Hyper-inflation

One of the subsidiaries of the Company (Britam Insurance Company Limited (South Sudan)) was considered to operate in hyperinflationary economy until 31 December 2022. In 2023, South Sudan ceased being in a hyperinflationary economy and the subsidiary discontinued the preparation and presentation of the financials statements in accordance to the standard. It treated the carrying amounts expressed in the measuring current unit at 31 December 2022 as the basis for opening carrying amounts for the 2023 financial statements.

Significant judgement

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The analysis of the cumulative inflation rate over three years resulted in the Group considering whether Malawi's and South Sudan's economy were hyperinflationary. Based on the available information, the Group concluded that these economies are currently not hyperinflationary.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Executive Management Board that makes strategic decisions.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance. In accordance with IFRS 8, the Group has the following business segments: Life insurance, Non life insurance, Asset Management, Property and Other.

2. Summary of material accounting policies (continued)

(g) Revenue recognition

(i) Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- (i) A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- (ii) Changes in the risk adjustment for non-financial risk relating to current services.
- (iii) Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as insurance revenue and insurance service expenses at that date.
- (iv) Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the discounted quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Group expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period, without any time value of money adjustment, on the passage of time basis.

Insurance revenue – Contracts not measured under the PAA

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

2. Summary of material accounting policies (continued)

(g) Revenue recognition (continued)

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

- (i) Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts

(ii) Revenue from contracts with customers

Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered over time. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments.. 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 at a point in time.

The Group charges its customers for asset management and other related services fees periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds at a point in time.

(iii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within 'Interest and dividend income from fair value investments' (Note 8(ii) in the statement of profit or loss. For interest-bearing financial instruments measured at amortised cost, interest income is computed using the effective interest rate method(Note 8(i)). When all the financial asset(debt instrument) at fair value through OCI and amortised cost is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(iv) Dividend income

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

(v) Rental income

Rental income is recognised as income in the period in which it is earned.

(vi) Realised/unrealised gains and losses

Realised/unrealised gains and losses recorded in the statement of profit or loss on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Unrealised gains and losses are calculated as the difference between fair value of the investments at the end of the period less and at the beginning of the period/purchase date.

2. Summary of material accounting policies (continued)

(h) Property and equipment

All categories of property and equipment are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced or sold. All other repairs and maintenance outlays are charged to the statement of profit or loss during the financial period in which they are incurred.

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset

Land and work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives and charged to profit or loss, as follows:

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

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amounts and are taken into account in determining operating profit. Buildings are revalued on an annual basis with the change credited/debited to revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserves.

On disposal of revalued assets, amounts in the revaluation reserve relating to that asset may be transferred to retained earnings.

(i) Intangible Assets

(i) Computer software

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to use or sell the software product;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

2. Summary of material accounting policies (continued)

(i) Intangible Assets (continued)

(i) Computer software (continued)

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be 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 and other software costs recognised as assets are amortised over their estimated finite useful lives, which does not exceed seven years. The amortisation is charged to the statement of profit or loss as part of operating and other expenses. Computer software shall be derecognised: on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of computer software shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. It represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense through statement of profit or loss and is not subsequently reversed.

(j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Any noted reversals are recognised through statement of profit or loss.

(k) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and which are not occupied by the Group are classified as investment property. Investment property is treated as a long term investment and is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in investment income in profit or loss. Land held under operating lease is classified and accounted for as investment property if and only if the property meets the definition of an investment property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Properties under construction with projected use as investment properties are valued at projected fair values taking into account current market conditions, outstanding investment costs and a risk loading according to the progress of the project.

2. Summary of material accounting policies (continued)

I) Financial Instruments

The Group's financial assets are classified and measured as follows; at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The classification of the assets to the three categories is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Classification of financial assets

Classification of financial assets at amortised cost

The Group measures a financial asset at amortised cost if both of the following conditions are met:

- The financial asset is held within the Group with an objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group holds the following assets at amortised costs; part of its government securities portfolio, its corporate bonds portfolio, direct insurance and reinsurance receivables, other receivables, mortgage loans, loans and receivables to policyholders, investment in liquid funds, deposits with financial institutions, cash and bank balances and other receivables.

- Classification of financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within the Group with an objective to both collect contractual cash flows and sell the financial asset; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group holds none of its debt instruments portfolio in this category.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that are not held for trading to be held at fair value through other comprehensive income. Part of the Group's quoted ordinary shares which are considered strategic investments were held in this category until they were disposed in 2022.

Classification of financial assets at fair value through profit or loss

The Group measures financial assets at fair value through profit or loss unless as a financial asset is measured at amortised cost or at fair value through other comprehensive income.

The Group may at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. A majority of the Group's financial liabilities are measured at fair value and hence holding the assets on a different bases creates an accounting mismatch.

The Group holds the following assets in this category; part of its government securities portfolio, part of its quoted ordinary shares portfolio and the unit trusts.

The Group classifies its financial liabilities at amortised cost; financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies.

The Group holds the following liabilities in this category; other payables, borrowings and bank overdraft.

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(ii) Classification of financial liabilities (continued)

The table below show how financial assets and liabilities are classified:

At 31 December 2023				
Group	Note	At amortised cost	At fair value through profit or loss	Total
		Shs' 000	Shs' 000	Shs' 000
Financial assets				
Quoted ordinary shares	31	-	2,156,902	2,156,902
Unquoted ordinary shares	31	-	74,929	74,929
Government securities	31, 32	68,541,507	46,000,195	114,541,702
Unit trusts	31 (iii)	-	10,725,301	10,725,301
Other receivables	38	2,976,257	-	2,976,257
Mortgage loans and receivables	33	1,129,886	-	1,129,886
Restricted cash	39(ii)	216,417	-	216,417
Deposits with financial institutions	39(i)	9,564,794	-	9,564,794
Cash and bank balances	39(i)	1,201,909	-	1,201,909
Total financial assets		83,630,770	58,957,327	142,588,097
Financial liabilities				
Borrowings	16(i)	2,581,068	-	2,581,068
Other payables		4,653,294	-	4,653,294
Total financial liabilities		7,234,362	-	7,234,362

COMPANY

Financial assets				
Investment in property funds	29(ii)	-	2,100,442	2,100,442
Other receivables	38	382,884	-	382,884
Amounts due from related parties	45(i)	328,285	-	328,285
Deposits with financial institutions	39(i)	39,360	-	39,360
Cash and bank balances	39(i)	22,191	-	22,191
Total financial assets		772,720	2,100,442	2,873,162
Financial liabilities				
Borrowings	16(i)	1,567,894	-	1,567,894
Amounts due to related parties	45(i)	328,285	-	328,285
Other payables		475,963	-	475,963
Total financial liabilities		2,372,142	-	2,372,142

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(ii) Classification of financial liabilities (continued)

The table below show how financial assets and liabilities are classified:

At 31 December 2022	Note	At amortised cost	At fair value through profit or loss	Total
		Shs' 000	Shs' 000	Shs' 000
Financial assets				
Quoted ordinary shares	31	-	3,122,089	3,122,089
Unquoted ordinary shares	31	50,175	-	50,175
Government securities	31, 32	57,105,719	42,962,242	100,067,961
Unit trusts	31 (iii)	-	7,323,519	7,323,519
Other receivables	38	2,491,535	-	2,491,535
Mortgage loans and receivables	33	1,150,370	-	1,150,370
Restricted cash	39(ii)	64,140	-	64,140
Deposits with financial institutions	39(i)	6,395,013	-	6,395,013
Cash and bank balances	39(i)	1,734,568	-	1,734,568
Total financial assets		68,991,520	53,407,850	122,399,370
Financial liabilities				
Borrowings	16(i)	2,540,223	-	2,540,223
Other payables	40	5,087,136	-	5,087,136
Total financial liabilities		7,627,359	-	7,627,359

COMPANY

Financial assets				
Investment in property funds	29(ii)	-	2,095,016	2,095,016
Other receivables	38	428,795	-	428,795
Amounts due from related parties	45(i)	205,344	-	205,344
Deposits with financial institutions	39(i)	156,546	-	156,546
Cash and bank balances	39(i)	15,058	-	15,058
Total financial assets		805,743	2,095,016	2,900,759
Financial liabilities				
Borrowings	16(i)	1,550,473	-	1,550,473
Amounts due to related parties	45(i)	199,983	-	199,983
Other payables		475,963	-	475,963
Total financial liabilities		2,226,419	-	2,226,419

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(iii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present unrealised and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Company does not have debt instruments measured at fair value through other comprehensive income. Subsequent measurement of debt instruments and other financial assets at amortised cost or fair value through profit or loss, depends on the category of the financial instruments held by the Company, the Company's business model and cashflow characteristics of the financial assets.

The classification of a financial asset is made at the time it is initially recognised, namely when the Company becomes a party to the contractual provisions of the instrument. However, if certain conditions are met or the Company's business model changes, the classification of an asset may subsequently need to be reclassified.

(iv) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value Through Profit or Loss (FVTPL):

- Government securities at amortized cost;
- Corporate bonds at amortised cost;
- Mortgage loans;
- Policy loans;
- Secured loans;
- Cash at bank;
- Deposits from financial institutions;
- Receivables from related parties; and
- Other receivables.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date, or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument.

The Group measures ECL on an individual basis, or on a collective basis for class of assets that share similar economic risk characteristics.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts. The Group has applied this exemption to other financial assets including loans and receivables from related parties.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the debtor is unlikely to pay its obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. More details are provided in Note 46 (b).

The Group considers the following as constituting an event of default:

Financial asset	Default event
Cash and deposits with financial institutions	<ul style="list-style-type: none"> • Contractual cash flows default • Debt restructure/Debt covenant breach • Bank closure • Bank Run • Filing of bankruptcy • Bank takeover by Regulator • Bank insolvency
Corporate debt	<ul style="list-style-type: none"> • Contractual cash flows default • Debt covenant breach • Closure of institution • Filing of bankruptcy
Financial assets	<ul style="list-style-type: none"> • Significant fall in tax collection rates • Significant natural disaster events • Default warning from Brenton Woods Institutions • Junk rating of sovereign debt • Debt restructure events
Receivables – related parties, other receivables including outstanding dividends, advances to agents and staff.	<ul style="list-style-type: none"> • Contractual cash flows default • Filing of bankruptcy • Significant natural disaster events • Loss of source of income

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

2. Summary of material accounting policies (continued)

(m) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the debtor has ceased transacting with the Group, whichever occurs sooner. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(n) Investment in property funds

Entities where the Company or Group own a stake in certain property partnerships or funds are classified as investments in property funds. Investments in property funds are initially carried at cost and subsequently at fair value, computed using either the market approach or the income approach (discounted cash flows) determined annually by external valuers. Changes in fair values are included in the net income from investment property and property funds in the statement of profit or loss. A property fund invests primarily in property investments with an aim of realising gains from either rental income or realised and unrealised income from selling the property or property revaluations. Fair value gains on the property funds are consequently a direct product of the share of ownership in the fund and the unrealised gains from the underlying investment property.

For property funds where the Group does not have the irrevocable asset management agreement over the mutual funds and in which it has not invested significantly, factors such as the existence of control through voting rights held by the Group in the fund or significant economic power in the fund, are considered in the assessment of control. Judgement is required in the assessment of whether the Group has control, joint control or significant influence. Control is assessed in terms of the variability of returns from the Group's involvement in the funds, the ability to use power to affect those returns and the significance of the Group's investment in the funds. Based on the assessment of control or significant influence over these funds, the Group has concluded that it does not control the property funds.

2. Summary of material accounting policies (continued)

(n) Renegotiated loans

Renegotiation of loans occurs when the contractual terms governing the cash flows of a loan are renegotiated or otherwise modified between initial recognition and maturity of the loan. It affects the amount and/or timing of the contractual cash flows either immediately or at a future date. When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. The difference between the revised carrying amount and the fair value of the new loan with the new terms will lead to a gain or loss on derecognition.

(o) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(p) Employee benefits

The Group originally established a contributory final salary defined benefit plan covering substantially all its employees, including agents. The plan was funded under a single Trust, and the principal asset held by the Trustees was a deposit administration policy issued by the Group. Members now contribute 7.5% of pensionable earnings.

Effective January 1, 2006, the Group established a defined contribution section as a supplementary scheme to the existing plan. Existing members were given the irrevocable option of either (a) remaining in the defined benefit section and continuing to accrue benefits, or (b) participating in the defined contribution section with effect from January 1, 2006, and relinquishing prior defined benefit entitlement in return for a "conversion value" transferred from the defined benefit section into the defined contribution section. In October 2010, the two sections were separated into two independent plans, each with its own Trust Deed and Rules, and each holding a separate deposit administration policy issued by the Group. The actuarial results presented relate only to the defined benefit plan.

The defined benefit plan provides a retirement benefit on attaining age 60 based on 2% of final average pensionable earnings for each year of service while a member of the plan. Similarly-calculated benefits are provided on withdrawal, death in service and disability. Group contributions to the plan are normally determined as those required to provide all promised benefits over the long term.

Plan liabilities and costs are established by independent actuaries using the Projected Unit Credit Method. The plan is fully valued at least every two years.

Actuarial gains and losses re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period to which they apply.

The significant risks to which the Group is exposed through the operation of its defined benefit plan are asset mismatching risk, funding risk and pensioner longevity risk.

Asset mismatching occurs because investment earnings on the plan's principal asset derive from the declared rate on the deposit administration policy; this rate is declared annually by the Group based on the investment performance for the year of the pooled funds supporting its deposit administration portfolio. The liabilities are long-term in nature, comprising the expected future outflow of benefits, and the discount rate used to value them is based on the yield on low-risk or risk-free bonds for a term commensurate with their duration (10 to 11 years). Consequently, as long-term yields rise and fall, the present value of the liabilities will fall and rise, but the change in value of the assets will only reflect the one-year declared rate.

Pensioner longevity risk reflects the fact that the liabilities for pensions in payment are based on assumptions as to the future mortality of present and future pensioners and their contingent beneficiaries. A longer emerging life expectancy than that implied by the mortality tables currently in use will create a plan deficit over time. The plan's pensioner population is too small to develop plan-specific mortality assumptions.

The Group provides:

- Annual paid leave, the cost of which is expensed as earned.
- Incentive bonus: Staff are entitled to a bonus which is based on pre-set performance parameters on an annual basis. The full cost of the bonus is expensed in the year in which it is earned.

2. Summary of material accounting policies (continued)

(q) Income tax

(i) Current income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the carrying value of the borrowings is recognised in profit or loss over the period of the borrowings.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared.

(t) Share capital

Ordinary shares are classified as share capital in equity. Any amounts received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds net of tax.

2. Summary of material accounting policies (continued)

(u) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(a) Recognition of a lease

At the commencement date, the Group shall recognise a right-of-use asset and a lease liability.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of real estate the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Measurement

The Group measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the Company recognises depreciation of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

(i) Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;

The right-of-use asset is subsequently measured applying a cost model. The Group shall measure the right-of-use asset at cost:

- Less any accumulated depreciation and any accumulated impairment losses; and
- Adjusted for any remeasurements of the lease liability.

The Group shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset and IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

(ii) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, the Group shall measure the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group determines its incremental borrowing rate as the risk free rate adjusted for beta and country risk premium.

2. Summary of material accounting policies (continued)

(u) Leases (continued)

(b) Measurement (continued)

• Reassessment of the lease liability

After the commencement date, the Group shall remeasure the lease liability to reflect changes to the lease payments. The Group shall recognise the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurements in profit or loss.

• Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

• Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases whose term is less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) The Group as the lessor – Investment properties leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or security deposits for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

2. Summary of material accounting policies (continued)

(v) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(w) Earnings per share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:

i) profit or loss from continuing operations attributable to the parent entity; and

ii) profit or loss attributable to the parent entity

are the amounts in (i) and (ii) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

3. Critical accounting estimates, judgements and assumptions

In the preparation of the financial statements, management and Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

a) Accounting estimates

Valuation of insurance and reinsurance contract liabilities and assets

i. Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

i. Fulfilment cash flows (continued)

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Group derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Group will incur in providing investment services;
- costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts

The Group determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Group's expectation of its exposure to risk for that year and, on renewal, the Group can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

Reinsurance contracts

Each of the Group's quota share and surplus treaty reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights.

Each of the Group's excess of loss and stop loss reinsurance contracts has an annual term and loss-occurring covers claims from underlying contracts incurred within the year (i.e. . Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Life risk, life savings and participating contracts

Assumptions about mortality/longevity, morbidity and policyholder behavior that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts. Mortality/longevity is a key assumption in the measurement of immediate fixed annuities issued.

Policyholder behavior mainly surrender rates is a key assumption in the measurement of life risk, life savings and participating insurance contracts. Each type of policyholder behavior is estimated by product type, based on trends in recent experience.

For participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts.

To determine how to identify changes in discretionary cash flows for these contracts, the Group generally regards its commitment to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

Non-life contracts

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated Bornhuetter-Ferguson using a range of loss reserving techniques – e.g. the chain-ladder and methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

Bottom up Approach

The approach adopted by the Group is the bottom-up approach for our long term and short term insurance products. This is due to the following reasons:

- a. There is a liquid risk-free rate that is readily available in all the markets the Group operates in.
- b. The markets the Group operates in may not have suitable assets to build a reference portfolio when using the top-down approach.
- c. Since there are no suitable assets apart from government bonds that are similar to the nature of the insurance liabilities, the top-down approach may result in the same discount rate being applied.

The tables below set out the sources to determine the risk free rates used to discount the cash flows of insurance contracts for the entities within the group.

Country	Source
Kenya	Derived spot curve from bond market
South Sudan	Use Kenya derived spot curve
Uganda	Risk free yield curve published in Uganda
Tanzania	Risk free yield curve published in Tanzania
Rwanda	Risk free yield curve published in Rwanda
Malawi	Use Kenya derived spot rates and compare a 1-year bond return in Kenya to Malawi and adjust the curve.
Mozambique	Use the Tanzania risk free yield curve

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The group took the following into consideration when determining the risk adjustment for IFRS 17 purposes.

- Cash flows with similar risks in terms of amount and timing will have reasonably the same risk adjustments;
- Risks with low frequency and high severity will result in higher risk adjustment than those with high frequency and low severity;
- Contracts with similar risks but with longer durations will have a higher risk adjustment than those with shorter durations;

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

i. Risk Adjustments (continued)

- Risks with wider probability distributions/wider variability will result in higher risk adjustment than those with narrower distributions;
- Risks where there is little knowledge about their current estimate and trends will result in a higher risk adjustment i.e. the more information about a risk, the smaller the risk adjustment; and
- The risk adjustment will decrease to the extent that emerging experience leads to more certainty or increase if emerging experience increases uncertainty.

The Group, also considered the following practical considerations when setting the risk adjustment:

- The risk adjustment will be set taking into consideration Group's view of risk assessment in the normal course of business. In particular, the Group relied on its pricing procedures and its risk appetite framework/policy;
- The Group assess the practical challenges in setting the risk adjustment and its subsequent measurement and the need for fair representation;
- The Group assess the different approaches available in determining the risk adjustment and pick one that best presents a true and fair view of the risks being covered;
- The Group consider the level of aggregation and diversification of the risk adjustment from all its subsidiary businesses;and
- In choosing an approach for determining the risk adjustment, Britam will consider approaches that do not result in undue cost and effort on its part.

The risk adjustments for non-financial risk are determined using the following techniques:

- non-life contracts: a confidence level technique;
- The Group has used a hybrid approach to determine the risk adjustment for long-term contracts i.e. using quantile techniques to determine risk margins that would then be applied to the best estimate liability.
- The Group has used a a 75% confidence level for its short term business and between 80-85% confidence level for its long term business.

ii. Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows.

- Term product with only death – Expected present value of claims.
- Health product with cover provided on specified types of illness- Expected present value of claims.
- Life cover with more than one benefit – Expected present value of claims.
- Deferred annuity – Amount payable on death during deferment period and annuity amount payable post vesting date.
- Life contingent annuity product – Annuity amount payable in each period.
- Life contingent annuity with return of premium on death – Annuity amount payable in each period plus amount payable on death (i.e. return of premium).
- Unit linked savings product – Expected present value of claims.
- Non-life contracts acquired in their claims – Expected amount of claims to be settled in each settlement period
- Quota share and surplus treaty reinsurance – The same basis as the underlying contracts, including expected new business within the reinsurance contract boundary.
- Excess of loss and stop loss reinsurance – Expected amount of underlying claims to be covered in each period.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

ii. Contractual service margin (continued)

Determination of coverage units

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Group generally considers the selling prices for the services had they been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Group sells that service separately to policyholders with similar characteristics.

iii. Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses. The group has assessed its Term product with only death, Life contingent annuity product, unit linked, deposit administration to contain investment components. The investment component excluded from insurance revenue and insurance service expenses is determined as the maturity benefits, partial maturity benefits and surrender value specified in the contractual terms less any accrued fees and surrender charges.

The Group's other contracts do not contain investment components. These include deferred fixed annuity contracts that provide policyholders with a right to surrender the contract during the accumulation period and receive the current account value less any surrender charges. The Group determines that these contracts do not include any investment component, because the Group is not required to pay any amount if the policyholder does not surrender the contract and does not survive until the first annuity payment date. Consequently, any surrender payments are treated as premium refunds for unused coverage. Even though the premium refunds do not represent repayments of investment components, the Group has disclosed them together with investment components in Note 36 (ii).

iv. Fair value of insurance contracts

The Groups has adopted the fair value approach for determination of transition CSM for all long term insurance business cohorts issued in 2016 and prior years. The Group has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contract determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique.

CSM as at transition is defined as the Fair Value of Insurance Contracts at Transition Less IFRS 17 Fulfilment Cashflows at Transition. The Frictional Cost of Required Capital for the long term contracts has been used as an approximation to the fair value cohorts transition CSM. The Frictional Cost of Required Capital (FCoRC) is defined as the net of tax opportunity cost of having to hold the required capital rather than investing it in future business development (working capital) or paying it out as dividends.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary. The Group's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects.

3. Critical accounting estimates, judgements and assumptions (continued)

a) Accounting estimates (continued)

Valuation of insurance and reinsurance contract liabilities and assets (continued)

iii. Investment components (continued)

These differences gave rise to a CSM at the date of acquisition or transition (see Notes 34). In particular, in measuring fair value the Group:

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Group's non-performance risk; and
- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require assuming the obligations to service the insurance contracts. In determining the risk premium, the Group allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

• Valuation of financial assets

The fair value of financial instruments that are unquoted (not traded in an active market) is determined by using valuation techniques. The Group uses management judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the statement of financial position date. The details of these are set out in Note 46 (f).

• Fair valuation of investment properties and property funds.

The fair value model has been applied in accounting for investment property and property funds. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 December 2022 and 31 December 2023 using either the market approach or the income approach. The current valuation of the investment properties is based on the property's highest and best use.

Whether land and building meet criteria to be classified as investment property is as disclosed in Note 2 (n).

• Impairment of financial assets

Management assesses the carrying value of the Group's assets on an annual basis.

- Significant increase of credit risk: As explained in Note 2m (iv), ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to Note 2 m (iv) and Note 46 (b) for more details.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 4 (b) for details of the characteristics considered in this judgment. The Group monitors the appropriateness of the credit risk characteristics on an on-going basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

• Impairment of financial assets (continued)

Models and assumptions used: The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 4 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 46 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from collateral and integral credit enhancements. See Note 46 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

Retirement benefit liability

The present value of the retirement benefit obligations attributable to the defined benefits scheme depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities. The assumptions used in determining the net cost (income) for pensions are disclosed in Note 42.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Impairment of goodwill.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (j)(ii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amount of the goodwill and the key assumptions made are set out in Note 27 (i).

Impairment of associates

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the statement of profit or loss. Significant estimates relate to the determination of the projected cash flows and the discount rate.

Lease term in lease contracts

Critical estimates are made by management in determining lease terms in lease contracts. Specifically in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

3. Critical accounting estimates, judgements and assumptions (continued)

(a) Accounting estimates (continued)

• Impairment of financial assets (continued)

Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers or other consultants/experts estimates a provision based on past precedents.

(b) Critical judgements in applying the entity's accounting policies

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

• Consolidation of property funds

Judgement is required in the assessment of whether the Group has control, joint control or significant influence over property partnerships. Control is assessed in terms of the variability of returns from the Group's involvement in the funds, the ability to use power to affect those returns and the significance of the Group's investment in the funds. Based on the assessment of control or significant influence over these funds, the Group has concluded that it does not control the property funds.

- The classification of financial assets and liabilities;
- Whether assets are impaired;
- Recoverability of deferred tax;
- The illiquidity premium; and
- The risk adjustment.

4. Insurance revenue

	Life Risk	Life Savings	Investment contracts with DPF	Non-Life	Total
Year ended 31 December 2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Contracts not measured under the PAA					
Amounts relating to changes in liabilities:					
CSM recognized for services provided	735,079	826,686	682,952	87,812	2,332,529
Change in risk adjustment for non-financial risk for risk expired	63,616	264,921	56,871	2,350	387,758
Expected incurred claims and other insurance service expenses after loss component allocation	995,276	3,134,659	742,041	37,037	4,909,013
Insurance acquisition cash flows recovery	223,247	-	-	78,704	301,951
Insurance revenue from contracts not measured under PAA	2,017,218	4,226,266	1,481,864	205,903	7,931,251
Insurance revenue from contracts measured under the PAA	3,007,044	-	-	25,497,902	28,504,946
Total insurance revenue	5,024,262	4,226,266	1,481,864	25,703,805	36,436,197
Year ended 31 December 2022					
Contracts not measured under the PAA					
Amounts relating to changes in liabilities:					
CSM recognized for services provided	348,164	806,679	247,397	117,944	1,520,184
Change in risk adjustment for non-financial risk for risk expired	47,811	241,624	164,002	-	453,437
Expected incurred claims and other insurance service expenses after loss component allocation	999,722	2,869,265	909,136	-	4,778,123
Insurance acquisition cash flows recovery	88,534	-	-	105,041	193,575
Restatement and other changes	-	-	-	(538,321)	(538,321)
Insurance revenue from contracts not measured under PAA	1,484,231	3,917,568	1,320,535	(315,336)	6,406,998
Insurance revenue from contracts measured under the PAA	1,248,823	-	-	18,113,642	19,362,465
Total insurance revenue	2,733,054	3,917,568	1,320,535	17,798,306	25,769,463

5. Insurance service expenses

	Life Risk	Life Savings	Investment contracts with DPF	Non-Life	Total
Year ended 31 December 2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Incurred insurance service expenses:	(3,695,480)	(1,291,132)	(771,480)	(16,109,846)	(21,867,938)
Claims	(1,491,692)	(138,098)	(10,757)	(11,938,905)	(13,579,452)
Expenses	(2,170,865)	(1,152,101)	(760,705)	(4,316,704)	(8,400,375)
Other movements related to current service	(32,923)	(933)	(18)	145,763	111,889
Amortisation of insurance acquisition cash flows	(1,077,465)	-	-	(3,595,384)	(4,672,849)
Changes that relate to past service:	14,418	(81,969)	10,291	731,412	674,152
Changes in estimates in LIC fulfilment cash flows	(358,394)	(213,365)	(1,090)	(4,134,481)	(4,707,330)
Experience adjustments in claims and other insurance service expenses in LIC	372,812	131,396	11,381	4,865,893	5,381,482
Changes that relate to future service:	(637,759)	(1,049,218)	(109,820)	808,584	(988,213)
Losses for the net outflow recognized on initial recognition	(215,051)	(129,777)	(51,967)	(552,405)	(949,200)
Losses and reversal of losses on onerous contracts - subsequent measurement	(422,708)	(919,441)	(57,853)	1,360,989	(39,013)
Total insurance service expenses	(5,396,286)	(2,422,319)	(871,009)	(18,165,234)	(26,854,848)
Year ended 31 December 2022					
Incurred insurance service expenses:	(2,271,293)	(1,347,787)	(777,797)	(10,918,168)	(15,315,045)
Claims	(720,364)	(162,261)	(8,664)	(7,864,584)	(8,755,873)
Expenses	(1,578,464)	(1,181,928)	(769,126)	(3,547,245)	(7,076,763)
Other movements related to current service	27,535	(3,598)	(7)	493,661	517,591
Amortisation of insurance acquisition cash flows	(195,588)	-	-	(2,491,270)	(2,686,858)
Changes that relate to past service:	(124,718)	(157,180)	(8,959)	(1,045,999)	(1,336,856)
Changes in estimates in LIC fulfilment cash flows	(200,287)	(157,180)	(8,959)	(4,292,501)	(4,658,927)
Experience adjustments in claims and other insurance service expenses in LIC	75,569	-	-	3,246,502	3,322,071
Changes that relate to future service	(385,533)	(182,273)	(280,451)	(368,190)	(1,216,447)
Losses for the net outflow recognized on initial recognition	(1,554,703)	(118,433)	-	(970,320)	(2,643,456)
Losses and reversal of losses on onerous contracts - subsequent measurement	1,169,170	(63,840)	(280,451)	602,130	1,427,009
Total insurance service expenses	(2,977,132)	(1,687,240)	(1,067,207)	(14,823,627)	(20,555,206)

6. Net expenses from reinsurance contracts held

	Life Risk	Life Savings	Non-Life	Total
Year ended 31 December 2023	Shs'000	Shs'000	Shs'000	Shs'000
Allocation of the premiums paid	(1,208,741)	(18,066)	(8,342,771)	(9,569,578)
Amounts recovered from reinsurance:	1,117,827	-	2,620,626	3,738,453
Incurred insurance service expenses:	987,457	-	3,476,935	4,464,392
Claims	862,154	-	3,452,790	4,314,944
Other movements related to current service	125,303	-	24,145	149,448
Changes that relate to past service (changes in fulfilment cash flows reinsurance LIC):	(87,152)	-	(733,581)	(820,733)
Changes in estimates in LIC fulfilment cash flows	261,300	-	3,962,518	4,223,818
Experience adjustments in claims and other insurance service expenses in LIC	(348,452)	-	(4,696,099)	(5,044,551)
Changes that relate to future service:	224,719	-	(85,569)	139,150
Loss recovery related to losses on underlying insurance contracts at initial recognition	134,611	-	114,068	248,679
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement	90,108	-	(199,637)	(109,529)
Changes in risk of non-performance	(7,197)	-	(37,159)	(44,356)
Total net expenses from reinsurance contracts	(90,914)	(18,066)	(5,722,145)	(5,831,125)
Year ended 31 December 2022				
Allocation of the premiums paid	(686,260)	(11,622)	(5,027,441)	(5,725,323)
Amounts recovered from reinsurance:	384,592	-	2,449,163	2,833,755
Incurred insurance service expenses:	576,213	-	1,979,198	2,555,411
Claims	631,969	-	1,978,726	2,610,695
Expenses	(5)	-	(2,684)	(2,689)
Other movements related to current service	(55,751)	-	3,156	(52,595)
Changes that relate to past service (changes in fulfilment cash flows):	(143,543)	-	675,882	532,339
Changes in estimates in LIC fulfilment cash flows	(346,548)	-	4,463,827	4,117,279
Experience adjustments in claims and other insurance service expenses in LIC	203,005	-	(3,787,945)	(3,584,940)
Changes that relate to future service:	(48,078)	-	(182,352)	(230,430)
Loss recovery related to losses on underlying insurance contracts at initial recognition	6,659	-	362,570	369,229
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement	(54,737)	-	(544,922)	(599,659)
Changes in risk of non-performance	-	-	(23,565)	(23,565)
Total net expenses from reinsurance contracts	(301,668)	(11,622)	(2,578,278)	(2,891,568)

7. Net income from investment property

	Group 2023 Shs'000	2022 Shs'000	Company 2023 Shs'000	2022 Shs'000
Gross rental income	560,007	353,098	-	-
Less: Investment property operating expenses	(2,750)	(1,198)	-	-
Net rental income	557,257	351,900	-	-
Fair value gain on investment properties and property funds (Note 29 (i))	87,192	291,337	28,956	17,777
Net income from investment property	644,449	643,237	28,956	17,777

8(i). Interest computed using effective interest method

Interest from government securities at amortised cost	8,253,059	2,034,726	135,538	113,082
Interest from corporate bonds at amortised cost	2,382	-	-	-
Interest from deposits with financial institutions	744,236	730,649	14,636	154,702
Mortgage loan interest income	387,897	127,449	-	-
Interest from intercompany balances	-	-	10,822	23,804
Interest computed using effective interest method	9,387,574	2,892,824	160,996	291,588

8(ii). Interest and dividend income for financial assets at FVTPL

Interest from government securities at fair value through profit or loss	5,893,188	9,809,286	10,393	3,979
Interest from investments in liquid funds	156,272	65,885	-	860
Dividend from subsidiaries	-	-	261,198	50,350
Dividends from quoted ordinary shares at fair value through profit or loss	178,919	239,949	-	-
Total interest and dividend income from investments at FVTPL	6,228,379	10,115,120	271,591	55,189

No dividends were received from quoted ordinary shares at fair value through other comprehensive in 2023 and 2022.

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

	Group 2023 Shs'000	2022 Shs'000	Company 2023 Shs'000	2022 Shs'000
Realised (loss)/gain on government securities at fair value through profit or loss	(1,070)	(33,647)	257	178
Realised gain on quoted ordinary shares at fair value through profit or loss	35,000	31,179	-	19,190
Realised loss on unit trusts	-	(2,617)	-	(2,617)
Total net realised gains/(losses)	33,930	(5,085)	257	16,751

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

	Group 2023 Shs'000	2022 Restated Shs'000	Company 2023 Shs'000	2022 Shs'000
Fair value loss on quoted ordinary shares fair value through profit or loss (Note 31 (i))	(979,429)	(975,266)	-	-
Fair value gains on unit trusts (Note 31 (iii))	649,813	533,539	-	-
Fair value loss on government securities at fair value through profit or loss (Note 31 (iv))	(4,353,175)	(1,782,775)	-	(257)
Fair value losses on financial assets through profit or loss	(4,682,791)	(2,224,502)	-	(257)
Impairment of investment in associates (Note 25 (i))	-	(99,263)	-	-
Total net unrealised fair value losses	(4,682,791)	(2,323,765)	-	(257)

11. (i) Net insurance finance expenses

The following table analyses the Group's net insurance finance expenses in profit or loss:

	Life Risk	Life Savings	Investment contracts with DPF	Non-Life	Total
Year ended 31 December 2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	(2,137,526)	(3,120,757)	(2,104)	(877,044)	(6,137,431)
Interest accreted on the carrying amount of the CSM	(188,685)	(741,611)	-	(36,817)	(967,113)
Interest accreted on present value cash flows	(1,910,889)	(2,303,056)	(2,073)	(782,784)	(4,998,802)
Interest accreted on risk adjustment	(37,952)	(76,090)	(31)	(57,443)	(171,516)
The effect of financial risk and changes in financial risk	1,464,685	2,878,797	(16)	255,423	4,598,889
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	(473,175)	(473,175)
Changes in fair value of underlying items of direct participating contracts	-	-	(7,127,988)	-	(7,127,988)
Total insurance finance expense from insurance contracts	(672,841)	(241,960)	(7,130,108)	(1,094,796)	(9,139,705)
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	88,834	-	-	393,870	482,704
Interest accreted on present value cash flows	87,445	-	-	368,574	456,019
Interest accreted on risk adjustment	1,389	-	-	25,296	26,685
The effect of financial risk and changes in financial risk	16,080	-	-	(82,116)	(66,036)
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	162,264	162,264
Total insurance finance income from insurance contracts	104,914	-	-	474,018	578,932
Net insurance finance expenses	(567,927)	(241,960)	(7,130,108)	(620,778)	(8,560,773)

11. (i) Net insurance finance expenses (continued)

	Life Risk	Life Savings	Investment contracts with DPF	Non-Life	Total
Year ended 31 December 2022	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	(1,756,097)	(2,505,906)	(1,577)	(773,593)	(5,037,173)
Interest accreted on the carrying amount of the CSM	(212,446)	(603,331)	-	(38,381)	(854,158)
Interest accreted on present value cash flows	(1,512,141)	(1,836,764)	(1,577)	(667,779)	(4,018,261)
Interest accreted on risk adjustment	(31,510)	(65,811)	-	(67,433)	(164,754)
The effect of financial risk and changes in financial risk	671,183	1,038,100	(103)	11,246	1,720,426
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	(176,939)	(176,939)
Changes in fair value of underlying items of direct participating contracts	-	-	(6,065,143)	-	(6,065,143)
Total insurance finance expense from insurance contracts	(1,084,914)	(1,467,806)	(6,066,823)	(939,286)	(9,558,829)
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:	89,044	-	-	324,296	413,340
Interest accreted on present value cash flows	83,395	-	-	302,656	386,051
Interest accreted on risk adjustment	5,649	-	-	21,640	27,289
The effect of financial risk and changes in financial risk	4,764	-	-	11,875	16,639
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	70,226	70,226
Total insurance finance expense from reinsurance contracts	93,808	-	-	406,397	500,205
Net insurance finance expenses	(991,106)	(1,467,806)	(6,066,823)	(532,889)	(9,058,624)

Net finance income and expenses from insurance and reinsurance contracts have both been recognised in profit or loss.

11. (ii) Net financial result (including investment return)

Year ended 31 December 2023	Life Risk Shs'000	Life Savings Shs'000	Investments with DPF Shs'000	Non-Life Shs'000	Total Shs'000
Net income from investment property and property funds	9,020	454,629	193,757	(12,957)	644,449
Interest and dividend income from investments at fair value	219,323	1,380,306	4,443,534	185,216	6,228,379
Interest income computed using effective interest rate method	249,721	1,571,611	5,059,391	2,506,851	9,387,574
Net realised (losses)/gains on financial assets	(224)	1,572	26,088	6,494	33,930
Net unrealised fair value losses on financial assets	(110,549)	(2,056,010)	(2,496,846)	(19,386)	(4,682,791)
Net investment income	367,291	1,352,108	7,225,924	2,666,218	11,611,541
Finance expenses from insurance contracts issued	(672,841)	(241,960)	(7,130,108)	(1,094,796)	(9,139,705)
Finance income from reinsurance contracts held	104,914	-	-	474,018	578,932
Net insurance finance expenses	(567,927)	(241,960)	(7,130,108)	(620,778)	(8,560,773)
Net Financial Result (including investment return)	(200,636)	1,110,148	95,816	2,045,440	3,050,768

Year ended 31 December 2022	Life Risk Shs'000	Life Saving Shs'000	Investments in DPF Shs'000	Non Life Shs'000	Total Shs'000
Net income from investment property and property funds	18,221	450,085	179,517	(4,586)	643,237
Interest and dividend income from investments at fair value	451,477	2,021,585	6,578,229	1,063,829	10,115,120
Interest income computed using effective interest rate method	88,156	394,736	1,284,469	1,125,463	2,892,824
Net realised (losses)/gains on financial assets	37	6,489	(26,324)	14,713	(5,085)
Net unrealised fair value losses on financial assets	(80,529)	(681,247)	(1,465,419)	(96,570)	(2,323,765)
Net investment income	477,362	2,191,648	6,550,472	2,102,849	11,322,331
Finance expenses from insurance contracts issued	(1,084,914)	(1,467,806)	(6,066,823)	(939,286)	(9,558,829)
Finance income from reinsurance contracts held	93,808	-	-	406,397	500,205
Net insurance finance expenses	(991,106)	(1,467,806)	(6,066,823)	(532,889)	(9,058,624)
Net Financial Result (including investment return)	(513,744)	723,842	483,649	1,569,960	2,263,707

12. Fund management fees

	2023 Shs'000	2022 Shs'000
Fee income:		
- Unit trust funds	184,516	350,130
- Discretionary & wealth management	400,716	196,583
- Alternative investments	20,968	84,123
- Property management fees	33,550	27,629
Total fund management fees	639,750	658,465

13. Other income

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Other schemes administration fee				
- life business	20,289	26,459	-	-
- non - life business	114,996	104,166	-	-
Net foreign exchange gains/(losses)	405,295	334,965	665	(4,351)
(Loss)/gain on disposal of property and equipment	(5,792)	13,563	126	11,500
Miscellaneous income	231,340	60,933	82,611	966
Total other income	766,128	540,086	83,402	8,115

Significant growth in miscellaneous income is mainly attributed to Shs 80 million recovery of bad debts during the year. Other schemes administration fee is considered incidental.

14. Fund commission expenses

	2023 Shs'000	2022 Shs'000
• Fee income		
• Unit trust funds	83,044	87,213
• Discretionary & wealth management	116,483	99,959
Total fund commission expenses	199,527	187,172

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

	2023 Shs 000'	2022 Shs 000'
Staff costs (Note 15 (ii))	75,434	417,298
General office management expenses	67,338	163,279
Sales, marketing and brand management	219	25,487
Information technology (ICT) costs	38,938	17,765
Amortisation of intangible assets (Note 23)	8,858	26,467
Professional fees	25,336	81,972
Depreciation on property and equipment (Note 22)	36,236	35,867
Depreciation on right of use asset (Note 24 (i))	26,738	33,211
Office rent and service charge	6,132	6,268
Provision for expected credit losses	(31,460)	1,772
Directors' fees (Note 45 (iv))	38,340	34,518
Directors' expenses	21,005	50,506
Repairs and maintenance costs	132	914
Training and development	4,430	6,231
Auditor's remuneration	3,860	2,100
Provision for investment losses (Note 40)	656,796	-
Total operating and other expenses	978,332	903,655

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

	2023				2022			
	Attributable expenses				Attributable expenses			
	Acquisition expenses	Other directly attributable expenses	Other expenses	Total	Acquisition expenses	Other directly attributable expenses	Other expenses	Total
	Shs 000'	Shs 000'	Shs 000'	Shs 000'	Shs 000'	Shs 000'	Shs 000'	Shs 000'
Staff costs (Note 15 (ii))	1,502,006	1,846,509	952,563	4,301,078	1,196,967	1,435,771	1,010,804	3,643,542
General office management expenses	89,934	335,837	325,625	751,396	67,461	650,364	290,483	1,008,308
Sales, marketing and brand management	1,202,127	334,832	246,221	1,783,180	845,166	179,632	184,530	1,209,328
Information technology (ICT) costs	192,100	433,387	161,522	787,009	133,599	272,717	66,057	472,373
Amortisation of intangible assets (Note 23)	84,655	179,914	73,236	337,805	101,881	285,259	94,583	481,723
Professional fees	603	37,533	292,953	331,089	639	82,103	395,017	477,759
Depreciation on property and equipment (Note 22)	17,297	110,893	50,800	178,990	18,669	116,736	46,634	182,039
Premium tax, levies and duty	135,162	164,964	3,822	303,948	76,398	271,453	1,627	349,478
Depreciation on right of use asset (Note 24 (i))	33,637	88,269	50,386	172,292	28,057	79,099	59,379	166,535
Office rent and service charge	89,456	85,573	19,560	194,589	41,278	80,008	(3,035)	118,251
Directors' fees (Note 45 (iv))	-	6,509	117,475	123,984	-	6,698	94,367	101,065
Directors' expenses	-	3,067	64,632	67,699	-	2,163	75,876	78,039
Repairs and maintenance costs	4,832	10,744	2,475	18,051	3,862	13,021	4,204	21,087
Training and development	2,445	7,404	72,042	81,891	1,031	3,873	40,097	45,001
Auditor's remuneration	-	16,593	63,920	80,513	-	4,394	40,073	44,467
Provision for investment losses (Note 40)	-	-	656,796	656,796	-	-	-	-
Total operating and other expenses	3,354,254	3,662,028	3,154,028	10,170,310	2,515,008	3,483,291	2,400,696	8,398,995
Represented by:								
Attributable expenses	3,354,254	3,662,028	-	7,016,282	2,515,008	3,483,291	-	5,998,299
Other operating expenses	-	-	3,154,028	3,154,028	-	-	2,400,696	2,400,696
Total	3,354,254	3,662,028	3,154,028	10,170,310	2,515,008	3,483,291	2,400,696	8,398,995

15. (ii) Staff costs

	Group		Company	
	2023	2022	2023	2022
	Shs 000'	Shs 000'	Shs 000'	Shs 000'
Staff costs include the following:				
Salaries and wages	4,135,623	3,514,650	70,001	408,985
Retirement benefits costs:				
- defined contribution scheme	165,029	124,115	4,931	8,225
- Defined benefit scheme (Note 42)	(39,016)	(27,070)	-	-
- Social security benefits costs	39,442	31,847	502	88
Total staff costs	4,301,078	3,643,542	75,434	417,298

The number of persons employed by the Group at the year-end was 1,095 (2022: 976)

16. (i) Borrowings

The total borrowings include a bank loan of Shs 1,057,340,000 (2022: Shs 1,039,919,000) at variable interest rates ranging from 12.35% to 15.50% and other borrowings of Shs 1,790,553,000 (2022: Shs 1,500,304,000). The bank loan is a secured short-term loan and as such causes minimal exposure to interest rate changes. The loan is part of the Group's short-term draw-down facility with a bank which has been secured with the investment property. The balance of the undrawn short-term facility is Nil at 31 December 2023 (2022: Shs Nil). The Group is not in breach of the financial covenants for the facility issued by its banker as at 31 December 2023 and 31 December 2022.

Other borrowings relate to an amount borrowed by Britam Properties (Kenya) Limited for use in purchasing land which is carried as an investment property. The security for the other borrowings is the investment property purchased.

The borrowings are carried at amortised cost and their fair value approximates their carrying amounts. The table below shows the breakdown of the borrowings:

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Balance at 1 January				
• Bank loan	1,000,000	2,727,521	1,000,000	2,727,521
• Other borrowings	1,733,213	1,500,304	510,554	510,554
	2,733,213	4,227,825	1,510,554	3,238,075
Additions				
• Bank loan	-	1,500,000	-	1,500,000
Accrued interest				
Bank loan	57,340	39,919	57,340	39,919
Repayments				
• Bank loan	-	-	-	(3,227,521)
• Other borrowings	(209,485)	(3,227,521)	-	-
Balance at 31 December	2,581,068	2,540,223	1,567,894	1,550,473
Interest paid				
• Bank loan	118,961	217,795	118,961	217,795
Total Interest paid	118,961	217,795	118,961	217,795

16. (i) Borrowings (continued)

The table below shows the breakdown of the finance costs:

Finance costs	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Bank loans	136,382	180,193	136,382	180,193
Interest on related party balance	-	-	21,336	21,175
Interest expense on lease liability (Note 24 (ii))	110,753	92,724	10,450	17,249
Total finance cost	247,135	272,917	168,168	218,617

The weighted average effective interest rate on borrowings as 31 December 2023 was 13.20% (2022: 11.35%).

16. (ii) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods:

	Group	
	2023	2022
	Shs'000	Shs'000
Cash and cash equivalents (Note 39(i))	10,640,881	7,991,854
Financial assets at fair value through profit or loss - designated (Note 31)	58,957,327	85,271,314
Borrowings (Note 16 (i))	(2,581,068)	(2,540,223)
Lease liabilities (Note 24(ii))	(632,186)	(672,066)
Net debt	66,384,954	90,050,879
Cash and liquid investments	69,598,208	93,263,168
Gross debt – fixed interest rates	(3,213,254)	(3,212,289)
Net debt	66,384,954	90,050,879

	Liabilities from financing activities			Other assets		Total
	Borrowings	Leases	Sub-total	Cash equivalents	Liquid investments	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
Net debt at 1 January 2022	(4,227,825)	(441,126)	(4,668,951)	7,499,485	89,699,147	92,529,681
Cash flows	1,687,602	234,178	1,921,780	492,369	(4,427,833)	(2,013,684)
Leases – additions	-	(383,797)	(383,797)	-	-	(383,797)
Other	-	(81,321)	(81,321)	-	-	(81,321)
Net debt at 31 December 2022	(2,540,223)	(672,066)	(3,212,289)	7,991,854	85,271,314	90,050,879
Cash flows	40,845	286,678	327,523	2,649,027	(26,313,987)	(23,337,437)
Leases – additions	-	(239,262)	(239,262)	-	-	(239,262)
Others	(81,690)	(7,536)	(89,226)	-	-	(89,226)
Net debt at 31 December 2023	(2,581,068)	(632,186)	(3,213,254)	10,640,881	58,957,327	66,384,954

17. Share capital – Company

Group and Company	Number of shares	Ordinary shares	Share premium	Total
	Thousands	Shs'000	Shs'000	Shs'000
1 January 2022, 31 December 2022 and 31 December 2023	2,523,487	252,344	13,237,451	13,489,795

Ordinary shares

The total number of authorised shares is 3,000 million with par value of 10 cents per share (2022: 3,000 million with par value of 10 cents). The number of shares issued is 2,523 million with par value of 10 cents per share as at 31 December 2023 (2022: 2,523 million with par value of 10 cents per share). All shares issued are fully paid and carry equal rights.

18. Other reserves

Group	Fair value reserve	Revaluation reserve	Foreign currency translation reserves	General reserves	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Balance at 1 January 2023	5,513,614	(135,042)	(1,028,226)	9,648,514	13,998,860
Share of associate other comprehensive income (Note 25)	-	-	-	(94,806)	(94,806)
Re-measurement of the net defined benefit asset (Note 26)	-	-	-	(6,795)	(6,795)
Suplus for life business	-	-	-	949,906	949,906
Transfer from retained earnings (Note 18)	-	-	-	172,841	172,841
Currency translation losses (Note 26)	-	-	347,397	-	347,397
At 31 December 2023	5,513,614	(135,042)	(680,829)	10,669,660	15,367,403
Balance at 1 January 2022 as initially reported	9,592,331	(168,078)	(1,192,037)	8,162,696	16,394,912
Impact of initial application of IFRS 17 (net of tax)	-	-	-	254,918	254,918
Restated balance as at 1 January 2022	9,592,331	(168,078)	(1,192,037)	8,417,614	16,649,830
Revaluation gain on building (Note 26 (b))	-	33,036	-	-	33,036
Gain on disposal of quoted ordinary shares through comprehensive income (Note 26)	20,106	-	-	8,016	28,122
Share of associate other comprehensive income (Note 26)	-	-	-	90,579	90,579
Re-measurement of the net defined benefit asset (Note 26)	-	-	-	25,216	25,216
Suplus for life business	-	-	-	1,060,994	1,060,994
Transfer to retained earnings (Note 19)	(4,098,823)	-	-	-	(4,098,823)
Transfer from retained earnings (Note 19)	-	-	-	46,095	46,095
Currency translation losses (Note 26)	-	-	163,811	-	163,811
At 31 December 2022 Restated	5,513,614	(135,042)	(1,028,226)	9,648,514	13,998,860

18. Other reserves (continued)

Company	Other reserves
	Shs '000
At 1 January 2023	100,755
Share of associate other comprehensive income (Note 25 (i))	(48,138)
At 31 December 2023	52,617
At 1 January 2022	4,135,049
Transfer to retained earnings (Note 19)	(4,098,823)
Gain on disposal of quoted ordinary shares at fair value through comprehensive income	20,106
Share of associate other comprehensive income (Note 25 (i))	44,423
At 31 December 2022	100,755

Other reserves include;

- **Fair value reserves:** arising from revaluation quoted ordinary shares carried at fair value through other comprehensive income. They are not distributable reserves.
- **Currency translation reserves:** arise from currency translation for the different countries in which the Group operates in. They are not distributable reserves.
- **Revaluation reserves:** arises on revaluation of the building that is part of the Group's property and equipment. This reserve is not distributable.
- **General reserves:** represent undistributed retained earnings for the long term business and statutory reserves for the Group's Ugandan subsidiary. The reserves for the long term business represent accumulated surpluses from the life fund net of deferred tax whose distribution is subject to the restrictions imposed by the Kenyan Companies Insurance Act. The Insurance Act limits the amounts of surpluses of the life business available for distribution to shareholders to 30% of the accumulated surplus of the life business. A transfer to or from retained earnings is recorded each year to ensure that only amounts available for distribution to shareholders are held in the retained earnings. The statutory reserve represents amounts set up in accordance with the Ugandan Insurance Act, which requires the following amounts to be appropriated from earnings; a contingency reserve calculated at the higher of 2% of gross premium and 15% of net profits and a capital reserve calculated at 5% of net profits of Britam Insurance Company (Uganda) Limited. The reserve is available for distribution to the extent that the minimum amounts required by the Uganda Insurance Act are met.
- **Other reserves (Company):** arising from revaluation of financial assets carried at fair value through other comprehensive income and share of other comprehensive income from the Associate.
- **Transfer from fair value reserve** – in 2022 as part of the group's strategy to optimise investment performance, quoted ordinary shares through other comprehensive income were disposed. Cumulative gains of Shs 4,098,823,000 were transferred from other reserves to retained earnings.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

19. Accumulated losses

	Group Shs '000	Company Shs '000
At 1 January 2023	(5,541,477)	(5,949,149)
Profit/(loss) for the year	2,305,984	(537,894)
Transfer to general reserve (Note 18)	(172,841)	-
At 31 December 2023	(3,408,334)	(6,487,043)
Balance at 1 January 2022 as initially stated	(10,943,574)	(9,346,331)
Impact of initial application of IFRS 17 (net of tax)	852,435	-
Restated balance as at 1 January 2022	(10,091,139)	(9,346,331)
Profit/(loss) for the year	496,934	(701,641)
Transfer from fair value reserve (Note 18)	4,098,823	4,098,823
Transfer to fair value reserve (Note 18)	(46,095)	-
At 31 December 2022	(5,541,477)	(5,949,149)

20. 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 2023 or 31 December 2022.

	2023	2022 Restated
Profit attributed to equity holders (Shs' thousands)	3,255,890	1,557,928
Weighted number of ordinary shares in issue (thousands)	2,523,487	2,523,487
Basic and diluted earnings per share (Shs)	1.29	0.62

21. Dividends per share

Proposed dividends are not recognised until they have been declared at an annual general meeting. No dividends were paid during the year (2022: Nil). The Directors do not recommend any dividends in respect of the year ended 31 December 2023 (2022: Nil). Payment of dividends is subject to withholding tax at the rate of either 5% or 10%, depending on the residence of the individual shareholders.

22. Property and equipment

Group	Land and buildings	Leasehold improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2023						
<u>Cost or valuation</u>						
1 January 2023	736,468	924,017	121,445	1,184,548	1,007,489	3,973,967
Additions	-	6,087	18,328	57,677	86,064	168,156
Disposal	-	(98,049)	(7,751)	(36,408)	(9,084)	(151,292)
Translation differences	97,410	7,915	3,434	21,531	13,718	144,008
At 31 December 2023	833,878	839,970	135,456	1,227,348	1,098,187	4,134,839
<u>Depreciation</u>						
1 January 2023	32,204	680,613	79,248	1,037,652	901,160	2,730,877
Charge for the year	16,453	53,958	18,749	47,899	41,931	178,990
Disposal	-	(92,209)	(7,578)	(36,206)	(11,253)	(147,246)
Translation differences	8,186	7,829	2,227	19,671	12,611	50,524
At 31 December 2023	56,843	650,191	92,646	1,069,016	944,449	2,813,145
Carrying Amount						
At 31 December 2023	777,035	189,779	42,810	158,332	153,738	1,321,694

22. Property and equipment (continued)

	Land and buildings	Leasehold improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2022						
Cost or valuation						
1 January 2022	683,465	893,889	128,856	1,188,370	949,981	3,844,561
Additions	-	35,810	22,981	6,040	63,661	128,492
Disposal	-	(4,386)	(29,837)	(4,150)	(9,682)	(48,055)
Revaluation surplus	38,020	-	-	-	-	38,020
Translation differences	14,983	(1,296)	(555)	(5,712)	3,529	10,949
At 31 December 2022	736,468	924,017	121,445	1,184,548	1,007,489	3,973,967
Depreciation						
1 January 2022	17,681	622,170	90,920	996,631	860,752	2,588,154
Charge for the year	14,147	62,883	17,363	46,123	41,523	182,039
Reclassification	-	-	-	-	(3,907)	(3,907)
Disposal	-	(3,524)	(29,101)	(2,262)	(1,315)	(36,202)
Translation differences	376	(916)	66	(2,840)	4,107	793
At 31 December 2022	32,204	680,613	79,248	1,037,652	901,160	2,730,877
Carrying Amount						
At 1 January 2022	665,784	271,719	37,936	191,739	89,229	1,256,407
At 31 December 2022	704,264	243,404	42,197	146,896	106,329	1,243,090

22. Property and equipment (continued)

In the opinion of the Directors, there is no impairment of property and equipment. The valuation of land and buildings was carried out by independent, registered professional valuers, Knight Frank Kenya Limited at 31 December 2023. The revaluation gain in 2023 was Nil (2022:Shs 38,020,000), prior year this was credited to statement of comprehensive income. The amount is shown in 'other reserves' in shareholders' equity (Note 17) which are not distributable. The fair values arising from the open market valuation of land and buildings are categorised as Level 3 in the fair value hierarchy.

There are no restrictions on the property and equipment and none had been pledged as collateral. Property and equipment are classified as non-current assets.

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2023	Leasehold Improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost or valuation					
At 1 January 2023	145,406	18,646	86,614	39,999	290,665
Additions	490	-	18	3,489	3,997
At 31 December 2023	145,896	18,646	86,632	43,488	294,662
Depreciation					
At 1 January 2023	63,055	9,390	62,808	26,525	161,778
Charge for the year	13,485	3,729	13,379	5,643	36,236
At 31 December 2023	76,540	13,119	76,187	32,168	198,014
Net book value					
At 31 December 2023	69,356	5,527	10,445	11,320	96,648

2022	Leasehold Improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost or valuation					
At 1 January 2022	145,406	44,015	86,614	31,978	308,013
Additions	-	-	-	8,021	8,021
Disposals	-	(25,369)	-	-	(25,369)
At 31 December 2022	145,406	18,646	86,614	39,999	290,665
Depreciation					
At 1 January 2022	48,903	31,030	49,425	21,922	151,280
Charge for the year	14,152	3,729	13,383	4,603	35,867
Disposals	-	(25,369)	-	-	(25,369)
At 31 December 2022	63,055	9,390	62,808	26,525	161,778
Net book value					
At 31 December 2022	82,351	9,256	23,806	13,474	128,887

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

	Group	
	2023	2022
	Shs'000	Shs'000
Cost	833,878	691,121
Accumulated depreciation	(451,741)	(394,898)
Net book value	382,137	296,223

All property and equipment (P&E) are classified as non-current assets.

The carrying value for property and equipment carried at cost approximates their fair value.

23. Intangible assets

	Computer software costs Shs'000	Group Work in progress Shs'000	Total Shs'000	Computer software costs Shs'000	Company Work in progress Shs'000	Total Shs'000
Cost						
At 1 January 2022	3,687,328	108,041	3,795,369	191,527	-	191,527
Additions	20,499	24,631	45,130	-	183	183
Capitalised	171,328	(125,598)	45,730	1,554	-	1,554
Write down	(24,584)	(875)	(25,459)	-	-	-
Reclassification	9,818	(9,818)	-	-	-	-
Translation differences	(8,609)	3,619	(4,990)	-	-	-
At 31 December 2022	3,855,780	-	3,855,780	193,081	183	193,264
At 1 January 2023	3,855,780	-	3,855,780	193,081	183	193,264
Additions	98,922	-	98,922	218	1,148	1,366
Translation differences	17,471	-	17,471	-	-	-
At 31 December 2023	3,972,173	-	3,972,173	193,299	1,331	194,630
Accumulated amortisation and impairment						
At 1 January 2022	2,379,204	-	2,379,204	148,253	-	148,253
Amortisation charge	481,723	-	481,723	26,467	-	26,467
Translation differences	11,572	-	11,572	-	-	-
At 31 December 2022	2,872,499	-	2,872,499	174,720	-	174,720
Amortisation charge	337,805	-	337,805	8,858	-	8,858
Translation differences	34,886	-	34,886	-	-	-
At 31 December 2023	3,245,190	-	3,245,190	183,578	-	183,578
Net book value						
At 1 January 2022	1,229,592	186,573	1,416,165	43,274	-	43,274
At 31 December 2022	983,281	-	983,281	18,361	183	18,544
At 31 December 2023	726,983	-	726,983	9,721	1,331	11,052

There are no restrictions on intangible assets and none had been pledged as collateral.

Intangible assets are classified as non-current assets.

24. Leases

The Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension/termination options.

(i) Amounts recognised in the balance sheet

(i) Right of use assets

The movement in the right of use asset over the year was as follows:

	2023 Shs'000	Group 2022 Shs'000	2023 Shs'000	Company 2022 Shs'000
At 1 January	516,030	319,717	126,218	67,178
Additions	312,484	383,797	-	92,251
Depreciation charge (Note 15 (i))	(172,292)	(166,535)	(26,738)	(33,211)
Derecognition arising from remeasurement	(131,090)	(9,547)	(69,962)	-
Remeasurement of lease liabilities	7,616	(11,402)	-	-
At 31 December	532,748	516,030	29,518	126,218

The remeasurement of the lease liabilities reflect changes to the lease payments. The difference arising from lease remeasurement has been recognised in profit or loss.

The right of use asset is a non-current asset.

(ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

	2023 Shs'000	Group 2022 Shs'000	2023 Shs'000	Company 2022 Shs'000
At 1 January	672,066	441,125	175,703	105,428
Additions	312,484	383,797	-	92,251
Interest on lease liabilities (Note 16(i))	110,753	92,724	10,450	17,249
Lease payments	(286,825)	(234,178)	(63,842)	(39,225)
Derecognition arising from remeasurement	(131,090)	-	(69,962)	-
Remeasurement of lease liabilities	(45,202)	(11,402)	(13,949)	-
At 31 December	632,186	672,066	38,400	175,703

The split in the lease liabilities was as follows:

	2023 Shs'000	Group 2022 Shs'000	2023 Shs'000	Company 2022 Shs'000
Current	286,678	234,178	38,400	39,225
Non-current	345,508	437,888	-	136,478
At 31 December	632,186	672,066	38,400	175,703

The total cash outflow for leases in the year was:

	2023 Shs'000	Group 2022 Shs'000	2023 Shs'000	Company 2022 Shs'000
Interest paid on lease liabilities (Note 16(i))	110,753	92,724	10,450	17,249
Payments of principal portion of the lease liability	176,072	141,454	53,392	21,976
At 31 December	286,825	234,178	63,842	39,225

24. Leases (continued)

(ii) Amounts recognised in the profit or loss account.

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation on right of use assets (Note 13(i))	172,292	166,535	26,738	33,211
Interest on lease liabilities (Note 16)	110,753	92,724	10,450	17,249
Derecognition arising from remeasurement	-	9,547	-	-
Expenses relating to short-term leases	6,311	3,511	-	-
Expenses relating to leases of low-value assets that are not shown above as short-term leases	24,908	6,275	-	-
At 31 December	314,264	278,592	37,188	50,460

(iii) Minimum lease payments receivable on leases of investment properties

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Operating Leases under IFRS 16	2023	2022
	Shs'000	Shs'000
Within 1 year	78,877	72,348
Between 1 and 2 years	86,234	77,945
Between 2 and 3 years	82,857	82,068
Between 3 and 4 years	79,874	68,993
Between 4 and 5 years	74,755	58,507
Later than 5 years	61,067	56,522
At 31 December	463,664	416,383

25. Investment in associates – Group and Company

(i) Details of the investment

The investment in associate at 31 December 2023 represents an equity interest of 48.22% (2022: 48.22%) of the ordinary shares of HF Group Plc and 100% equity ownership interest in Kilimani Hotel Suites Limited (KHSL). HF Group Plc is a strategic partner for the Company, providing access to new customers and distribution channels for the insurance business.

Kilimani Hotel Suites Limited (KHSL) core business is provision of high-end serviced apartments and restaurant. KHSL commenced operations on 1 March 2022. The group handed over the operations of KHSL to Ascott International Limited and trading as Somerset Westview Nairobi, effectively losing control of the relevant activities and subsequently became an associate in line with the control considerations in IFRS 10. The Company is a Special Purpose Vehicle (SPV) that is fully owned by Britam Holdings PLC through its fully owned subsidiary, Britam Life Assurance Company (Kenya) Limited. The full ownership and voting rights in KHSL do not have a significant effect on returns and relevant activities but relate to administrative tasks only and other contractual arrangements that need to be considered hence deemed protective in line with IFRS 10 requirements.

KHSL has through the Serviced Residences Management Agreement (SRMA) with Ascott International Limited transferred the relevant activities thereby losing control. These key activities include, annual business planning, working capital management, provision of shared services, preparation of all operational policies and manuals, recruitment, training and supervision of staff, advertising, and promotional activities, pricing, credit management, guests' management among others. Ascott International Limited's compensation is based on the total revenues and gross operating profit of KHSL and is thereby exposed to variability of returns. Somerset is a brand owned by Ascott International Limited which exposes the operator to reputational risks. Ascott International Limited has the ability to use its power over KHSL to affect the returns to the Group.

25. Investment in associates – Group and Company (continued)

(i) Details of the investment (continued)

Set out below is the financial and other information on the associate at 31 December 2022, which, in the opinion of the directors, is material to the Company. The associate as listed below has share capital consisting of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business.

Nature of investment in associate at 31 December 2023:

Name of entity	Place of business/country of incorporation	% of ownership interest			
		Group		Company	
		2023	2022	2023	2022
HF Group Plc	Kenya	48.22%	48.22%	19.41%	19.41%
Kilimani Hotel Suites Limited	Kenya	100%	100%	-	-

The movement in the carrying amount of the investment in associates during the year is presented below:

a) HF Group Plc associate

	Group		Company	
	2023	2022	2023	2022
	HF Group Plc Shs'000	HF Group Plc Shs'000	HF Group Plc Shs'000	HF Group Plc Shs'000
At 1 January	1,571,421	1,366,027	632,587	549,910
Share of associate's profit for the year	187,169	95,034	75,341	38,254
Share of associate's other comprehensive (loss)/income	(94,806)	90,579	(48,138)	44,423
Deferred tax on share of associate's other comprehensive (loss)/income	(20,000)	19,781	-	-
At 31 December	1,643,784	1,571,421	659,790	632,587

b) Kilimani Hotel Suites Limited (KHSL) associate

	Group	
	2023 Shs'000	2022 Shs'000
At 1 January	956,753	-
Share of associate's profit/(loss) for the year	26,145	(97,794)
Transfer from investment properties (Note 29 (a))	-	1,051,335
Additional investment in associate	46,191	102,375
Transfer from investment in subsidiary (Note 28)	-	100
Impairment loss	-	(99,263)
At 31 December	1,029,089	956,753

At 31 December 2023, the fair value of the Group's interest in HF Group Plc which is listed on the Nairobi Securities Exchange (NSE), was Shs 645,461,000 (2022: Shs 591,673,000) when computed using the NSE share price of Shs 3.48 (2022: Shs 3.19) per share. The quoted market price was not used in determining the recoverable value of HF Group Plc for impairment assessment purposes as the Group would not realize its value through the NSE due to the size of its investment. Kilimani Hotel Suites Limited (KHSL) is unlisted.

The investment in HF Group Plc is in line with Group's strategic plan, with the Company expected to leverage on existing and potential synergies to drive joint business initiatives while earning returns as a portfolio investment. The investment in KHSL is also in line with the company's strategic plan that seeks to diversify and stabilize investments. Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

25. Investment in associates – Group and Company (continued)

(i) Details of the investment (continued)

When the Company increases its stake in an existing associate continuing to have significant influence but not gaining control, the cost of acquiring the additional stake (including any directly attributable costs) is added to the carrying value of the associate.

The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment.

When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(c) Total investment in associates

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	2,528,174	1,366,027	632,587	549,910
Share of associate's profit/(loss) for the year	213,315	(2,760)	75,341	38,254
Share of associate's other comprehensive (loss)/ income	(94,806)	90,579	(48,138)	44,423
Deferred tax on share of associate's other comprehensive (loss)/income	(20,000)	19,781	-	-
Transfer from investment properties (Note 26)	-	1,051,335	-	-
Additional investment in associate	46,191	102,375	-	-
Transfer from investment in subsidiary	-	100	-	-
Impairment loss (Note 8)	-	(99,263)	-	-
At 31 December	2,672,874	2,528,174	659,790	632,587

(ii) Goodwill

The table below shows the goodwill that arose from the investment in HF Group Plc.

	Group	Company
	Shs'000	Shs'000
At start and end of year	1,629,813	595,569

(i) Impairment assessment – HF Group Plc associate

For the purposes of impairment assessment, the HF Group Plc and KHSL are considered as Cash Generating Units (CGU).

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

The Group's impairment assessment of the investment in HF Group Plc indicated that the investment was not impaired at 31 December 2023 and 31 December 2022. The no impairment indicators that were generally considered are the improvements in 2023 performance compared to 2021 and 2022, and the turnaround strategy which the associate has been implementing with positive results.

The recoverable value of the associate is the higher of its fair value less costs to sell and its value in use. At 31 December 2023, the recoverable amount was Shs 1,795,431,000 and the carrying value was Shs 1,643,784. The 2023 no impairment assessed result is based on a value in use of Shs 9.68 (2022: Shs 10.79) per share. The value in use is assessed on the refreshed 5-year business projected cashflows, discounted at an after tax Cost of Equity of 28.7% (2022: 23.2%) and terminal growth of 5% (2022: 5%). The equity risk premium applied was 14.9% (2022: 9.5%). In the view of the Directors, the assumptions used are appropriate and the resultant carrying value is reasonable.

25. Investment in associates – Group and Company (continued)

iii) Impairment assessment – HF Group Plc Associate (continued)

The Directors approved the commencement of the process of seeking viable options to optimize the value of the Company's investment in HF Group Plc. Options under consideration include reaching out to strategic partners with the requisite capacity to fast track and support the process of turning around HF Group and support the Britam Group to realize optimal value from the investment. The Directors continue to review the performance of the investment and the progress of the above processes.

iv) Impairment assessment – KHSL Associate

The Group's impairment assessment of the investment in KHSL indicated that the investment was not impaired at 31 December 2023 and 31 December 2022. The recoverable value of the associate is the higher of its fair value less costs to sell and its value in use. As at 31 December 2023, the recoverable amount was Shs 1,191,476,000 and the carrying value was Shs 1,029,089,000. As at 31 December 2022, the recoverable value was assessed based on the net assets and amounted to Shs 1,191,477,000 compared to the carrying value of Shs 956,753,000.

The 2023 no impairment assessed result is based on a value in use of Shs 0.993.

The value in use is assessed on the refreshed 10-year Business projected cashflows, discounted at an after-tax Cost of Equity of 27.2% and equity risk premium applied was 14.9%.

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

v) Sensitivity analysis

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the valuation of the investment in associates to changes in the principal assumptions is:

(i) HF Group Plc

Assumption	Assumption value as per valuation Shs'000	Reasonable possible shift Shs'000	Change in the fair value of the investment in associate after positive shift 'Shs'000	Change in the fair value of the investment in associate after negative shift
Average projected cash flows (Shs'000)	3,127,122	500,000	203,284	(10,000)
Pre-tax discount rate	41.05%	5%	(981,143)	128,553
Terminal growth rate	5%	1%	6,964	(6,588)

(ii) Kilimani Hotel Suites Limited

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment in associate after positive shift	Change in the fair value of the investment in associate after negative shift
Average projected cash flows (Shs'000)	240,471	1,000	10,000	(10,000)
After-tax discount rate	27.2%	5%	(1,090,000)	1,680,000
Terminal growth rate	5%	1%	(190,000)	240,000

25. Investment in associates – Group and Company (continued)

(vi) Summarised financial information for associate

HF Group Plc

Summarised statement of profit or loss and other comprehensive income

	2023	2022
	Shs'000	Shs'000
Interest income	5,347,608	4,364,293
Interest expense	(2,654,824)	(2,110,369)
Impairment losses on mortgage and advances	(309,299)	(194,130)
Other income	1,131,552	955,444
Other expenses	(3,180,553)	(2,824,844)
Profit before income tax	334,484	190,394
Income tax	53,672	75,176
Profit after tax	388,156	265,570
Other comprehensive income, net of tax	(248,005)	228,869
Total comprehensive income for the year	140,151	494,439

Summarised statement of financial position

	2023	2022
Total assets	61,552,316	56,890,141
Total liabilities	52,731,122	48,188,994
Net assets	8,821,194	8,701,147
Customer deposits	43,848,313	39,797,573
Loans and advances	38,787,793	36,220,524

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

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

	Group		Company	
	HF Group 2023 Shs'000	HF Group 2022 Shs'000	HF Group 2023 Shs'000	HF Group 2022 Shs'000
Opening net assets 1 January	8,725,179	8,275,194	8,725,179	8,275,194
Profit for the year	388,156	197,084	388,156	197,084
Other comprehensive income/(loss)	(248,005)	228,869	(248,005)	228,869
Closing net assets	8,865,330	8,701,147	8,865,330	8,701,147
Interest in associate Group 48.22% (2022: 48.22%) Company 19.41% (2022: 19.41%)	4,274,862	4,195,693	1,720,761	1,688,893
Goodwill (Note 25 (ii))	1,629,813	1,629,813	595,569	595,569
Provision for impairment	(4,150,839)	(4,150,839)	(1,606,768)	(1,606,768)
Other adjustments	(110,052)	(103,246)	(49,770)	(45,107)
Carrying value	1,643,784	1,571,421	659,792	632,587

Summarised statement of cash flows

	Group	
	2023 Shs'000	2022 Shs'000
Net cash flows generated from/(used in) operating activities	1,923,232	(173,240)
Net cash flows used in investing activities	(204,257)	(41,527)
Net cash flows used in financing activities	(700,545)	(122,315)
Net increase/(decrease) in cash and cash equivalents	1,018,430	(337,082)

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

25. Investment in associates – Group and Company (continued)

(iv) Summarised financial information for associate (continued)

Kilimani Hotel Suites Limited (KHSL)

Set out below is the summarised financial information for KHSL which is accounted for using the equity method.

Summarised statement of profit or loss and comprehensive income

	Group	
	2023	2022
	Shs' 000	Shs' 000
Revenue	561,413	223,770
Interest income	13,883	-
Cost of sales	(116,139)	(51,070)
Operating and other expenses	(427,039)	(286,633)
Finance income/(cost)	5,233	(9,214)
Profit/(loss) before income tax	37,351	(123,147)
Income tax (expense) / credit	(11,205)	25,353
Profit/(loss) for the year	26,146	(97,794)
Other comprehensive income, net of tax	-	-
Total comprehensive income/(loss)	26,146	(97,794)

Summarised statement of financial position

	2023	2022
	Shs' 000	Shs' 000
Total assets	1,327,293	1,222,492
Total liabilities	237,513	192,178
Net assets	1,089,780	1,030,314

Summarised statement of cash flows

	Group	
	2023	2022
	Shs' 000	Shs' 000
Net cash flows generated from (used in) operating activities	123,702	(40,201)
Net cash flows used in investing activities	(32,925)	(994,646)
Net cash flows generated from financing activities	34,191	1,153,710
Net increase in cash and cash equivalents	124,968	118,863

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

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associate.

	Group	
	2023	2022
	Shs' 000	Shs' 000
Opening net assets 1 January	1,030,314	(25,602)
Profit/(loss) for the year	26,146	(97,794)
Additional investment by the shareholder	46,190	1,153,710
Other adjustments	(12,870)	-
Closing net assets	1,089,780	1,030,314
Interest in associate (100% of net assets)	1,089,780	1,030,314
Gross interest in associate	1,089,780	1,030,314
Cumulative impairment	(73,561)	(73,561)
Other adjustments	12,870	-
Carrying value	1,029,089	956,753

26. Income tax

(a) Income tax expense

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Current income tax	957,397	552,067	11,937	6,786
Deferred tax (Note 37)	582,979	708,688	-	-
Income tax expense	1,540,376	1,260,755	11,937	6,786

The Group's current tax charge is computed in accordance with income tax rules applicable to the subsidiaries. A reconciliation of the tax charge is shown below. The current year's tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory income tax rates as follows:

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Profit/(loss) before income tax	4,819,495	2,952,056	(525,957)	(694,855)
Tax calculated at a tax rate of 30% (2022: 30%)	1,445,849	885,617	(157,787)	(208,456)
Add/(less):				
- Tax effect of income not subject to tax	(2,470,843)	(1,725,749)	(1,911,088)	(1,567,088)
- Under (over) provision in prior year	54,445	(5,878)	-	-
- Tax effect on foreign subsidiaries different tax rates	(40,286)	45,431	-	-
- Deferred tax not recognised	2,435,039	1,804,278	2,080,812	1,782,330
- Tax effect of expenses not deductible for tax purposes	116,172	257,056	-	-
Income tax expenses	1,540,376	1,260,755	11,937	6,786

In 2022, the Government of South Sudan introduced a corporate tax at 10% impacting Britam Insurance Company Limited (South Sudan).

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

	2023			2022		
	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	347,397	-	347,397	(110,175)	-	(110,175)
Re-measurement of the net defined benefit asset (Note 42)	(9,707)	2,912	(6,795)	36,023	(10,807)	25,216
Share of other comprehensive income from associates	(114,806)	20,000	(94,806)	110,360	(19,781)	90,579
Gain on disposal of ordinary shares at fair value through OCI	-	-	-	28,122	-	28,122
Fair value deficit on						
- building (Note 22)	-	-	-	38,020	(4,984)	33,036
Other comprehensive income	222,884	22,912	245,796	102,350	(35,572)	66,778

26. Income tax (continued)

(b) Current tax recoverable

Movement in the tax recoverable account is as follows:

	31 Dec 2023 Shs'000	Group 31 Dec 2022 Shs'000	1 Jan 2022 Shs'000	Company 31 Dec 2023 Shs'000	31 Dec 2022 Shs'000
At 1 January	162,252	483,246	435,338	33,880	40,652
Taxation charge for the year	(957,397)	(552,067)	(198,613)	(11,937)	(6,786)
Withholding tax recoverable	-	-	-	2,118	-
Tax paid	1,058,828	231,073	246,521	-	-
At end of year	263,683	162,252	483,246	24,061	33,866
Split as follows;					
Current income tax recoverable	598,510	277,614	517,344	24,061	33,866
Current income tax payable	(334,827)	(115,362)	(34,098)	-	-
Net	263,683	162,252	483,246	24,061	33,866

27. Goodwill on business combinations

The goodwill arose on the acquisition of Real Insurance Group (now Britam General Insurance Company (Kenya) Limited, Britam Insurance Company (Tanzania) Limited and Britam - Companhia De Seguros De Mozambique S.A.) which was concluded in 2015.

	2023 Shs'000	2022 Shs'000
Britam General Insurance Company (Kenya) Limited	913,717	913,717
Britam Insurance Company (Tanzania) Limited	258,577	258,577
Britam - Companhia De Seguros De Mozambique S.A.	244,341	244,341
Total goodwill	1,416,635	1,416,635

In assessing impairment of goodwill, management has reviewed the five-year business plans (strategies). The value in use method was used to determine the value of the investment. Discount rates used ranged between 18% and 32% (2022: 18% and 32%) depending on the circumstances of the entity and terminal rate of 2.5% (2022: 2.5%).

The recoverable amount calculated based on the value in use exceeded carrying value by Shs 7,073,214,000 (2022: Shs 6,940,997,000). As at 31 December 2023, a reduction in the terminal rate by 1% results in a decrease in the headroom by Shs 503,641,000 and an increase in the discount rate by 1% results in a decrease in the headroom by Shs. 324,678,000.

From the assessment carried out at the end of the year, no impairment was deemed necessary as at 31 December 2023 (2022: Nil).

Goodwill on acquisition is a non-current asset.

28. (i) Investment in subsidiary companies

During the year Britam Holdings made additionally investments in Britam Asset Managers (Kenya) Limited through issuance of preference shares amounting to Shs 208,500,000 and additionally redeemed shareholder loan amounting to Shs 66,500,000 in Britam Asset Managers (Uganda) Limited.

Summarised financial information has been presented below for Britam Insurance (Tanzania) Limited, a subsidiary with significant non-controlling interest.

28. (i) Investment in subsidiary companies (continued)

The Company had the following subsidiaries as at 31 December

	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directly held		Proportion of ordinary shares directly/indirectly held		Proportion of shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
Britam Life Assurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-	-	-
Britam General Insurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-	-	-
Britam Asset Managers (Kenya) Limited	Kenya	Fund Management	100%	100%	-	-	-	-
Britam Properties (Kenya) Limited	Kenya	Property Development	100%	100%	-	-	-	-
Britam Insurance Company (Uganda) Limited	Uganda	Insurance	100%	100%	-	-	-	-
Britam Insurance Company Limited (South Sudan)	South Sudan	Insurance	100%	100%	-	-	-	-
Britam Insurance Company (Rwanda) Limited	Rwanda	Insurance	100%	100%	-	-	-	-
Britam - Companhia De Seguros De Mozambique S.A.	Mozambique	Insurance	98%	98%	2%	2%	2%	2%
Britam Insurance Company (Tanzania) Limited	Tanzania	Insurance	55%	55%	45%	45%	45%	45%
Britam Insurance Company Limited (Malawi)	Malawi	Insurance	100%	100%	-	-	-	-
Britam Asset Managers (Uganda) Limited	Uganda	Fund Management	100%	100%	-	-	-	-

The Company had the following subsidiaries at 31 December:

	Gross Amount		Impairment		Net Amount	
	2023	2022	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Britam Life Assurance (Kenya) Limited	180,000	180,000	-	-	180,000	180,000
Britam Asset Managers (Kenya) Limited	208,501	-	-	-	208,501	-
Britam Insurance Company (Uganda) Limited	500,000	500,000	-	-	500,000	500,000
Britam Insurance Company Limited (South Sudan)	391,711	391,711	-	-	391,711	391,711
Britam Insurance Company (Rwanda) Limited	689,223	689,223	-	-	689,223	689,223
Britam General Insurance (Kenya) Limited	3,111,261	3,111,261	-	-	3,111,261	3,111,261
Britam Insurance Company Limited (Malawi)	459,458	459,458	-	-	459,458	459,458
Britam Insurance (Tanzania) Limited	253,409	253,409	-	-	253,409	253,409
Britam - Companhia De Seguros De Mozambique S.A.	313,535	313,535	-	-	313,535	313,535
Britam Asset Managers (Uganda) Limited	51,910	124,863	-	(6,452)	51,910	118,411
Total	6,159,008	6,023,460	-	(6,452)	6,159,008	6,017,008

28. (ii) Investment in subsidiary companies (continued)

	Britam Insurance (Tanzania) Limited as at 31 December	
	2023	2022
	Shs'000	Shs'000
Revenue	2,101,747	1,772,381
Profit before income tax	61,002	319,317
Income tax expense	(23,639)	(98,257)
Currency translation (loss)/gain	126,367	105,591
Total comprehensive income	163,730	326,651

Summarised statement of financial position

	2023 Shs'000	2022 Shs'000
Current		
Assets	2,137,720	2,111,813
Liabilities	2,236,716	2,079,545
Total current net assets	(98,996)	32,268
Non-current		
Assets	113,097	77,188
Total non-current net assets	113,097	77,188
Net assets	763,783	621,647

Summarised statement of cash flows

	2023 Shs'000	2022 Shs'000
Cash generated from operations	103,852	181,435
Income tax paid	(147,120)	(58,849)
Net cash generated from operating activities	(19,899)	131,771
Net cash used in investing activities	230,013	20,143
Net cash used in financing activities	(60,913)	(61,878)
Net increase cash and cash equivalents	149,201	90,036

28 (iii) Non-controlling interest (NCI)

Year ended 31 December 2023	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Total Shs '000
Proportion of shares held by non-controlling interests	2%	45%	
Total non-controlling interest at start of year	7,476	208,828	216,304
Profit after tax attributable to non-controlling interests	6,416	16,813	23,229
Total non-controlling interests at year end	13,892	225,641	239,533
Year ended 31 December 2022			
Total non-controlling interest at start of year as previously reported	4,936	137,448	142,384
Impact of initial application of IFRS 17 (net of tax)	(702)	(28,097)	(28,799)
Restated non-controlling interest 1 January 2022	4,234	109,351	113,585
Profit after tax attributable to non-controlling interests	3,242	99,477	102,719
Total non-controlling interests at year end	7,476	208,828	216,304

29. (i) Investment properties

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
At start of year	15,785,792	16,597,058	-	-
Additions during the year	156,303	24,608	80,000	-
Disposals during the year	(36,406)	(40,863)	-	-
Derecognition of capital investment	-	(35,013)	-	-
Transfer to investment in associate (Note 25)	-	(1,051,335)	-	-
Fair value gain (Note 7)	87,192	291,337	-	-
At end of year	15,992,881	15,785,792	80,000	-

The Group's investment properties were revalued at 31 December 2023 by Knight Frank, Gimco Limited and Lloyd Masika and 2022 by Lloyd Masika, Advent Valuers and Knight Frank.

The fair value of the investment properties is determined using either the market approach or the income approach (discounted cash flows). The rental income arising during the year and direct operating expenses arising in respect of such properties during the year are disclosed in Note 6 (i). The fair values arising from the valuation of investment property is categorised as level 3 in the fair value hierarchy.

In 2022, some components of the investment properties were transferred to its fully owned investment in Kilimani Hotel Suites Limited (KHSL). The investment has been subsequently equity-accounted as detailed in Note 19. The derecognition of capital investment relates to Input VAT on construction of KHSL claimed from Kenya Revenue Authority (KRA) in 2022.

An investment in property is classified as a non-current asset..

The table below sets out information about measuring investment properties valued using the discounted cash flows approach:

Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Estimates for unobservable inputs
Valued using the Discounted Cash Flow (DCF) method. Net income is determined by considering gross income less operating expenditure. The discount rate is determined with reference to the current market conditions.	Tenancy is based on projected occupancy of the property.	Increase in the discount and vacancy rate will decrease the fair value of the properties. Similar increases/decreases in tenancy will increase/decrease the market value of the property.	Discount rate; 13.02% Stabilised Occupancy: 97.50% Rent Escalation – 7.5% Capitalization rate – 8.02%

Sensitivity analysis

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the valuation of the investment property to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment property
			Shs '000
Discount rate	13.02%	0.5%	(144,000)
Capitalization rate	8.02%	1%	(730,000)

29 (ii) Investment in property funds

	Company	
	2023	2022
	Shs'000	Shs'000
At start of year	2,095,016	2,088,895
Disposals	-	(1,626)
Distributions from property funds	(23,530)	(10,030)
Fair value gain/(loss) (Note 7)	28,956	17,777
At end of year	2,100,442	2,095,016

The Company's investment in property funds were revalued at 31 December 2023 by FAPCL and in 2022 by FAPCL Limited who are registered professional valuers. The fair value of the investment property funds is determined using the market approach. The fair values arising from the valuation of investment in property funds is categorised as level 2 or 3 in the fair value hierarchy. Refer to Note 7 for amounts recognized in profit or loss for investment properties.

Investment in property funds are classified as a non-current asset.

30. Quoted ordinary shares at fair value through other comprehensive income

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	-	6,716,098	-	4,278,933
Disposal	-	(6,744,220)	-	(4,299,039)
Fair value gains (Note 24)	-	28,122	-	20,106
At end of year	-	-	-	-

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

31. Financial assets at fair value through profit or loss - designated

	Group			Company	
	31 December 2023	31 December 2022	1 January 2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Quoted ordinary shares (Note 31 (i))	2,156,902	3,122,089	10,547,549	-	-
Unquoted ordinary shares (Note 31 (ii))	74,929	50,175	46,617	-	-
Unit trusts (Note 31 (iii))	10,725,301	7,323,519	5,054,402	-	-
Government securities (Note 31 (iv))	46,000,195	42,962,242	34,533,420	-	102,383
Total	58,957,327	53,458,025	50,181,988	-	102,383

(i) Quoted ordinary shares

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	3,122,089	10,547,549	-	4,084,099
Additions	253,541	185,288	-	-
Disposals	(274,299)	(6,666,661)	-	(4,103,289)
Fair value (losses)/gains - unrealised (Note 10)	(979,429)	(975,266)	-	-
Fair value gains - realised (Note 9)	35,000	31,179	-	19,190
At end of year	2,156,902	3,122,089	-	-

Quoted ordinary shares at fair value through profit or loss are classified as current assets.

31 Financial assets at fair value through profit or loss - designated (continued)

(i) Unquoted ordinary shares

	Group 2023 Shs'000	2022 Shs'000
At start of year	50,175	46,617
Additions	186	1,259
Translation differences	24,568	2,299
At end of year	74,929	50,175

Unquoted ordinary shares at fair value through profit or loss are classified as current assets. Please see Note 46(f) for their fair value hierarchy.

(iii) Unit trusts

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
At start of year	7,323,519	5,054,402	-	39,953
Additions	2,751,969	1,775,531	-	-
Disposals	-	(39,953)	-	(39,953)
Fair value gains (Note 8)	649,813	533,539	-	-
At end of year	10,725,301	7,323,519	-	-

Unit-linked investment contracts are designated as contracts at fair value through profit or loss and classified as current assets. The benefits offered under these contracts are based on the return of a portfolio of equities and debt securities.

(iv) Government securities

	Group			Company	
	2023 Shs'000	2022 Shs'000	2021 Shs'000	2023 Shs'000	2022 Shs'000
Treasury bills and bonds maturing					
- Within 1 year	532,856	188,151	273,319	-	-
- In 1 – 5 years	4,411,152	3,108,053	2,910,286	-	-
- After 5 years	41,056,187	39,666,038	31,349,815	-	102,383
Total	46,000,195	42,962,242	34,533,420	-	102,383
Treasury bills and bonds movement					
- At start of the year	42,962,243	34,533,420	74,050,579	102,383	-
Reclassification	-	5,207,894	(39,305,690)	-	-
- Additions	8,510,356	7,873,853	-	306	305,366
- Fair value loss (Note 10)	(4,353,175)	(1,782,775)	(211,469)	-	(257)
- Disposals and maturities	(1,119,229)	(2,870,150)	-	(102,689)	(202,726)
At end of year	46,000,195	42,962,242	34,533,420	-	102,383

32 Financial assets at amortised cost

	Group			Company	
	31 December 2023 Shs'000	31 December 2022 Shs'000	1 January 2022 Shs'000	31 December 2023 Shs'000	31 December 2022 Shs'000
Government securities (Note 32 (i))	67,523,216	56,093,764	47,355,162	54,341	-
Corporate Bonds (Note 32 (ii))	1,018,291	1,011,955	988,944	992,604	990,100
Total	68,541,507	57,105,719	48,344,106	1,046,945	990,100

32 Financial assets at amortised cost

(i) Government securities

	Group			Company	
	31 December 2023	31 December 2022	1 January 2022	31 December 2023	31 December 2022
	Shs'000	Shs'000	Sh'000	Shs'000	Shs'000
Treasury bills and bonds maturing					
- Within 1 year	448,599	726,603	742,411	54,375	-
- In 1 – 5 years	5,860,782	2,427,641	1,513,686	-	-
- After 5 years	61,256,600	52,952,130	45,100,855	-	-
Total	67,565,981	56,106,374	47,356,952	54,375	-
At start of year	56,106,374	47,356,952	8,051,262	-	-
Reclassification	-	(5,207,894)	39,305,690	-	-
Amortization	139,058	(154,097)	-	-	-
Additions	14,846,537	15,200,516	-	114,781	-
Maturities	(3,525,988)	(1,089,103)	-	(60,405)	-
At end of year	67,565,981	56,106,374	47,356,952	54,376	-
Less: Provision for expected credit losses	(42,765)	(12,610)	(1,790)	(35)	-
Net amount at end of year	67,523,216	56,093,764	47,355,162	54,341	-
Movement in provision for expected credit losses					
At 1 January	12,610	1,790	2,343	-	-
Decrease in the year	30,155	10,820	(553)	35	-
At 31 December	42,765	12,610	1,790	35	-

(ii) Corporate bonds

	Group			Company	
	2023	2022	2021	2023	2022
	Shs'000	Shs'000	Shs'000	Shs '000	Shs '000
Corporate bonds movement					
- Within 1 year	-	700	-	-	-
- In 1-5 years	1,050,269	1,020,480	1,019,988	1,023,742	1,020,480
- After 5 years	-	21,855	-	-	-
Total	1,050,269	1,043,035	1,019,988	1,023,742	1,020,480
At start of year	1,043,035	1,019,988	1,019,988	1,020,480	1,019,288
Amortisation	131	-	-	-	-
Additions	139,379	134,937	-	135,538	113,082
Maturities	(132,276)	(111,890)	-	(132,276)	(111,890)
At end of year	1,050,269	1,043,035	1,019,988	1,023,742	1,020,480
Less: Provision for expected credit losses	(31,978)	(31,080)	(31,044)	(31,138)	(30,380)
Net amount at end of year	1,018,291	1,011,955	988,944	992,604	990,100
Movement in provision for expected credit losses:					
At start of the year	31,080	31,044	700	30,380	30,344
Increase	898	36	30,344	758	36
At end of the year	31,978	31,080	31,044	31,138	30,380

33 Mortgage loans and receivables

	Group		
	2023 Shs'000	2022 Shs'000	2021 Shs'000
Gross loans at start of year	1,205,608	1,193,340	1,197,350
Loans advanced	95,236	201,344	182,661
Interest charged	110,823	108,917	79,849
Loan repayments	(226,285)	(297,993)	(266,520)
Total loan amount at end of year	1,185,382	1,205,608	1,193,340
Less: Provision for expected credit losses	(55,496)	(55,238)	(57,493)
Net loan amount at end of year	1,129,886	1,150,370	1,135,847
Movement in provision for expected credit losses:			
At start of the year	55,238	57,493	41,347
Decrease	258	(2,255)	16,146
At end of the year	55,496	55,238	57,493
Lending commitments:			
Mortgage loans approved by investment committee but not disbursed as at 31 December	50,808	38,452	35,130
Mortgage loans maturity profile			
- Within 1 year	74,123	103,680	104,429
- In 1 – 5 years	107,962	86,348	78,990
- After 5 years	947,801	960,342	952,428
At end of year	1,129,886	1,150,370	1,135,847

Mortgages to staff are fully secured on the mortgage properties and are charged interest at 6% (2022: 6%). The difference between the staff rate and market rate is treated as a company cost and is expensed as incurred over the lifetime of the loan. Mortgage loans to Directors are disclosed in Note 45 (iii).

34 (i) Recognition of the contractual service margin

2023	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued;								
Life Saving	5,726,168	889,313	825,749	748,114	659,595	570,306	-	2,033,091
Life Risk	1,739,928	407,376	230,305	216,940	215,467	106,294	312,866	250,681
Investment contracts with DPF	948,565	237,981	90,057	59,137	-	-	-	561,390
Permanent total disability	208,474	66,286	50,849	37,873	25,358	15,292	12,405	411
TOTAL	8,623,135	1,600,956	1,196,960	1,062,064	900,420	691,892	325,271	2,845,573

2022	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued;								
Life Saving	5,235,768	821,951	751,815	679,092	594,133	506,713	-	1,882,064
Life Risk	1,238,380	331,548	222,433	170,389	127,297	85,990	160,658	140,065
Investment contracts with DPF	462,473	94,289	23,202	18,751	-	-	-	326,231
Permanent total disability	304,905	163,774	50,451	37,583	25,180	15,190	12,319	408
TOTAL	7,241,526	1,411,562	1,047,901	905,815	746,610	607,893	172,977	2,348,768

34 (ii) CSM by transition method

	2023			2022		
	Full retrospective approach at transition	Fair value approach at transition	Total	Full retrospective approach at transition	Fair value approach at transition	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CSM as at 1 January	7,213,761	27,766	7,241,527	7,006,741	119,517	7,126,258
Changes that relate to current service CSM recognised in profit or loss for the services provided	(2,324,881)	(7,648)	(2,332,529)	(1,515,889)	(4,295)	(1,520,184)
Changes that relate to future service						
Contracts initially recognised in the period	2,102,000	-	2,102,000	1,861,557	-	1,861,557
Changes in estimates that adjust the CSM	625,673	23,788	649,461	(833,652)	(99,656)	(933,308)
	402,792	16,140	418,932	(487,984)	(103,951)	(591,935)
Finance expenses from insurance contracts issued	963,824	3,290	967,114	695,003	12,200	707,203
Total amounts recognised in comprehensive income	1,366,616	19,430	1,386,046	207,019	(91,751)	115,268
Other movements	(4,438)	-	(4,438)	-	-	-
CSM as at 31 December	8,575,939	47,196	8,623,136	7,213,760	27,766	7,241,526

Life risk	2023			2022		
	Full retrospective approach at transition	Fair value approach at transition	Total	Full retrospective approach at transition	Fair value approach at transition	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CSM as at 1 January	1,210,614	27,766	1,238,380	1,291,767	10,755	1,302,522
Changes that relate to current service CSM recognised in profit or loss for the services provided	(727,431)	(7,648)	(735,079)	(343,869)	(4,295)	(348,164)
Changes that relate to future service						
Contracts initially recognised in the period	843,531	-	843,531	642,986	-	642,986
Changes in estimates that adjust the CSM	185,059	23,788	208,847	(591,718)	20,308	(571,410)
	301,159	16,140	317,299	(292,601)	16,013	(276,588)
Finance expenses from insurance contracts issued	185,395	3,290	188,685	211,448	998	212,446
Total amounts recognised in comprehensive income	486,554	19,430	505,984	(81,153)	17,011	(64,142)
Other movements	(4,436)	-	(4,436)	-	-	-
CSM as at 31 December	1,692,732	47,196	1,739,928	1,210,614	27,766	1,238,380

34 (ii) CSM by transition method

Life savings	2023			2022		
	Full retrospective approach at transition	Fair value approach at transition	Total	Full retrospective approach at transition	Fair value approach at transition	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CSM as at 1 January	5,235,768	-	5,235,768	4,380,648	108,762	4,489,410
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	(826,686)	-	(826,686)	(806,679)	-	(806,679)
Changes that relate to future service						
Contracts initially recognised in the period	1,079,406	-	1,079,406	937,730	-	937,730
Changes in estimates that adjust the CSM	(503,932)	-	(503,932)	131,941	(119,964)	11,977
	(251,212)	-	(251,212)	262,992	(119,964)	143,028
Finance expenses from insurance contracts issued	741,612	-	741,612	592,128	11,202	603,330
Total amounts recognised in comprehensive income	490,400	-	490,400	855,120	(108,762)	746,358
CSM as at 31 December	5,726,168	-	5,726,168	5,235,768	-	5,235,768

Investment contracts with DPF	2023			2022		
	Full retrospective approach at transition	Fair value approach at transition	Total	Full retrospective approach at transition	Fair value approach at transition	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CSM as at 1 January	462,473	-	462,473	773,894	-	773,894
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	(682,952)	-	(682,952)	(247,397)	-	(247,397)
Changes that relate to future service						
Contracts initially recognised in the period	179,063	-	179,063	280,841	-	280,841
Changes in estimates that adjust the CSM	989,983	-	989,983	(344,865)	-	(344,865)
	486,094	-	486,094	(311,421)	-	(311,421)
Other movements	(2)	-	(2)	-	-	-
CSM as at 31 December	948,565	-	948,565	462,473	-	462,473

Non- life PTD	2023			2022		
	Full retrospective approach at transition	Fair value approach at transition	Total	Full retrospective approach at transition	Fair value approach at transition	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CSM as at 1 January	304,906	-	304,906	560,432	-	560,432
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	(87,812)	-	(87,812)	(117,944)	-	(117,944)
Changes that relate to future service						
Contracts initially recognised in the period	-	-	-	-	-	-
Changes in estimates that adjust the CSM	(45,437)	-	(45,437)	(29,010)	-	(29,010)
	(133,249)	-	(133,249)	(146,954)	-	(146,954)
Finance expenses from insurance contracts issued	36,817	-	36,817	(108,573)	-	(108,573)
Total amounts recognised in statement of profit or loss	(96,432)	-	(96,432)	(255,527)	-	(255,527)
Other movements	-	-	-	-	-	-
CSM as at 31 December	208,474	-	208,474	304,905	-	304,905

34 (iii) CSM & Insurance revenue by transition approach

2023	Life Risks	Life Savings	Investment Contracts with DPFs	Non-Life PTD	Totals
Insurance Contracts Issued					
Insurance Revenue					
New Contracts and Contracts measured under the full retrospective approach at transition	8,075,941	3,622,075	1,467,303	-	13,165,319
Contracts measured under the fair value approach at transition	44,109	604,190	14,561	-	662,860
	8,120,050	4,226,265	1,481,864	-	13,828,179
CSM as at 31 December					
New Contracts and Contracts measured under the full retrospective approach at transition	1,692,730	5,726,168	914,556	208,474	8,541,928
Contracts measured under the fair value approach at transition	47,198	-	34,010	-	81,208
	1,739,928	5,726,168	948,566	208,474	8,623,136
2022					
Insurance Contracts Issued					
Insurance Revenue					
New Contracts and Contracts measured under the full retrospective approach at transition	2,702,907	3,222,000	1,332,052	-	7,256,959
Contracts measured under the fair value approach at transition	30,146	695,568	(11,516)	-	714,198
	2,733,053	3,917,568	1,320,536	-	7,971,157
CSM as at 31 December					
New Contracts and Contracts measured under the full retrospective approach at transition	1,210,614	5,235,769	444,840	304,906	7,196,129
Contracts measured under the fair value approach at transition	27,767	-	17,632	-	45,399
	1,238,381	5,235,769	462,472	304,906	7,241,528

35(i) Effects of contract initially recognized in the period for insurance

Total	2023			2022		
	Non-onerous groups of contracts	Onerous groups of contracts	Total	Non-onerous groups of contracts	Onerous groups of contracts	Total
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued Initially recognised in the year;						
Insurance acquisition cash flows	38,507	2,359	40,866	55,315	-	55,315
Claims and other cash outflows	10,507,970	1,535,188	12,043,158	10,486,138	332,122	10,818,260
Estimates of the present value of future cash inflows	(12,885,999)	(1,343,497)	(14,229,496)	(12,642,011)	(208,570)	(12,850,581)
Risk adjustment for non-financial risk	237,521	26,996	264,517	239,001	14,955	253,956
Contractual service margin	2,102,001	-	2,102,001	1,861,557	-	1,861,557
Losses for the net outflow recognized on initial recognition	-	221,046	221,046	-	138,507	138,507

(i) Life Risk

	2023			2022		
	Non-onerous groups of contracts	Onerous groups of contracts	Total	Non-onerous groups of contracts	Onerous groups of contracts	Total
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued Initially recognised in the year;						
Insurance acquisition cash flows	38,507	2,359	40,866	55,315	-	55,315
Claims and other cash outflows	4,063,366	68,052	4,131,418	3,306,160	37,814	3,343,974
Estimates of the present value of future cash inflows	(4,986,792)	(33,566)	(5,020,358)	(4,046,624)	(17,967)	(4,064,591)
Risk adjustment for non-financial risk	41,388	2,457	43,845	42,163	227	42,390
Contractual service margin	843,531	-	843,531	642,986	-	642,986
Losses for the net outflow recognized on initial recognition	-	39,302	39,302	-	20,074	20,074

35(i) Effects of contract initially recognized in the period for insurance. (continued)**(ii) Life savings**

	2023			2022		
	Non-Onerous Groups of Contracts	Onerous Groups of Contracts	Total	Non-Onerous Groups of Contracts	Onerous Groups of Contracts	Total
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued Initially recognised in the year;						
Claims and other cash outflows	4,501,334	293,769	4,795,103	4,156,525	294,308	4,450,833
Estimates of the present value of future cash inflows	(5,766,443)	(179,475)	(5,945,918)	(5,270,730)	(190,602)	(5,461,332)
Risk adjustment for non-financial risk	185,703	15,483	201,186	176,475	14,727	191,202
Contractual service margin	1,079,406	-	1,079,406	937,730	-	937,730
Losses for the net outflow recognized on initial recognition	-	129,777	129,777	-	118,433	118,433

(iii) Investment contracts with DPF issued

	2023			2022		
	Non-Onerous Groups of Contracts	Onerous Groups of Contracts	Total	Non-Onerous Groups of Contracts	Onerous Groups of Contracts	Total
	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"	Shs "000"
Insurance contracts issued Initially recognised in the year;						
Insurance acquisition cash flows	-	-	-	-	-	-
Claims and other cash outflows	1,943,270	1,173,367	3,116,637	3,023,453	-	3,023,453
Estimates of the present value of future cash inflows	(2,132,763)	(1,130,456)	(3,263,219)	(3,324,657)	-	(3,324,657)
Risk adjustment for non-financial risk	10,430	9,056	19,486	20,363	-	20,363
Contractual service margin	179,063	-	179,063	280,841	-	280,841
Losses for the net outflow recognized on initial recognition	-	51,967	51,967	-	-	-

36 Insurance and reinsurance contracts

	Life Risk	Life Savings	Investment contracts with DPF	Non-Life	Total
As at 31 December 2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance contracts					
– Insurance contract liabilities – Non-Life (PAA)	-	-	-	18,817,611	18,817,611
– Insurance contract liabilities – Non-Life (GMM)				268,662	268,662
– Insurance contract liabilities – Life 36(i)(a)	17,752,208	22,099,020	74,764,952	-	114,616,180
Total	17,752,208	22,099,020	74,764,952	19,086,273	133,702,453
Reinsurance contracts					
– Reinsurance contract assets	850,995	-	-	6,937,251	7,788,246
– Reinsurance contract liabilities	1,400	1,379	-	558,245	561,024
As at 31 December 2022 (Restated)					
Insurance contracts					
– Insurance contract liabilities – Non-Life (PAA)	-	-	-	16,709,445	16,709,445
– Insurance contract liabilities – Non-Life (GMM)	-	-	-	419,951	419,951
– Insurance contract liabilities – Life 36(i)(a)	15,933,781	20,720,054	64,407,361	-	101,061,196
	15,933,781	20,720,054	64,407,361	17,129,396	118,190,592
Insurance contracts					
– Insurance contract assets	-	-	-	2,198	2,198
Reinsurance contracts					
– Reinsurance contract assets	729,556	-	-	6,439,135	7,168,691
– Reinsurance contract liabilities	297	-	-	131,544	131,841
As at 1 January 2022 (Restated)					
Insurance contracts liabilities					
– Insurance contract liabilities – GMM	14,841,047	18,043,299	57,802,621	-	90,686,967
– Insurance contract liabilities – PAA	-	-	-	15,635,868	15,635,868
Total	14,841,047	18,043,299	57,802,621	15,635,868	106,322,835
Reinsurance contracts					
– Reinsurance contract assets – GMM	1,254,877	-	-	5,644,962	6,899,839
– Reinsurance contract liabilities – GMM	(917)	-	-	-	(917)
– Reinsurance contract liabilities – PAA	-	-	-	155,969	155,969
Total reinsurance liabilities	(917)	-	-	155,969	155,052

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Year ended 31 December 2023

Insurance contracts Analysis by remaining coverage and incurred claims	Shs'000	Liabilities for remaining coverage			Total
		Excluding Loss Component	Loss Component	Liabilities for incurred claims	
Opening liabilities		20,099,690	249,573	370,791	20,720,054
Net opening balance		20,099,690	249,573	370,791	20,720,054
Changes in the statement of profit or loss					
Insurance revenue		(4,226,266)	-	-	(4,226,266)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(150,349)	1,365,057	1,214,708
Changes that relate to past service - adjustments to the LIC		-	-	81,969	81,969
Losses for the net outflow recognized on initial recognition		-	129,777	-	129,777
Losses and reversals of losses on onerous contracts		-	919,441	-	919,441
Insurance service expenses		-	898,869	1,447,026	2,345,895
Insurance service result		(4,226,266)	898,869	1,447,026	(1,880,371)
Net finance expenses from insurance contracts		178,065	35,756	28,139	241,960
Total amounts recognised in the statement of profit or loss		(4,048,201)	934,625	1,475,165	(1,638,411)
Investment components		(5,735,066)	-	5,735,066	-
Other changes		(546,113)	884	-	(545,229)
Cash flows					
Premiums received		10,652,464	-	-	10,652,464
Claims and other directly attributable expenses paid		-	-	(7,089,858)	(7,089,858)
Total cash flows		10,652,464	-	(7,089,858)	3,562,606
Net balance		20,422,775	1,185,081	491,164	22,099,020

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Year ended 31 December 2022

(b) Life Savings Insurance contracts	Shs'000	Liabilities for remaining coverage			Total
		Excluding Loss Component	Loss Component	Liabilities for incurred claims	
Analysis by remaining coverage and incurred claims					
Opening liabilities		17,674,613	212,781	155,905	18,043,299
Net opening balance		17,674,613	212,781	155,905	18,043,299
Changes in the statement of profit or loss					
Insurance revenue		(3,917,569)	-	-	(3,917,569)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(192,209)	1,245,942	1,053,733
Changes that relate to past service - adjustments to the LIC		-	-	157,180	157,180
Losses for the net outflow recognized on initial recognition		-	118,433	-	118,433
Losses and reversals of losses on onerous contracts		-	63,840	-	63,840
Insurance service expenses		-	(9,936)	1,403,122	1,393,186
Insurance service result		(3,917,569)	(9,936)	1,403,122	(2,524,383)
Net finance expenses from insurance contracts		1,406,361	46,727	14,717	1,467,805
Total amounts recognised in the statement of profit or loss		(2,511,208)	36,791	1,417,839	(1,056,578)
Investment components		(4,601,408)	-	4,601,408	-
Other adjustments		(341,263)	-	-	(341,263)
Cash flows					
Premiums received		9,878,957	-	-	9,878,957
Claims and other directly attributable expenses paid		-	-	(5,804,361)	(5,804,361)
Total cash flows		9,878,957	-	(5,804,361)	4,074,596
Net balance as at 31 December		20,099,691	249,572	370,791	20,720,054

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

(a) Life Risk

Reinsurance contracts Shs '000	2023			2022		
	Remaining coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Analysis by remaining coverage and incurred claims						
Opening assets	(65,003)	794,559	729,556	293,431	961,446	1,254,877
Opening liabilities	(297)	-	(297)	(1,085)	168	(917)
Net opening balance	(65,300)	794,559	729,259	292,346	961,614	1,253,960
Allocation of reinsurance premiums paid	(4,304,529)	-	(4,304,529)	(686,260)	-	(686,260)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	(202,487)	2,567,244	2,364,757	-	576,214	576,214
Changes that relate to past service - adjustments to incurred claims	-	(87,152)	(87,152)	-	(143,542)	(143,542)
Recoveries of losses on onerous underlying contracts on initial recognition	134,611	-	134,611	6,659	-	6,659
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	90,108	-	90,108	(54,738)	-	(54,738)
Effect of movements in exchange rates	-	(7,197)	(7,197)	-	-	-
Net income (expenses) from reinsurance contracts held	(4,282,297)	2,472,895	(1,809,402)	(734,339)	432,672	(301,667)
Finance income from reinsurance contracts held	-	104,912	104,912	-	93,808	93,808
Total amounts recognised in statement of profit or loss	(4,282,297)	2,577,807	(1,704,490)	(734,339)	526,480	(207,859)
Cash flows						
Premiums paid	3,259,104	(1,411,599)	1,847,505	329,685	(454,233)	(124,548)
Recoveries from reinsurance	30,275	(52,956)	(22,681)	47,008	(239,302)	(192,294)
Total cash flows	3,289,379	(1,464,555)	1,824,824	376,693	(693,535)	(316,842)
Net closing balance	(1,058,218)	1,907,811	849,593	(65,300)	794,559	729,259
Closing assets	(1,056,816)	1,907,811	850,995	(65,003)	794,559	729,556
Closing liabilities	(1,400)	-	(1,400)	(297)	-	(297)
Net closing balance	(1,058,216)	1,907,811	849,595	(65,300)	794,559	729,259

36 Insurance and reinsurance contracts (continued)

	2023			
	Present value of future cashflows	Risk adjustment for non-financial risk	Contracts service margin	Total
(b) Life Savings - Shs'000				
Insurance contracts (continued)				
Analysis by measurement component – Contracts not measured under the PAA				
Opening assets	17,570,260	551,744	5,235,769	23,357,773
Net opening balance	17,570,260	551,744	5,235,769	23,357,773
Changes in the statement of profit or loss				
Changes that relate to current services:				
CSM recognised for services provided	-	-	(826,686)	(826,686)
Change in risk adjustment for non-financial risk for risk expired	-	(275,437)	-	(275,437)
Experience adjustments	(1,909,435)	-	-	(1,909,435)
	(1,909,435)	(275,437)	(826,686)	(3,011,558)
Changes that relate to future services				
Changes in estimates that adjust the CSM	447,422	56,510	(503,932)	-
onerous contract losses or reversal of losses	891,599	27,841	-	919,440
Contracts initially recognised in the period	(1,150,815)	201,185	1,079,406	129,776
	188,206	285,536	575,474	1,049,216
Changes that relate to past services				
Changes that relate to past service - adjustments to the LIC	84,472	(2,503)	-	81,969
Insurance service result	(1,636,757)	7,596	(251,212)	(1,880,373)
Net finance expenses from insurance contracts	(512,907)	13,257	741,611	241,961
Total amounts recognised in the statement of profit or loss	(2,149,664)	20,853	490,399	(1,638,412)
Other changes	25,649	386	-	26,035
Cash flows				
Premiums received	10,652,465	-	-	10,652,465
Claims and other directly attributable expenses paid	(7,089,858)	-	-	(7,089,858)
Total cash flows	3,562,607	-	-	3,562,607
Net balance	19,008,852	572,983	5,726,168	25,308,003

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Life Savings - Shs' 000	2022			
	Present value of future cashflows	Risk adjustment for non-financial risk	Contracts service margin	Total
Insurance contracts (continued)				
Analysis by measurement component – Contracts not measured under the PAA				
Opening liabilities	15,417,729	541,378	4,380,648	20,339,755
Net opening balance	15,417,729	541,378	4,380,648	20,339,755
Changes in the statement of profit or loss				
Changes that relate to current services:				
CSM recognised for services provided	-	-	(806,679)	(806,679)
Change in risk adjustment for non-financial risk for risk expired	-	(249,767)	-	(249,767)
Experience adjustments	(1,807,390)	-	-	(1,807,390)
	(1,807,390)	(249,767)	(806,679)	(2,863,836)
Changes that relate to future services				
Changes in estimates that adjust the CSM	(24,778)	12,801	131,941	119,964
onerous contract losses or reversal of losses	67,511	(3,671)	-	63,840
Contracts initially recognised in the period	(1,010,500)	191,203	937,730	118,433
	(967,767)	200,333	1,069,671	302,237
Changes that relate to past services				
Changes that relate to past service - adjustments to the LIC	149,691	7,488	-	157,179
Insurance service result	(2,625,466)	(41,946)	262,992	(2,404,420)
Net finance expenses from insurance contracts	812,163	52,312	592,128	1,456,603
Total amounts recognised in the statement of profit or loss	(1,813,303)	10,366	855,120	(947,817)
Cash flows				
Premiums received	9,770,196	-	-	9,770,196
Claims and other directly attributable expenses paid	(5,804,361)	-	-	(5,804,361)
Total cash flows	3,965,835	-	-	3,965,835
Net closing balance	17,570,261	551,744	5,235,768	23,357,773

36 Insurance and reinsurance contracts (continued)

(j) Movements in insurance and reinsurance contract balances Life Savings

Reinsurance contract Shs '000	2023			2022		
	Remaining Coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Opening assets	-	-	-	-	-	-
Opening liabilities	-	-	-	-	-	-
Net opening balance	-	-	-	-	-	-
Allocation of the premiums paid: Full Retrospective approach	(18,066)	-	(18,066)	(11,622)	-	(11,622)
Net expenses from reinsurance contracts held	(18,066)	-	(18,066)	(11,622)	-	(11,622)
Finance income from reinsurance contracts held	-	-	-	-	-	-
Total amounts recognised in statement of profit or loss	(18,066)	-	(18,066)	(11,622)	-	(11,622)
Cash flows						
Premiums paid	16,687	-	16,687	11,622	-	11,622
Total cash flows	16,687	-	16,687	11,622	-	11,622
Net closing balance	(1,379)	-	(1,379)	-	-	-

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Investment contracts with DPF issued

For the year ended 31 December 2023

	LRC		LIC	Total
	Excluding loss component	Loss component		
	Shs 000'	Shs 000'	Shs 000'	Shs 000'
Opening insurance contract liabilities	63,924,442	454,134	28,785	64,407,361
Opening insurance contract assets	-	-	-	-
Net balance as at 1 January	63,924,442	454,134	28,785	64,407,361
Insurance revenue				
CSM recognized for services provided	(682,951)	-	-	(682,951)
Change in risk adjustment for non-financial risk for risk expired	(56,871)	-	-	(56,871)
Expected insurance service expenses incurred	(742,042)	-	-	(742,042)
Total insurance revenue	(1,481,864)	-	-	(1,481,864)
Incurred insurance service expenses:				
Incurred claims and other directly attributable expenses	73,880	(169,056)	192,688	97,512
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(10,291)	(10,291)
Losses for the net outflow recognized on initial recognition	-	51,967	-	51,967
Losses on onerous contracts and reversal of those losses	-	57,853	-	57,853
Total insurance service expenses	73,880	(59,236)	182,397	197,041
Total insurance service result	(1,407,984)	(59,236)	182,397	(1,284,823)
Investment components	(10,587,687)	-	10,587,687	-
Finance expenses from insurance contracts issued	7,127,986	-	2,120	7,130,106
Total changes in the statement of financial performance	(4,867,685)	(59,236)	10,772,204	5,845,283
Cash flows				
Premiums received	15,343,735	-	-	15,343,735
Claims and other directly attributable expenses paid	-	-	(10,780,172)	(10,780,172)
Total cash flows	15,343,735	-	(10,780,172)	4,563,563
Other movements	(51,255)	-	(0)	(51,255)
Net balance as at 31 December	74,349,237	394,898	20,817	74,764,952

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Investment contracts with DPF issued

For the year ended 31 December 2023

	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
	Shs 000'	Shs 000'	Shs 000'	Shs 000'
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	63,873,381	71,507	462,473	64,407,361
Net Opening balance	63,873,381	71,507	462,473	64,407,361
Changes that relate to current services	(635,771)	(65,629)	(682,952)	(1,384,352)
CSM recognized for services provided	-	-	(682,952)	(682,952)
Change in risk adjustment for non-financial risk for risk expired	-	(65,629)	-	(65,629)
Experience adjustments not related to future service	(635,771)	-	-	(635,771)
Changes that relate to future services	(1,102,888)	43,662	1,169,046	109,820
Contracts initially recognised in the year	(146,583)	19,487	179,063	51,967
Changes in estimates that adjust the CSM	(1,001,376)	11,393	989,983	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	45,071	12,782	-	57,853
Changes that relate to past services	(9,697)	(594)	-	(10,291)
Changes in estimates in LIC fulfilment cash flows	731	359	-	1,090
Experience adjustments in claims and other insurance service expenses in LIC	(10,428)	(953)	-	(11,381)
Total Insurance Service result	(1,748,356)	(22,561)	486,094	(1,284,823)
Insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	7,130,074	32	-	7,130,106
Total insurance finance income or expense	7,130,074	32	-	7,130,106
Total changes in the statement of financial performance	5,381,718	(22,529)	486,094	5,845,283
Cash flows (Actual cashflows in the period)				
Premiums and premium tax received	15,343,735	-	-	15,343,735
Claims and other insurance service expenses paid, including investment components	(10,780,172)	-	-	(10,780,172)
Total Cash flows	4,563,563	-	-	4,563,563
Other movements	(93,352)	42,099	(2)	(51,255)
Net Closing balance	73,725,310	91,077	948,565	74,764,952
Closing Insurance contract assets	-	-	-	-
Closing Insurance contract liabilities	73,725,310	91,077	948,565	74,764,952
Net Closing balance	73,725,310	91,077	948,565	74,764,952

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance and reinsurance contract balances

Investment contracts with DPF issued

For the year ended 31 December 2022

	Estimates of Present Value of Future Cash Flows Shs 000'	Risk Adjustment for Non-financial Risk Shs 000'	CSM Shs 000'	Total Shs 000'
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	56,913,685	115,042	773,894	57,802,621
Net Opening balance	56,913,685	115,042	773,894	57,802,621
Changes that relate to current services	(735,030)	(184,163)	(247,397)	(1,166,590)
CSM recognized for services provided	-	-	(247,397)	(247,397)
Change in risk adjustment for non-financial risk for risk expired	-	(184,163)	-	(184,163)
Experience adjustments not related to future service	(735,030)	-	-	(735,030)
Changes that relate to future services	204,778	139,698	(64,024)	280,452
Contracts initially recognised in the year	(301,204)	20,363	280,841	-
Changes in estimates that adjust the CSM	(36,960,191)	37,305,057	(344,865)	1
Changes in estimates that relate to losses and reversal of losses on onerous contracts	37,466,173	(37,185,722)	-	280,451
Changes that relate to past services	8,038	921	-	8,959
Changes in estimates in LIC fulfilment cash flows	8,038	921	-	8,959
Experience adjustments in claims and other insurance service expenses in LIC	-	-	-	-
Total insurance service result	(522,214)	(43,544)	(311,421)	(877,179)
Insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	6,066,814	9	-	6,066,823
Total insurance finance income or expense	6,066,814	9	-	6,066,823
Total changes in the statement of financial performance	5,544,600	(43,535)	(311,421)	5,189,644
Cash flows (Actual cashflows in the period)				
Premiums and premium tax received	14,441,142	-	-	14,441,142
Claims and other insurance service expenses paid, including investment components	(13,026,046)	-	-	(13,026,046)
Total Cash flows	1,415,096	-	-	1,415,096
Net Closing balance	63,873,381	71,507	462,473	64,407,361
Closing Insurance contract assets	-	-	-	-
Closing Insurance contract liabilities	63,873,381	71,507	462,473	64,407,361
Net Closing balance	63,873,381	71,507	462,473	64,407,361

36 Insurance and reinsurance contracts (continued)

Investment contracts with DPF issued underlying asset

	2023	2022
	Shs'000	Shs'000
Cash and deposits with financial institutions	1,064,126	620,660
Treasury bills	9,000	-
Treasury bonds	60,597,545	50,794,859
Corporate bonds	4,459	700
Equities	1,190,925	2,641,521
Unit trusts	10,084,848	7,172,310
Property	3,960,746	3,909,040
Investment in associate	204,713	189,493
Total	77,116,362	65,328,583

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life - PAA

Shs'000	Liabilities for remaining coverage		Liabilities for incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	(3,725)	-	1,398	129	(2,198)
Opening insurance contract liabilities	4,661,292	189,362	11,015,106	843,685	16,709,445
Net opening balance	4,657,567	189,362	11,016,504	843,814	16,707,247
Insurance revenue					
Full Retrospective approach	(25,497,902)	-	-	-	(25,497,902)
Total Insurance revenue	(25,497,902)	-	-	-	(25,497,902)
Incurred insurance service expenses:	-	917,892	10,520,868	354,382	11,793,142
Claims	-	917,892	10,331,628	467,427	11,716,947
Expenses	-	-	189,240	32,718	221,958
Other movements related to current service	-	-	-	(145,763)	(145,763)
Amortisation of insurance acquisition cash flows	3,595,384	-	-	-	3,595,384
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	(379,728)	(351,683)	(731,411)
Changes that relate to future service	-	(808,584)	-	-	(808,584)
Losses for the net outflow recognized on initial recognition	-	552,405	-	-	552,405
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(1,360,989)	-	-	(1,360,989)
Total insurance service expenses	3,595,384	109,308	10,141,140	2,699	13,848,531
Total insurance service result	(21,902,518)	109,308	10,141,140	2,699	(11,649,371)
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	-	3,128	535,363	41,581	580,072
Foreign exchange differences on change	-	-	456,495	16,680	473,175
Total insurance finance income or expense	-	3,128	991,858	58,261	1,053,247
Total changes in the statement of financial profit or loss	(21,902,518)	112,436	11,132,998	60,960	(10,596,124)

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life – PAA (continued)

Shs'000	Liabilities for Remaining Coverage		Liabilities for incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Cash flows (Actual cashflows in the period)					
Premiums and premium tax received	26,279,633	-	-	-	26,279,633
Claims and other insurance service expenses paid, including investment components	-	-	(10,236,689)	-	(10,236,689)
Insurance acquisition cash flows	(3,592,601)	-	-	-	(3,592,601)
Total cash flows	22,687,032	-	(10,236,689)	-	12,450,343
Impact of currency translation	(299,418)	8,314	506,854	40,395	256,145
Net closing balance	5,142,663	310,112	12,419,667	945,169	18,817,611

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life – GMM

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Net opening balance	419,951	-	-	-	419,951
Insurance Revenue					
CSM recognized for services provided	(87,812)	-	-	-	(87,812)
Change in risk adjustment for non-financial risk	(2,351)	-	-	-	(2,351)
Expected insurance service expenses incurred	(37,037)	-	-	-	(37,037)
Recovery of insurance acquisition cash flows	(78,704)	-	-	-	(78,704)
Total insurance revenue	(205,904)	-	-	-	(205,904)
Insurance service expenses					
Amortisation of insurance acquisition cash flows	78,704	-	-	-	78,704
Insurance service expenses	78,704	-	-	-	78,704
Insurance service result	(127,200)				(127,200)
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	41,550	-	-	-	41,550
Total amounts recognised in the statement of profit or loss	(85,650)	-	-	-	(85,650)
Cash flows					
Premiums received	(119,345)	-	-	-	(119,345)
Insurance acquisition cashflows	53,705	-	-	-	53,705
Total cash flows	(65,640)	-	-	-	(65,640)
Net balance as at 31 December	268,662	-	-	-	268,662

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life – GMM (continued)

Shs'000	Present Risk value of adjustment future cashflows for non- CSM	Risk adjustment for non-financial risk	CSM	Total
Net balance as at 1 January	108,181	6,864	304,906	419,951
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(87,812)	(87,812)
Change in the risk adjustment for non- financial risk for the risk expired	-	(2,351)	-	(2,351)
Experience adjustments not related to future service	(37,037)	-	-	(37,037)
Total	(37,037)	(2,351)	(87,812)	(127,200)
Changes that relate to future service				
Changes in estimates that adjust the CSM	46,642	(1,205)	(45,437)	-
Total	46,642	(1,205)	(45,437)	-
Insurance service result	9,604	(3,555)	(133,249)	(127,200)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	4,452	281	36,817	41,550
Total amounts recognised in statement of profit or loss	14,056	(3,274)	(96,432)	(85,650)
Cash flows				
Premiums received	(119,344)	-	-	(119,344)
Insurance acquisition cash flows	53,705	-	-	53,705
Total cash flows	(65,639)	-	-	(65,639)
Net closing balance	56,598	3,590	208,474	268,662

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life - PAA

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract liabilities	4,551,105	409,157	9,914,943	781,227	15,656,432
Net Opening balance	4,551,105	409,157	9,914,943	781,227	15,656,432
Insurance revenue					
Full retrospective approach	(18,113,642)	-	-	-	(18,113,642)
Total insurance revenue	(18,113,642)	-	-	-	(18,113,642)
Incurred insurance service expenses:	-	(579,677)	7,695,994	254,607	7,370,924
Claims	-	(579,677)	7,558,537	691,440	7,670,300
Expenses	-	-	137,457	56,827	194,284
Other movements related to current service	-	-	-	(493,660)	(493,660)
Amortisation of insurance acquisition cash flows	2,491,270	-	-	-	2,491,270
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	1,309,048	(263,048)	1,046,000
Changes that relate to future service	-	368,190	-	-	368,190
Losses for the net outflow recognized on initial recognition	-	970,320	-	-	970,320
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(602,130)	-	-	(602,130)
Total insurance service expenses	2,491,270	(211,487)	9,005,042	(8,441)	11,276,384
Total insurance service result	(15,622,372)	(211,487)	9,005,042	(8,441)	(6,837,258)
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	-	-	645,423	67,801	713,224
Foreign exchange differences on change	-	-	168,177	8,762	176,939
Total insurance finance income or expense	-	-	813,600	76,563	890,163
Total changes in the statement of financial profit or loss	(15,622,372)	(211,487)	9,818,642	68,122	(5,947,095)

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life – PAA (continued)

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Cash flows (Actual cashflows in the period)					
Premiums and premium tax received	18,064,162	-	-	-	18,064,162
Claims and other insurance service expenses paid, including investment components	-	-	(8,466,813)	-	(8,466,813)
Insurance acquisition cash flows	(2,325,246)	-	-	-	(2,325,246)
Total cash flows	15,738,916	-	(8,466,813)	-	7,272,103
Impact of currency translation	(10,082)	(8,308)	(250,268)	(5,535)	(274,193)
Net closing balance	4,657,567	189,362	11,016,504	843,814	16,707,247
Closing insurance contract assets	(3,725)	-	1,398	129	(2,198)
Closing insurance contract liabilities	4,661,292	189,362	11,015,106	843,685	16,709,445
Net closing balance	4,657,567	189,362	11,016,504	843,814	16,707,247

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life - GMM

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Net Opening balance	-	-	-	-	
Insurance revenue					
CSM recognized for services provided	(117,944)	-	-	-	(117,944)
Recovery of insurance acquisition cash flows	(105,041)				(105,041)
Restatement and other changes	124,842	413,479			538,321
Total insurance revenue	(98,143)	413,479	-	-	315,336
Insurance service expenses					
Amortisation of insurance acquisition cash flows	105,041	-	-	-	105,041
Losses on onerous contracts and reversal of those losses					
Insurance service expenses	105,041	-	-	-	105,041
Insurance service result	6,899	413,479			420,378
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	49,122	-	-	-	49,122
Total amounts recognised in the statement of profit or loss	56,021	413,479	-	-	469,500
Cash flows					
Premiums received	(142,759)	-	-	-	(142,759)
Insurance acquisition cashflows	93,210	-	-	-	93,210
Total cash flows	(49,549)	-	-	-	(49,549)
Net balance as at 31 December	6,472	413,479	-	-	419,951

36 Insurance and reinsurance contracts (continued)

(i) Movements in insurance contract balances

Year ended 31 December 2023

Non-Life – GMM (continued)

Shs'000	Present Risk value of adjustment future cashflows for non- CSM	Risk adjustment for non-financial risk	CSM	Total
Net balance as at 1 January	-	-	-	-
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(117,944)	(117,944)
Experience adjustments not related to future service	117,394	7,449	413,479	538,322
Total	117,394	7,449	295,535	420,378
Total				
Insurance service result				
Insurance finance income or expense	10,100	641	38,381	49,122
Total amounts recognised in statement of profit or loss	10,100	641	38,381	49,122
Cash flows				
Premiums received			(142,759)	(142,759)
Insurance acquisition cash flows			93,211	93,211
Total cash flows	-	-	(49,548)	(49,548)
Net closing balance	127,494	8,089	284,368	419,951

36 Insurance and reinsurance contracts (continued)

(i) Movements in reinsurance contract balances

Year ended 31 December 2023

Non-Life - PAA

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening reinsurance contract assets	(584,981)	39,549	6,515,145	469,422	6,439,135
Opening reinsurance contract liabilities	(204,448)	1,666	67,845	3,096	(131,841)
Net opening balance	(789,429)	41,215	6,582,990	472,518	6,307,294
Allocation of the premiums paid:					
Full Retrospective approach	(8,342,771)	-	-	-	(8,342,771)
Total Allocation of premiums paid	(8,342,771)	-	-	-	(8,342,771)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	96,231	3,223,074	157,631	3,476,936
Changes related to past service (changes related to incurred claims component)	-	-	(564,352)	(169,230)	(733,582)
Changes that relate to future service:	-	(85,569)	-	-	(85,569)
Recoveries of losses on onerous underlying contracts on initial recognition	-	114,068	-	-	114,068
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(199,637)	-	-	(199,637)
Effect of changes in Non-performance risk of Reinsurers	-	-	(37,159)	-	(37,159)
Total amounts recovered from reinsurance	-	10,662	2,621,563	(11,599)	2,620,626
Total net expenses from reinsurance	(8,342,771)	10,662	2,621,563	(11,599)	(5,722,145)
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	-	2,203	289,506	20,045	311,754
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	156,364	5,900	162,264
Total insurance finance income or expense	-	2,203	445,870	25,945	474,018
Total changes in the statement of profit or loss	(8,342,771)	12,865	3,067,433	14,346	(5,248,127)

36 Insurance and reinsurance contracts (continued)

(i) Movements in reinsurance contract balances (continued)

Year ended 31 December 2023 (continued)

Non-Life – PAA (continued)

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Cash flows (actual cashflows in the period)					
Premiums and premium tax paid	7,455,367	-	-	-	7,455,367
Amounts recovered	-	-	(2,401,599)	-	(2,401,599)
Total cash flows	7,455,367	-	(2,401,599)	-	5,053,768
Effect of currency translation	(207,532)	(608)	447,669	26,542	266,071
Net Closing balance	(1,884,365)	53,472	7,696,493	513,406	6,379,006
Closing reinsurance contract assets	(1,199,083)	51,246	7,597,925	487,163	6,937,251
Closing reinsurance contract liabilities	(685,282)	2,226	98,568	26,243	(558,245)
Net Closing balance	(1,884,365)	53,472	7,696,493	513,406	6,379,006

36 Insurance and reinsurance contracts (continued)

(i) Movements in reinsurance contract balances

Year ended 31 December 2022

Non-Life – PAA (continued)

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening reinsurance contract assets	(187,575)	88,683	5,357,425	386,429	5,644,962
Opening reinsurance contract liabilities	(426,863)	27,603	235,428	7,863	(155,969)
Net opening balance	(614,438)	116,286	5,592,853	394,292	5,488,993
Allocation of the premiums paid:					
Full retrospective approach	(5,027,441)	-	-	-	(5,027,441)
Total Allocation of premiums paid	(5,027,441)	-	-	-	(5,027,441)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expense	-	108,380	1,758,421	112,397	1,979,198
Changes related to past service (changes related to incurred claims component)	-	-	737,321	(61,439)	675,882
Changes that relate to future service:	-	(182,352)	-	-	(182,352)
Recoveries of losses on onerous underlying contracts on initial recognition	-	362,570	-	-	362,570
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	-	(544,922)	-	-	(544,922)
Effect of changes in Non-performance risk of Reinsurers	-	-	(23,565)	-	(23,565)
Total amounts recovered from reinsurance	-	(73,972)	2,472,177	50,958	2,449,163
Total net expenses from reinsurance	(5,027,441)	(73,972)	2,472,177	50,958	(2,578,278)
Insurance finance income or expense					
The effect of and changes in time of time value of money and financial risk	-	-	320,266	23,742	344,008
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	59,466	2,923	62,389
Total insurance finance income or expense	-	-	379,732	26,665	406,397
Total changes in the statement of profit or loss	(5,027,441)	(73,972)	2,851,909	77,623	(2,171,881)

36 Insurance and reinsurance contracts (continued)

(i) Movements in reinsurance contract balances (continued)

Year ended 31 December 2022 (continued)

Non-Life – PAA (continued)

Shs'000	Liabilities for Remaining Coverage		Liabilities for Incurred claims		Total Shs'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Cash flows (actual cashflows in the period)					
Premiums and premium tax paid	4,871,904	-	-	-	4,871,904
Amounts recovered	-	-	(1,821,827)	-	(1,821,827)
Total cash flows	4,871,904	-	(1,821,827)	-	3,050,077
Effect of currency translation	(19,156)	(1,099)	(39,945)	602	(59,598)
Net closing balance	(789,131)	41,215	6,582,990	472,517	6,307,591
Closing reinsurance contract assets	(584,980)	39,549	6,515,145	469,421	6,439,135
Closing reinsurance contract liabilities	(204,151)	1,666	67,845	3,096	(131,544)
Net closing balance	(789,131)	41,215	6,582,990	472,517	6,307,591

36 Insurance and reinsurance contracts (continued)

(i) Movements in reinsurance contract balances

Long term insurance contract liabilities

The company determines its liabilities under long term insurance contracts using the specified valuation basis outlined in the IFRS 17 standard. Furthermore, the company assesses the risk involved by incorporating additional margins on the valuation basis to account for potential adverse experiences in mortality rates, expenses, and policy withdrawals.

The liabilities are calculated in-house by the Actuarial department and reviewed for adequacy by the Appointed Actuary (QED Actuaries & Consultants (Pty) Ltd).

Valuation assumptions

The valuation was carried out at 31 December 2023. The valuation currency is Kenyan Shillings. The key assumptions in the valuation of long-term liabilities are summarised below:

a) Mortality

The prescribed mortality assumptions are: Conventional Life - 50% of the AKI KE 01/03. Annuities business – 90% of AKI KE 01/03. (2022: Conventional Life - 50%, Annuities business – 90%).

b) Interest rate

The internally derived spot curve as at 31 December 2023 was used for discounting the cash flows (benefits & expenses less premiums and investment income).



c) Persistency, expenses, expense inflation and tax

The prescribed basis explicitly allows for the Best Estimate Persistency, Expenses, Expense Inflation and Prescribed Tax assumptions to be used. There are additional prescribed risk margins loaded onto the Best Estimate Assumptions as per standard.

vii) Sensitivity analysis

The sensitivity of the results to certain key assumptions has been tested by calculating the effect of assumptions not being met. The results of the sensitivity analysis are summarized in the sensitivities disclosures.

The valuation results are sensitive to the underlying assumptions. If these assumptions are not realised in practice, the surplus in the life fund will differ from expected.

Over the two periods, sensitivities for the different assumptions are largely similar. Variability of future interest rates will have the largest impact on the valuation results. These variabilities will particularly impact Individual Life and Annuities. These classes of business have long term cash-flows with durations of 12 to 15 years that are subject to discounting for the purpose of valuations.

It should be noted that the sensitivity calculations have been done independently. This means that interactions between various factors have not been considered. For instance, in the event of withdrawals increasing, it is likely that per policy expenses will also increase. Thus, when considering various scenarios, one needs to use an interplay of the above figures. This has not been allowed for in the analysis.

36 Insurance and reinsurance contracts (continued)

(vii) Sensitivity analysis (continued)

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
2023	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Main basis									
Insurance contract liabilities (net)	109,410,504	8,414,662	117,825,166						
Reinsurance contract assets (net)	(848,217)	-	(848,217)						
Net insurance contract liabilities	108,562,287	8,414,662	116,976,949						
Mortality rate -20% increase									
Insurance contract liabilities (net)	109,536,961	8,271,842	117,808,803	126,458	(142,820)	(16,362)	8,271,842	(254,516)	(178,161)
Reinsurance contract assets (net)	(1,167,586)	-	(1,167,586)	(319,370)	-	(319,370)	-	-	-
Net insurance contract liabilities	108,369,375	8,271,842	116,641,217	(192,912)	(142,820)	(335,732)	8,271,842	(254,516)	(178,161)
Lapse/ surrender rates - 20% decrease									
Insurance contract liabilities (net)	108,878,250	8,454,925	117,333,175	(532,254)	40,263	(491,991)	8,454,925	(96,857)	(67,800)
Reinsurance contract assets (net)	(848,217)	-	(848,217)	-	-	-	-	-	-
Net insurance contract liabilities	108,030,033	8,454,925	116,484,958	(532,254)	40,263	(491,991)	8,454,925	(96,857)	(67,800)
Lapse/ surrender rates - 20% increase									
Insurance contract liabilities (net)	108,705,981	8,433,725	117,139,706	(704,523)	19,063	(685,460)	8,433,725	96,611	67,628
Reinsurance contract assets (net)	(848,217)	-	(848,217)	-	-	-	-	-	-
Net insurance contract liabilities	107,857,764	8,433,725	116,291,489	(704,523)	19,063	(685,460)	8,433,725	96,611	67,628
Expenses - 10% increase									
Insurance contract liabilities (net)	109,415,460	8,081,536	117,496,996	4,956	(333,126)	(328,170)	8,081,536	(260,678)	(182,475)
Reinsurance contract assets (net)	(848,217)	-	(848,217)	-	-	-	-	-	-
Net insurance contract liabilities	108,567,243	8,081,536	116,648,779	4,956	(333,126)	(328,170)	8,081,536	(260,678)	(182,475)
Interest - 2% decrease									
Insurance contract liabilities (net)	114,036,841	7,641,948	121,678,789	4,626,337	(772,714)	3,853,623	7,641,948	(420,771)	(294,540)
Reinsurance contract assets (net)	(863,008)	-	(863,008)	(14,791)	-	(14,791)	-	-	-
Net insurance contract liabilities	113,173,833	7,641,948	120,815,781	4,611,546	(772,714)	3,838,832	7,641,948	(420,771)	(294,540)

36 Insurance and reinsurance contracts (continued)

(vii) Sensitivity analysis (continued)

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
2022	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Main basis									
Insurance contract liabilities (net)	96,732,301	6,936,622	103,668,923						
Reinsurance contract assets (net)	(729,259)	-	(729,259)						
Net insurance contract liabilities	96,003,042	6,936,622	102,939,664						
Mortality rate -20% increase									
Insurance contract liabilities (net)	97,418,251	6,613,918	104,032,169	685,950	(322,704)	363,246	6,613,918	(272,215)	(190,551)
Reinsurance contract assets (net)	(827,319)	-	(827,319)	(98,060)	-	(98,060)	-	-	-
Net insurance contract liabilities	96,590,932	6,613,918	103,204,850	587,890	(322,704)	265,186	6,613,918	(272,215)	(190,551)
Lapse/ surrender rates - 20% decrease									
Insurance contract liabilities (net)	96,756,861	7,022,778	103,779,639	24,560	86,156	110,716	7,022,778	(117,746)	(82,422)
Reinsurance contract assets (net)	(729,259)	-	(729,259)	-	-	-	-	-	-
Net insurance contract liabilities	96,027,602	7,022,778	103,050,380	24,560	86,156	110,716	7,022,778	(117,746)	(82,422)
Lapse/ surrender rates - 20% increase									
Insurance contract liabilities (net)	96,735,658	6,827,863	103,563,521	3,357	(108,759)	(105,402)	6,827,863	98,373	68,861
Reinsurance contract assets (net)	(729,259)	-	(729,259)	-	-	-	-	-	-
Net insurance contract liabilities	96,006,399	6,827,863	102,834,262	3,357	(108,759)	(105,402)	6,827,863	98,373	68,861
Expenses - 10% increase									
Insurance contract liabilities (net)	97,249,405	6,689,060	103,938,465	517,104	(247,562)	269,542	6,689,060	(276,570)	(193,599)
Reinsurance contract assets (net)	(729,259)	-	(729,259)	-	-	-	-	-	-
Net insurance contract liabilities	96,520,146	6,689,060	103,209,206	517,104	(247,562)	269,542	6,689,060	(276,570)	(193,599)
Interest - 2% decrease									
Insurance contract liabilities (net)	101,593,843	6,493,447	108,087,290	4,861,543	(443,175)	4,418,368	6,493,447	(408,632)	(286,042)
Reinsurance contract assets (net)	(732,621)	-	(732,621)	(3,362)	-	(3,362)	-	-	-
Net insurance contract liabilities	100,861,222	6,493,447	107,354,669	4,858,181	(443,175)	4,415,006	6,493,447	(408,632)	(286,042)

36 Insurance and reinsurance contracts (continued)

(vii) Sensitivity analysis (continued)

Adequacy of IBNR reserves/AvE: A review was performed on the claims that emerged during the year ended 31 December 2023, to determine the sufficiency of the claim reserves (i.e. OCR plus IBNR) set aside on 31 December 2022.

The table below compares the claims that were expected to emerge in financial year 2023, based on the December 2022 reserves, and the actual claims that emerged in financial year 2023.

Amounts in Shs'000	Total Claims Reserves	Expected	Actual	(Shortfall)/ Surplus on Total IBNR	(Shortfall)/ Surplus on Expected IBNR
Credit Life Business	325,403	237,545	147,841	177,562	89,704
Group Life Business	649,784	595,731	415,681	234,103	180,050

Group Life business had a 30% surplus on Expected IBNR. This indicates that the IBNR assumptions contain sufficient margins of prudence. It also indicates that the IBNR reserve is adequate to cover fluctuations in claims experience. The projection assumptions as at December 2022 were revised based on 2023 claims experience.

Credit Life had a 38% surplus on the expected IBNR. The projection assumptions as at 31 December 2023 were revised based on 2023 claims experience.

(viii) GPV valuation margins and capital charges

The table below provides details of the GPV valuation margins and capital charges:

Assumption	Valuation Margins on Best Estimate Liabilities	Capital Charges on Best Estimate Liabilities
Mortality	10% increase in mortality for life assurances	6% increase of base mortality rates
Longevity	10% decrease in mortality for life assurances and annuities	7% decrease of base mortality rates
Morbidity/Disability	10% increase in inception rates	40% increase in base inception rates in the first year 15% increase in base inception rates in subsequent years 10% decrease in morbidity/disability recovery rates
Lapses	7.5% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	15% increase in lapse rates for new business 5% increase in lapse rates for in force business
Interest rate	N/A	18% decrease
Surrenders	7.5% (increase or decrease in surrender rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	N/A
Expenses & Expense inflation	10% increase on base expenses 10% increase of the base escalation rate	5% increase in best estimate assumption for expenses 1% increase in best estimate assumption for inflation
Catastrophe	N/A	An absolute increase in the rate of policyholders dying over the following year of 1.5 per mile.
Group/Umbrella Pension Savings Plans	N/A	1.0% increase in fund value
Deposit Administration	N/A	1.0% increase in fund value
Group Life	N/A	10% increase on premium reserves 8% increase on claims reserves
Group Credit	N/A	12% increase on premium reserves 10% increase on claims reserves

36 Insurance and reinsurance contracts (continued)

Claims development – Long-term Business

	Gross claims development					Total
	2019	2020	2021	2022	2023	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)						
At end of accident year	10,502,562	12,831,869	19,223,561	19,722,636	20,347,281	82,627,909
1 year later	10,740,472	13,134,267	19,718,451	20,237,351		63,830,541
2 years later	10,829,967	13,147,425	19,736,896			43,714,288
3 years later	10,830,384	13,152,264				23,982,648
4 years later	10,889,318					10,889,318
Gross cumulative claims liabilities - accident years from 2019 to 2023	10,889,318	13,152,264	19,736,896	20,237,351	20,347,281	84,363,110
Add: Incurred but not Reported	262	420	3,951	69,098	1,197,985	1,271,716
Add: Liability in respect of prior years	451,305	-	-	-	-	451,305
Effect of discounting	(22,200)	(1,255)	(2,777)	(12,080)	(74,394)	(112,706)
Effect of the risk adjustment margin for non-financial risk	38,854	2,196	4,860	21,142	130,205	197,257
Less: Cumulative payments to date	(10,819,540)	(13,123,220)	(19,675,641)	(20,022,766)	(19,798,169)	(83,439,336)
Gross LIC for the contracts originated	537,999	30,405	67,289	292,745	1,802,908	2,731,346
	Net claims development					Total
	2019	2020	2021	2022	2023	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claim costs (net of reinsurance, undiscounted)						
At end of accident year	10,411,098	12,739,273	18,649,281	19,688,104	18,984,869	80,472,625
1 year later	10,643,745	13,036,420	18,954,759	20,041,806		62,676,730
2 years later	10,667,576	13,049,578	18,865,601			42,582,755
3 years later	10,667,993	13,054,418				23,722,411
4 years later	10,726,927					10,726,927
Net cumulative claims liabilities - accident years from 2019 to 2023	10,726,927	13,054,418	18,865,601	20,041,806	18,984,869	81,673,621
Add: Incurred but not Reported	262	279	1,040	-	330,192	331,773
Add: Liability in respect of prior years	451,305	-	-	-	-	451,305
Effect of discounting	13,982	641	(1,766)	1,356	5,904	20,117
Effect of the risk adjustment margin for non-financial risk	37,055	1,699	(4,679)	3,594	15,646	53,315
Less: Cumulative payments to date	(10,657,149)	(13,030,792)	(18,932,473)	(19,991,233)	(19,094,948)	(81,706,595)
Net LIC for the contracts originated	572,382	26,245	(72,277)	55,523	241,663	823,536

36 Insurance and reinsurance contracts (continued)

Claims development - Combined

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.

	Gross claims development					Total
	2019	2020	2021	2022	2023	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)						
At end of accident year	16,003,586	18,497,346	27,332,828	27,356,884	29,335,695	118,526,339
1 year later	17,040,246	20,141,308	29,702,878	28,966,122	-	95,850,554
2 years later	17,616,095	20,063,146	29,625,183	-	-	67,304,424
3 years later	17,669,200	20,194,743	-	-	-	37,863,943
4 years later	17,812,016	-	-	-	-	17,812,016
Gross cumulative claims liabilities - accident years from 2019 to 2023	17,812,016	20,194,743	29,625,183	28,966,122	29,335,695	125,933,759
Add: Incurred but not Reported	548,821	520,311	634,250	989,927	4,306,110	6,999,419
Gross cumulative claims liabilities - prior accident years (OCR)	1,821,860	-	-	-	-	1,821,860
Gross cumulative claims liabilities - prior accident years (IBNR & CHER)	146,976	1,254	15,113	9,688	56,008	229,039
Add: Liability in respect of prior years	1,044,963	260,686	356,844	268,842	288,529	2,219,864
Effect of discounting	(466,748)	(177,088)	(377,500)	(480,161)	(980,440)	(2,481,937)
Effect of the risk adjustment margin for non-financial risk	167,978	36,940	181,963	110,562	462,561	960,004
Less: Cumulative payments to date	(17,066,393)	(19,478,574)	(27,250,840)	(27,430,775)	(25,721,072)	(116,947,654)
Gross LIC for the contracts originated	4,009,473	1,358,272	3,185,013	2,434,205	7,747,391	18,734,354

37 Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2022: 30%). Movements in temporary difference components such as existing taxable losses, provisions and property and equipment depreciation have had varying impacts on deferred tax asset and deferred tax liability. The make-up of the deferred tax liabilities balances, movement in the deferred income tax account and the composition of the unrecognised deferred income tax asset is as follows:

	31 December 2023	2023 Movement	31 December 2022	2022 Movement	31 December 2021
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and equipment:					
- on historical cost basis	17,509	17,562	(53)	30,503	(30,556)
Provisions	527,840	(388,117)	915,957	(1,949,367)	2,865,324
Tax losses brought forward:	1,795,810	197,427	1,598,383	136,097	1,462,286
IFRS 16 impact	333	(29,810)	30,143	30,143	-
Less: Deferred tax asset not recognised:					
-Britam Properties (Kenya) Limited	(133,647)	(35,124)	(98,523)	(19,414)	(79,109)
-Britam Asset Managers (Kenya) Limited	(258,273)	7,104	(265,377)	162	(265,539)
-Britam Holdings Plc	(2,080,812)	(358,443)	(1,722,369)	1,725,130	(3,447,499)
-Impact of IFRS 17	358,829	358,829	-	-	-
Life fund surplus	(4,316,512)	(352,407)	(3,964,105)	(697,514)	(3,266,591)
Net deferred income tax liability	(4,088,923)	(582,979)	(3,505,944)	(744,260)	(2,761,684)

The deferred tax asset not recognised arises from the entities which are unlikely to generate sufficient taxable profits that can be set off against their accumulated tax losses in the foreseeable future.

Reconciliation	2023	Movement	2022	Movement	2021
Income statement	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Charge (Note 26)	-	(581,108)	-	(708,688)	-
Other comprehensive income (Note 26)	-	(1,871)	-	35,572	-
Total	-	(582,979)	-	(744,260)	-

Statement of financial position	2023	Movement	2022	Movement	2021
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax asset	628,317	160,761	467,556	(37,885)	505,441
Deferred income tax liability	(4,717,240)	(743,740)	(3,973,500)	(706,375)	(3,267,125)
Net deferred income tax liability	(4,088,923)	(582,979)	(3,505,944)	(744,260)	(2,761,684)

Company

The deferred tax asset for the Company has not been recognised as in the assessment of the Directors, the Company is unlikely to generate sufficient taxable profits that can be set off against the tax losses in the foreseeable future. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

	31 December 2023	31 December 2023 Movement	31 December 2022	31 December 2022 Movement	31 December 2021
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and equipment:					
- on historical cost basis	644,249	(190)	19,997	7,764	12,233
Provisions	1,414,089	182,773	461,476	(1,898,908)	2,360,384
Tax losses brought forward	2,666	188,040	1,226,049	151,168	1,074,881
IFRS 9 provisions through equity	(2,080,811)	(12,180)	14,846	14,846	-
Deferred tax asset not recognised	644,249	(358,443)	(1,722,368)	1,725,130	(3,447,498)
Net deferred income tax liability	-	-	-	-	-

38. Other receivables

	Group			Company	
	31 Dec 2023	31 Dec 2022	1 Jan 2022	31 Dec 2023	31 Dec 2022
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Staff and agents loans	133,863	217,923	169,683	4,960	5,762
Car loans and premium financing loans	191,526	148,879	213,032	-	-
Rent receivable	140,134	73,073	31,803	-	-
Dues from managed funds	250,576	230,633	293,315	-	-
Refundable deposits	111,231	68,125	32,186	-	-
VAT recoverable	394,964	618,516	539,623	-	-
Due from Motor Pool	24,281	24,940	25,502	-	-
Prepayments	89,535	120,376	69,552	-	-
Government taxes and statutory deductions	206,726	218,707	297,402	-	-
Other receivables	1,704,642	1,059,283	827,437	493,777	538,526
Total	3,247,478	2,780,455	2,499,535	498,737	544,288
Less: Provision for expected credit losses	(271,221)	(288,920)	(247,761)	(115,853)	(115,493)
Net amount at end of year	2,976,257	2,491,535	2,251,774	382,884	428,795
Movement in provision for expected credit losses:					
At 1 January	288,920	247,760	199,512	115,493	113,421
Increase	(17,699)	41,160	48,249	360	2,072
At 31 December	271,221	288,920	247,761	115,853	115,493

There are no individually significant items under other receivables which include rental income receivable, employee share ownership funds held under trust and dividend receivable among others. All other receivables are classified as current. The carrying value of other receivables approximates their fair value.

39 (i) Cash and bank balances

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group			Company	
	2023	2022	2021	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Deposits with financial institutions	9,564,878	6,395,013	5,947,575	39,360	156,546
Investment in liquid funds	-	-	11,367	-	-
Cash and bank balances	1,201,909	1,734,568	1,677,335	22,191	15,058
Cash and cash equivalents	10,766,787	8,129,581	7,636,277	61,551	171,604
Less: Provision for expected credit losses	(125,906)	(137,727)	(136,792)	(10)	(144)
Net amount at end of year	10,640,881	7,991,854	7,499,485	61,541	171,460
Movement in provision for expected credit losses:					
At start of the year	137,727	136,792	134,040	143	9
Increase/(decrease)	(11,821)	935	2,752	(133)	135
At end of the year	125,906	137,727	136,792	10	144

The weighted average effective interest rate on short-term bank deposits as 31 December 2022 was 15.63% (2022: 7.33%).

39 (ii) Restricted cash

	Group		
	31 Dec 2023	31 Dec 2022	1 Jan 2022
	Shs'000	Shs'000	Shs'000
Restricted cash	216,417	64,140	185,203

Cash and cash equivalents of Shs 216,417,000 (2022: Shs 64,140,000) represents restricted cash in Britam Insurance Company Limited (South Sudan) and Britam Insurance Company Limited (Uganda). Under Section 9(j) of the Bank of South Sudan Act, Britam South Sudan is required to maintain a security deposit with the Bank of South Sudan equivalent to at least 10% of the prescribed minimum paid up capital. Under section 38 of the Uganda Insurance Act 2017, Britam Insurance Company Limited (Uganda) is required to maintain 10% of the paid up capital.

40. Provisions and other payables

	Group			Company	
	2023	2022	1 January 2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Accrued expenses	2,188,054	1,650,803	2,262,225	424,915	448,252
Premiums paid in advance	117,311	239,898	357,018	-	-
Accrued dividends payable	38,256	3,824	20,711	912	3,824
Trade payables	602,172	399,919	503,696	-	-
Government taxes & statutory deductions	406,437	446,630	346,121	23,909	20,875
Other liabilities	1,301,064	1,367,914	1,353,108	16,526	3,012
Provision for investment losses	1,523,481	978,148	7,316,530	1,523,481	906,685
Total provisions and other payables	6,176,775	5,087,136	12,159,409	1,989,743	1,382,648

There are no individually significant items under other liabilities category which include commission payable, accounts payable, refundable deposits among others.

The provision for investment losses reflects the estimated present obligation for financial support that may be required to resolve any asset-liability mismatch in the Special Fixed Income Fund, occasioned by the Fund's past operations. As a result of the shifting macro-economic fundamentals characterized by rising interest rates and guided by prudence, Britam Holding Plc made an additional provision, in the current year, of Shs 656,796,000 (2022: Shs Nil). The Britam Special Fixed Income Fund is a fund managed by Britam Asset Managers (Kenya) Limited, which is a fully owned subsidiary of Britam Holdings Plc, with the the holding company undertaking to step in, should the need arise, as the fund is restructured.

The asset-liability provision mismatch was computed as the present value of the future cash outflows expected using a discount rate of 21% (2022: 21.5%) determined as the Company's cost of capital. A fund growth rate of 19.35% (2022: 35%) was applied. In the view of the directors, the assumptions used are appropriate and the resultant provision is reasonable.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the provision to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the provision after positive shift Shs'000	Change in the provision after negative shift Shs'000
Fund growth rate	19.35%	5%	(165,854)	442,091
Discount rate	21%	1%	(58,655)	59,776

41 Cash generated from/ (used in) operations

Reconciliation of profit before tax to cash generated from/ (used in) operations:

	Group		Company	
	2023 Shs'000	2022 Shs'000	2023 Shs'000	2022 Shs'000
Profit before income tax	4,819,495	2,921,402	(525,957)	(694,855)
Adjustments for:				
Depreciation of leasehold improvements and Equipment (Note 22)	178,990	182,039	36,236	35,867
Depreciation of right of use asset (Note 24(i))	172,295	166,535	26,738	33,211
Amortisation of intangible assets (Note 23)	337,805	481,723	8,858	26,467
Net income/(loss) from investment properties (Note 7)	(644,449)	(643,237)	(28,956)	(17,777)
Derecognition of capital investment (Note 29(i))	-	35,013	-	-
Interest and dividend income (Note 8(ii))	(6,228,379)	(10,115,120)	(271,591)	(55,189)
Interest computed using effective interest method (Note 8(i))	(9,387,574)	(2,892,824)	(160,996)	(291,588)
Provision write back	-	-	(70,000)	-
Net fair value (loss)/gain on financial assets at fair value through profit or loss - designated (Note 9)	4,682,791	2,323,765	(257)	257
Lease remeasurement	-	9,547	-	-
Foreign exchange gains and losses, net	(348,711)	(27,307)	-	4,351
Gain on net monetary position	-	(307,658)	-	-
Share of profit/(loss) of the associate	(213,315)	2,760	(75,341)	(38,254)
Finance costs (Note 16)	247,135	272,917	168,168	218,617
Gain on disposal of fixed assets	5,792	(13,563)	-	(11,500)
Gain on IFRS 16 lease remeasurement	-	-	(13,949)	-
Provision for expected credit losses on cash and cash equivalents (Note 39(i))	11,821	935	133	(135)
Changes in:				
- Insurance contract assets	2,198	(2,198)	-	-
- Reinsurance contract assets	(619,554)	268,852	-	-
- Retirement benefit asset	(29,310)	(63,092)	-	-
- Receivable from related party	-	-	(200,754)	80,748
- Other receivables	(439,388)	(228,963)	141,978	(73,320)
- Insurance contract liabilities	15,511,861	11,867,759	-	-
- Reinsurance contract liabilities	429,182	(23,211)	-	-
- Payable to related party	-	-	110,175	110,932
- Other payable	1,089,645	(6,876,287)	607,383	(6,096,046)
- Restricted cash	(152,277)	121,063	-	-
Cash generated from/(used in) operations	9,426,053	(2,539,150)	(248,132)	(6,768,214)

42 Retirement benefit asset - Group

The Company 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 Company. Members currently contribute 7.5% of pensionable earnings. Effective January 1, 2006, the Company established a defined contribution section as a supplementary scheme to the existing plan. Existing members were given the irrevocable option of either (a) remaining in the defined benefit section and continuing to accrue benefits, or (b) participating in the defined contribution section with effect from January 1, 2006, and relinquishing prior defined benefit entitlement in return for a "conversion value" transferred from the defined benefit section into the defined contribution section.

In October 2010, the two sections were separated into two independent plans, each with its own Trust Deed and Rules, and each holding a separate deposit administration policy issued by the Company. The actuarial results presented relate only to the defined benefit plan.

The defined benefit plan provides a retirement benefit on attaining age 60 based on 2% of final average pensionable earnings for each year of service while a member of the plan. Similarly calculated benefits are provided on withdrawal, death in service and disability. Company contributions to the plan are normally determined as those required to provide all promised benefits over the long term. In compliance with the Retirements Benefits (Minimum Funding Level and Winding up of Schemes) Regulations, 2000 (Rev. 2010), the Company operated a Remedial Plan designed to restore a 100% funding ratio by the end of 2016. This was achieved, and the funding level is reviewed annually. Plan liabilities and costs are established by independent actuaries using the Projected Unit Credit Method. The plan is fully valued at least every two years.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period to which they apply. The significant risks to which the Company is exposed through the operation of its defined benefit plan are asset mismatching risk, funding risk and pensioner longevity risk.

Asset Mismatching Risk

Asset mismatching occurs because investment earnings on the plan's principal asset derive from the declared rate on the deposit administration policy; this rate is declared annually by the Company based on the investment performance for the year of the pooled funds supporting its deposit administration portfolio. The liabilities are long-term in nature, comprising the expected future outflow of benefits, and the discount rate used to value them is based on the yield on low-risk or risk-free bonds for a term commensurate with their duration (12 to 13 years). Consequently, as long-term yields rise and fall, the present value of the liabilities will fall and rise, but the change in value of the assets will only reflect the one-year declared rate.

Funding Risk

Funding risk occurs because although the Remedial Plan restored a 100% funding ratio by the end of 2016, it was based on assumptions such as future investment yields, salary growth and members' options which may not be borne out in reality. To the extent that such assumptions emerge detrimentally to the remedial plan, the Company's contribution requirements will increase, possibly dramatically as the time horizon shortens.

Longevity Risk

Pensioner longevity risk reflects the fact that the liability for pensions in payment is based on assumptions as to the future mortality of present and future pensioners and their contingent beneficiaries. A longer emerging life expectancy than that implied by the mortality tables currently in use will create a plan deficit over time. The plan's pensioner population is too small to develop plan-specific mortality assumptions. The Company provides annual paid leave, the cost of which is expensed as incurred. The lack of a provision for future costs in accordance with IAS 19 is not considered to have a material impact.

42 Retirement benefit asset - Group (continued)

The amounts recognised in the statement of financial position are determined as follows: -

	31 Dec 2023	31 Dec 2022	1 Jan 2022
	Shs'000	Shs'000	Shs'000
Present value of funded obligations	(379,120)	(420,561)	(500,167)
Fair value of plan assets	669,839	686,115	710,590
Asset ceiling adjustment (10% of Present Value of funded obligations)	(37,912)	(42,056)	(50,017)
Asset in the statement of financial position	252,807	223,498	160,406

The movement in the defined benefit obligation over the year was as follows:

	2023	2022
	Shs'000	Shs'000
At 1 January	420,561	500,167
Current service cost	-	-
Interest cost	60,726	64,119
Impact of change in financial assumptions	(39,512)	(36,176)
Experience adjustments	1,177	(31,452)
Benefits paid	(63,832)	(76,097)
At 31 December	379,120	420,561

The movement in the fair value of the plan assets is as follows:

	2023	2022
	Shs'000	Shs'000
At 1 January	686,115	710,590
Interest income	102,039	93,177
Re-measurements:		
Return on plan assets	(52,186)	(39,567)
Employer contributions	-	-
Employee contributions	-	-
Expenses paid	(2,297)	(1,988)
Benefits paid	(63,832)	(76,097)
At 31 December	669,839	686,115

The amounts recognised in the statement of profit or loss for the year are as follows:

	2023	2022
	Shs'000	Shs'000
Current service cost	-	-
Interest income	(41,313)	(29,058)
Contributions received from members	-	-
Expenses paid	2,297	1,988
Total included in employee benefit expense (Note 9)	(39,016)	(27,070)

The amounts recognised in other comprehensive income for the year are as follows:

	2023	2022
	Shs'000	Shs'000
Gain/(loss) on pension benefit obligations	38,335	67,628
Loss on pension benefit assets	(52,186)	(39,567)
Asset ceiling adjustment (10% of present value of funded obligations)	4,144	7,962
Amounts recognised through other comprehensive income	(9,707)	36,023

43 Weighted average effective interest rates

The following table summarises the weighted average effective interest rates at the year-end on the principal interest-bearing investments:

	GROUP	
	2023	2022
Mortgage loans	8.22%	8.68%
Government securities	12.74%	12.69%
Deposits with financial institutions	15.63%	9.44%

Deposits with financial institutions have an average maturity of 3 months (2022: 3 months).

44 Commitments and contingencies

(i) Capital commitments

The Group's capital commitments were as follows:

	Group	
	2023 Shs'000	2022 Shs'000
Investment properties	25,453	109,949
Investment in information technology software	293,528	230,056

(ii) Contingent liabilities

(i) Litigation

In common with the insurance industry in general, the Group's insurance subsidiaries are subject to litigation arising in the normal course of insurance business. The Directors are of the opinion that the outcome of the various ongoing legal cases will not have a material effect on the financial position or profits of the Group.

(ii) Taxes

The Group entities have outstanding matters with tax authorities as a result of an assessment carried out in 2022 and 2023 in the following countries; Tanzania, Malawi and Uganda. The Directors have assessed the status of the contingent liabilities and as a result do not anticipate any material changes from the amounts already provided for in these financial statements.

(iii) Claims

In common with the insurance industry in general, the Group's insurance subsidiaries are subject to claims arising in the normal course of insurance business. As disclosed in Note 2 (d) (ii), the Group, through the help of its actuaries, estimates reserves for the possible impact of unreported claims and claims handling expenses. This reduces the risk of any significant outflows relating to these that would have had a significant on these financial statements.

45 Related party transactions and balances

The Group is controlled by Britam Holdings Plc incorporated in Kenya being the ultimate parent. There are other companies that are related to Britam Holdings Plc through common shareholdings or common directorships.

The following arrangements exist and form the basis of various transactions within the Group.

(i) Transactions with subsidiaries

The Group has a controlling interest in various entities as disclosed under Note 26(ii). Information on the contact details and places of operation has been included under "Corporate information". The nature of services provided by these entities are summarised below: -

Subsidiary	Date of incorporation	Date operations commenced	Licensed Business	Principal Regulator
Britam Life Assurance Company (Kenya) Limited	1979	1979	Life assurance business	Insurance Regulatory Authority, Kenya
Britam General Insurance Company (Kenya) Limited	2015	2016	Non-life insurance business	Insurance Regulatory Authority, Kenya
Britam Micro Insurance Company (Kenya) Limited	2023	Licensing ongoing	Non-life micro insurance business	Insurance Regulatory Authority, Kenya

45 Related party transactions and balances (continued)

(i) Transactions with subsidiaries (continued)

Subsidiary	Date of incorporation	Date operations commenced	Licensed Business	Principal Regulator
Britam Insurance Company (Uganda) Limited	2010	2010	Life and Non-life insurance business	Uganda Insurance Commission
Britam Insurance Company Limited (South Sudan)	2012	2012	Life and Non-life insurance business	Bank of South Sudan
Britam Insurance Company (Rwanda) Limited	2014	2014	Non-life insurance business	National Bank of Rwanda
Britam - Companhia De Seguros De Mozambique S.A	2010	2010	Non-life insurance business	Institute of Insurance Supervision of Mozambique
Britam Insurance Company (Tanzania) Limited	1998	1998	Non-life insurance business	Tanzania Insurance Regulatory Authority
Britam Insurance Company Limited (Malawi)	2007	1959	Non-life insurance business	Reserve Bank of Malawi
Britam Asset Managers (Kenya) Limited	2004	2004	Investment advisory and fund management services	Capital Markets Authority & Retirement Benefits Authority, Kenya
Britam Properties (Kenya) Limited	2012	2014	Not applicable	Not applicable
Britam Asset Managers (Uganda) Limited	2012	2017	Fund management services	Capital Markets Authority, Uganda

(a) Transactions in the normal course of business

There are transactions in the normal course of business between the Company and its subsidiaries or among the subsidiaries. Outstanding balances as at the end of each month attract interest at a rate of 11% (2022: 11%) per annum.

Transactions with subsidiaries outside Kenya are governed by the Group's transfer pricing policy with respect to applicable rate and commencement of sharing costs and where applicable are invoiced at a 5% mark – up

(i) Outstanding balances with subsidiaries

Due to related parties – Company

	2023	2022
	Shs'000	Shs'000
Britam Life Assurance Company (Kenya) Limited	80,339	135,307
Britam General Insurance Company (Kenya) Limited	17,444	5,159
Britam Asset Managers Company (Kenya) Limited	6,056	59,517
Britam Tower LLP	224,931	-
Total	328,770	199,983

Due from related parties – Company

Britam insurance Company (Malawi) Ltd	69,608	36,507
Britam insurance Company (Uganda) Ltd	9,919	748
Britam insurance Company Ltd (South Sudan)	5,421	5,797
Britam insurance Company (Rwanda) Ltd	14,176	14,169
Britam Properties Company (Kenya) Ltd	339,785	338,732
Britam Companhia De Seguros De Mozambique S.A	157,735	132,172
Britam insurance Company (Tanzania) Ltd	55,356	43,216
Britam Asset Managers Company Ltd (Uganda)	5,586	632
Total	657,585	571,974
Less: Provision for expected credit losses	(329,300)	(366,630)
Total	328,285	205,344
Movement in provision expected credit losses		
At 1 January	366,630	367,102
Increase	(37,330)	(472)
At 31 December	329,300	366,630

45 Related party transactions and balances (continued)

The related party receivables and payables are carried at amortised cost.

Company

	2023	2022
	Shs'000	Shs'000
Dividends received from subsidiaries	261,198	50,350

(i) Transactions with related banks

a) Investment information

The group disposed shareholding in Equity Group Holdings Plc in 2022. Fair value gain relating to the disposal of the EGH shares held through profit or loss totalled to Shs 31,179,000 while the gain of those held through other comprehensive income totalled Shs 28,122,000.

The Group holds 48.22% (2022: 48.22%) of the ordinary shares of HF Group Plc and 100% ownership interest in Kilimani Hotel Suites Limited (KHSL) which are accounted for as associates as disclosed in Note 25. Details relating to the Group's share of profits and share of other comprehensive income have been disclosed in that note.

b) Business relationships

Various group entities transact business with HF Bank (a wholly owned subsidiary of HF Group Plc).

	2023	2022
	Shs'000	Shs'000
Gross earned premiums		
HF Bank	218,071	117,132
Net claims incurred		
HF Bank	31,413	58,397

c) Outstanding balances

The table below discloses the net balances due from HF Bank resulting from the business transacted and Tier II Capital loan advanced:

	2023	2022
	Shs'000	Shs'000
HF Bank	7,577	9,964
HF Bank (Tier II Capital Loan)	1,050,269	1,043,034
Total	1,057,846	1,052,998

d) Banking relationships

The group carries out normal banking transactions with HF Bank (a wholly owned subsidiary of HF Group Plc) which are related parties. The balances held at 31 December were as below:

	2023	2022
	Shs'000	Shs'000
HF Bank	43,034	349,614
Total	43,034	349,614

45 Related party transactions and balances (continued)

(i) Mortgage loans to Directors of the Group

	2023	2022
	Shs'000	Shs'000
Loans to Directors		
At start of year	84,755	94,374
Interest charge for the year	889	7,719
Director exits	(33,320)	-
Loan repayments	(8,024)	(17,338)
At end of year	44,300	84,755

Mortgage loans are given to both executive and non- executive directors. The loans are fully secured and attract interest at 6% per annum (2022: 6% per annum) for executive directors and at 14.5% per annum (2022: 14.5% per annum) for non-executive Directors.

(ii) Directors' emoluments

	Group		Company	
	2023	2022	2023	2022
	Shs'000	Shs'000	Shs'000	Shs'000
Directors' fees	123,984	101,065	38,340	34,518
Salaries and other benefits	93,819	13,625	93,819	13,625
Total	217,803	114,690	132,159	48,143

The above relates to payments made to both executive and non-executive directors.

(iii) Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the entity. The compensation paid or payable to key management for employment services is shown below:

	Group	
	2023	2022
	Shs'000	Shs'000
Salaries and other short-term employment benefits	360,877	300,939
Retirement benefits costs		
- defined contribution scheme	38,017	17,570
- Other benefits	26,778	40,969
Total	425,672	359,478

(iv) Transactions with other related parties

The Group has also invested Shs 10,725,301,000 (2022: Shs 7,323,519,000) in the various British-American unit trust funds.

(v) Loans from shareholders

There were no loans from shareholders outstanding at 31 December 2023 (2022: Nil).

46 Risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including underwriting risk, liquidity risk, credit risk and the effects of changes in debt and equity market prices, foreign exchange risk and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Group's risk management policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Further, the internal audit function helps to monitor that these policies are followed.

(a) Insurance risk - Group

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The following tables disclose the concentration of insurance risk by the class of business in which the contract holder operates analysed by the maximum insured loss limit included in the terms of the policy (gross and net of reinsurance).

46 Risk management objectives and policies (continued)

Insurance risk – Group (continued)

Year ended 31 December 2023

Class of business		Shs Millions	Maximum insured loss			Total
			0 – 15	15 - 250	Over 250	
			Shs'000	Shs'000	Shs'000	Shs'000
Non life Insurance business – Sum assured	Gross		135,983,856	399,351,602	4,439,588,368	4,974,923,826
	Net		130,017,593	348,274,840	1,121,817,811	1,600,110,244
Life term business	Life Savings	Gross	239,040,360	7,158,901	-	246,199,261
		Net	228,428,310	2,305,000	-	230,733,310
	Life risk	Gross	296,913,329	39,408,556	215,732,929	552,054,814
		Net	294,588,271	15,661,085	85,364,642	395,613,998
	Investments with DPF	Gross	2,936,961	-	-	2,936,961
		Net	2,824,361	-	-	2,824,361
Total		Gross	674,874,506	445,919,059	4,655,321,297	5,776,114,862
		Net	655,858,535	366,240,925	1,207,182,453	2,229,281,913

Year ended 31 December 2022

Class of business		Shs Millions	Maximum insured loss			Total
			0 – 15	15 - 250	Over 250	
			Shs'000	Shs'000	Shs'000	Shs'000
Non life Insurance business – Sum assured	Gross		119,515,910	373,498,076	3,338,472,779	3,831,486,765
	Net		113,643,085	326,928,223	612,626,335	1,053,197,643
Life business	Life savings	Gross	231,388,009	5,201,191	-	236,589,200
		Net	230,971,926	1,860,000	-	232,831,926
	Life risk	Gross	296,913,329	39,408,556	215,732,929	552,054,814
		Net	294,388,280	15,664,086	85,464,645	395,517,011
Investments with DPF	Gross	11,829,127	-	-	11,829,127	
	Net	11,875,557	-	-	11,875,557	
Total		Gross	659,646,375	418,107,823	3,554,205,708	4,631,959,906
		Net	650,878,848	344,452,309	698,090,980	1,693,422,137

46 Risk management objectives and policies (continued)

(a) Credit risk - Group and Company

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is an important risk for the Company's business. Management therefore carefully manages the exposure to credit risk by:

- Developing and maintaining processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting, assessment and measurement process that provide it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. The exposure to any one borrower is further restricted by sub-limits. Actual exposures against limits are monitored regularly. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate, and personal guarantees.

The credit quality of financial assets is assessed by reference to external credit ratings if available or internally generated information about counterparty default rates. None of the Group's credit risk counterparties are rated except the Government of Kenya, the issuer of the Group's government securities which has B+ rating and the reinsurance companies from whom reinsurance balances are due. The Company classifies counterparties without an external credit rating as below:

- Group 1 - new customers/related parties.
- Group 2 - existing customers/related parties with no defaults in the past.
- Group 3 - existing customers/related parties with some defaults in the past.

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Maximum exposure to credit risk before collateral held

Group

Assets	Note	External credit rating	Internal Credit rating	12-month or lifetime ECL	2023	2022
					Shs'000	Shs'000
Government securities held at amortised cost	32(i)	B+	-	12 months	67,523,216	56,093,764
Corporate bonds held at amortised cost	32(ii)	B	-	12 months	1,050,269	1,043,035
Government securities at fair value	31(i)	B+	-	12 months	46,000,195	42,962,242
Unit trusts	31(iii)	-	Group 2	12 months	10,725,301	7,323,519
Mortgage loans and receivables	33	-	Group 2	12 months	1,129,886	1,150,370
Other receivables (excluding prepayments)	38	-	Group 2	Mix of both life time & 12 months	2,841,388	2,371,159
Deposits with financial institutions	39(i)	-	Group 2	12 months	9,564,794	6,395,013
Cash and bank balances (excluding cash in hand)	39(i)	-	Group 2	12 months	1,201,909	1,734,568
Total					140,036,958	119,073,670

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

As shown above, 69% of the total maximum exposure is derived from government securities (2022: 79%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

Mortgage loans are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees. Policy loans are secured by the surrender value of the policies. The fair values of collateral held for mortgages amounted to Shs 1,923,344,000 (2022: Shs 2,492,215,000). In case of default the collateral would be realised thereby reducing the Group's credit risk. There were no changes in the quality of the collaterals.

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Maximum exposure to credit risk before collateral held

Company

Assets	Notes	External credit rating	Internal Credit rating	12-month or lifetime ECL	2023	2022
					Shs'000	Shs'000
Corporate bonds held at amortised cost	32(ii)	B	-	12 months	1,023,742	1,020,480
Receivables from related parties	45(i)	-	Group 2	12 months	328,285	205,344
Other receivables (excluding prepayments)	38	-	Group 2	Mix of both life time & 12 months	493,777	538,526
Deposits with financial institutions	39(i)	-	Group 2	12 months	39,360	156,546
Cash and bank balances (excluding cash in hand)	39(i)	-	Group 2	12 months	22,191	15,058
Total					1,907,355	1,935,954

The above table represents a worst case scenario of credit risk exposure to the Company at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

As shown above, 53% of the total maximum exposure is derived from corporate bonds (2022: 52%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

(c) Significant increase in credit risk

As explained in Note 2 m (iv), the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include qualitative and quantitative reasonable and supportable forward looking information as shown in the table below

The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises per type of asset the range above which an increase in credit quality is determined to be significant, as well as some indicative qualitative indicators assessed.

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Cash at bank and deposits with financial institutions	Downgrade to tie four	Increase in non-performing loans, High Loan Concentration credit rating downgrade, material adverse mention or investigation, change in bank tier, negative change in debt ratios, debt covenant breach, regulator actions among others.
Government securities	Downgrade from investment grade to non-investment grade as per the external ratings	Credit rating downgrade, adverse political instability, military coup / attempt / civil turmoil, hyper inflationary trajectory, external war, significant fall in tax collection rates, significant natural disaster events, warnings from Bretton Woods Institutions, debt restructure, currency devaluation, unemployment rate growth among others.
Corporate debt	Default in contractual cashflows	Credit rating downgrades, significant adverse political turmoil in country of major operations, significant fall in revenue collection, significant natural disaster events, debt restructure, material Adverse change (Change in business model; significant change in priority staff), significant court process interference on business model, insolvency, government agency takeover, financial covenant breach, material representation inaccuracy or warranty breach, material adverse mention, investigation among others.
Equities - dividend income	Default in contractual cashflows	Company closure, default on debt, credit rating downgrade, adverse material mention, change in balance sheet debt composition, debt covenant breach, adverse change in business model, company insolvency among others.
Staff/ Non staff loans	Default in contractual cashflows	Listing on credit reference bureau, inability to service debt, loss of income, death, permanent disability, imprisonment, number of months in arrears among others.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Company performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The Group continuously monitors changes in the probability of default and loss given ratios to assess changes in credit risk on investment assets. If the probability of default and the loss given ratio had increased/decreased by 10% as at 31 December 2023 with all other variables held constant, the impact on the ECL would be as below.

Group

Asset Type (Shs '000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	815	(815)
Deposits with financial institutions	(12,720)	12,720
Government Securities at amortized cost	30,155	(30,155)
Corporate bonds at amortised cost	898	(898)
Loans and receivables from related parties	-	-
Mortgage loans receivables	258	(258)
Other receivables	(17,699)	17,699
Total	1,707	(1,707)

Company

Asset Type (Shs '000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	-	-
Deposits with financial institutions	1	(1)
Government securities at amortized cost	3	(3)
Corporate bonds at amortised cost	3,114	(3,114)
Loans and receivables from related parties	32,929	(32,929)
Other receivables	11,586	(11,586)
Total	47,633	(47,633)

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from any collateral. The LGD models for secured assets consider collateral valuation.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. The Company's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the exposure that are permitted by the current contractual terms. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Asset type; and
- Intermediary;

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Stages of credit quality and expected credit loss measurement

The Group evaluates financial instruments based on their credit characteristics and assesses any changes in credit risk since origination before grouping them into stages. The groupings are reviewed and updated on a regular basis. The table below shows the staging criteria applied across financial assets.

Stage 1	Stage 2	Stage 3
Performing	Underperforming	Non-Performing
No significant change in credit risk since initial recognition.	Significant increase in Credit risk since initiation. No Objective evidence of impairment	Financial instruments that have deteriorated significantly in credit quality since initial recognition. Credit impairment evident

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Impairment and provisioning policies

The loss allowance recognised in the period is impacted by a variety of factors as follows:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent “step up” or “step down” between 12-month and lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Britam uses a scoring methodology to come up with asset ECLs. The table provide details of the key principles applied over each asset class that is in scope.

Financial asset	Description	Key principles applied
Cash and bank balances	Cash assets have been defined as cash in bank, on hand or in other accounts. These excludes liquid deposits held with financial institutions	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Deposits with financial institutions	Deposits with financial institutions are cash transfers to financial institutions for the purposes of a term investment during which the principal can be redeemed with interest earned at the call of the investor. This will exclude any cash in a bank account that is earning interest on existing balances	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Corporate debt at amortised cost	This is secured or unsecured short term or long term debt issued by a corporation.	Britam utilizes a scoring methodology while reviewing corporate debt credit risk that evaluates the financial health of the issuer and the issue covenants. These scores are then adjusted with a macroeconomic factor.
Government Securities	This is secured or unsecured short term or long term debt issued by a sovereign Government	Britam utilizes a scoring methodology while reviewing sovereign debt credit risk. The scores are adjusted for credit risk ratings and a macro economic outlook adjustment.
Other receivables	These are all other receivables that are neither investment assets nor insurance receivable	These are each assessed individually based on the unique factors that include the nature, aging, collateral to determine a loss rate adjusted with a macroeconomic factor

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

Impairment and provisioning policies

The Group has determined the level of risk as below

Financial asset	Credit risk attributes
Cash and bank balances Deposits with financial institutions	<p>There has been no significant increase in credit risk as:</p> <ul style="list-style-type: none"> · All cash is held with financial institutions with low risk of default. · The cash is accessible whenever needed or on maturity of the deposits · There are no adverse economic changes expected to impact the banks' ability to meet the obligations when they fall due
Government securities	<p>There has been no significant increase in credit risk as:</p> <ul style="list-style-type: none"> · All government paper is with the Government of Kenya with low risk of default · The Government is able to its obligations i.e. coupons and redemptions when they fall due · There are no adverse economic changes expected to impact the ability of the Government to meet its obligations when they fall due
Mortgage loans receivables	<p>There has been no significant increase in credit risk as:</p> <ul style="list-style-type: none"> · All loans are secured on the mortgaged property (land and building) thus low risk of default · The collateral value covers the outstanding obligations · There are no adverse economic changes expected to impact the value of the collateral or ability of the borrowers to meet their obligations · The loan is covered through a credit life insurance cover on the borrower
Corporate bonds at amortised cost	<p>These items are assessed to at each reporting date based on their respective external credit ratings where available and other financial and non-financial information.</p>
Loans and receivables from related parties	<p>Assessed as low credit risk</p> <ul style="list-style-type: none"> · All related parties are under the control of the same Group with low risk of default · There are no adverse economic changes expected to impact the ability of the group companies to meet their obligations
Other receivables	<p>Incorporates different counterparties including staff, agents and others all of which are assessed independently. The simplified approach has been applied.</p>

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

The following tables explain the changes in the loss allowance in the year:

General approach

The Group applies the general approach to compute the loss allowance for the following assets:

- Cash and bank balances
- Deposits with financial institutions
- Corporate debt at amortised cost
- Government Securities at amortised cost
- Mortgage
- Loans and receivables from related parties
- Other receivables

	Group				Company			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2022	105,059	142,559	227,261	474,879	30,352	65,151	415,373	510,876
Net staging transfers	-	-	-	-				
Changes in PDs/ LGDs/EADs	23,968	10,393	16,335	50,696	1,771	-	-	1,771
Net charge to profit or loss in the year	23,968	10,393	16,335	50,696	1,771	-	-	1,771
At 31 December 2022	129,027	152,952	243,596	525,575	32,123	65,151	415,373	512,647
Net staging transfers	-	-	-	-				
Changes in PDs/ LGDs/EADs	543	1,164	-	1,707	6,966	-	(38,426)	(31,460)
Net charge to profit or loss in the year	543	1,164	-	1,707	6,966	-	(38,426)	(31,460)
At 31 December 2023	129,570	154,116	243,596	527,282	39,089	65,151	376,947	481,187

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Group

	Cash and bank balances	Deposits with financial institutions	Government securities at amortised cost	Corporate bonds at amortised cost	Mortgage loans receivable	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Balance as at 1 January 2022	16,213	120,579	1,790	31,044	57,493	247,760	474,879
Changes in PDs/LGDs/EADs	-	935	10,820	36	(2,255)	41,160	50,696
New financial assets originated/purchased							-
Net charge to profit or loss in the year	-	935	10,820	36	(2,255)	41,160	50,696
Other movements with no profit or loss impact:							-
Write-offs	-	-	-	-	-	-	-
Balance as at 31 December 2022	16,213	121,514	12,610	31,080	55,238	288,920	525,575
Changes in PDs/LGDs/EADs	815	(12,720)	30,155	898	258	(17,699)	1,707
New financial assets originated or purchased							-
Net charge to profit or loss in the year	815	(12,720)	30,155	898	258	(17,699)	1,707
Other movements with no profit or loss impact:							-
Write-offs	-	-	-	-	-	-	-
Balance as at 31 December 2023	17,028	108,794	42,765	31,978	55,496	271,221	527,282

46 Risk management objectives and policies (continued)

(b) Credit risk- Group and Company (continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Company

	Cash and bank balances	Deposits with financial institutions	Government Securities	Corporate bonds at amortised cost	Loans and receivables from related parties	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Balance as at 1 January 2022	2	7	30,344	-	367,091	113,432	510,876
Net staging transfers							
Changes in PDs/LGDs/EADs	(1)	136	(30,344)	30,380	(472)	2,072	1,771
New financial assets originated or purchased	-	-	-	-	-	-	-
Net charge to profit or loss in the year	(1)	136	(30,344)	30,380	(472)	2,072	1,771
Other movements with no profit or loss impact:							
Write-offs			-				
Balance as at 31 December 2022	1	143	-	30,380	366,619	115,504	512,647
Net staging transfers							
Changes in PDs/LGDs/EADs	2	(135)	35	758	(37,330)	5,210	(31,460)
New financial assets originated or purchased							-
Net charge to profit or loss in the year	2	(135)	35	758	(37,330)	5,210	(31,460)
Other movements with no profit or loss impact:							-
Write-offs							
Balance as at 31 December 2023	3	8	35	31,138	329,289	120,714	481,187

46 Risk management objectives and policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group, though solvent either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can secure them only at excessive costs. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its

liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities and bank deposits.

The Group is exposed to daily calls on its available cash resources from maturing policies, claims and calls on cash settled contingencies. The investments and treasury department monitors liquidity on a daily basis.

The table below presents the cash flows payable by the Group under liabilities by the remaining contractual maturities (other than insurance and investment contract liabilities which are based on expected maturities) at the reporting date.

31 December 2023	Carrying	0-3	4-12	1-5	Over 5	Total
	Values	Months	Months	Years	Years	
Liabilities	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Insurance contract liabilities	136,911,439	1,776,062	6,471,694	240,195,719	229,349,885	477,793,360
Reinsurance contract liabilities	561,024	57,224	161,152	517,035	42,179	777,590
Borrowings	2,581,068	80,725	1,000,000	1,300,344	-	2,881,069
Lease liability	632,186	27,688	183,065	521,433	-	732,186
Provisions and other payables	6,176,775	-	4,586,174	1,523,481	-	6,109,655
Total financial liabilities	146,862,492	1,941,699	12,402,085	244,058,012	229,392,064	488,293,860
31 December 2022	Carrying	0-3	4-12	1-5	Over 5	Total
	Values	Months	Months	Years	Years	
Liabilities	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Insurance contract liabilities	118,190,592	1,656,061	4,471,693	239,195,819	219,349,765	464,673,338
Reinsurance contract liabilities	131,841	29,456	7,895	349,023	3,489	389,863
Borrowings	2,540,223	39,919	1,218,069	1,554,304	-	2,812,292
Lease liability	672,066	79,449	280,490	435,490	76,551	871,980
Provisions and other payables	5,087,136	-	4,113,796	906,685	-	5,020,481
Total financial liabilities	126,621,858	1,804,885	10,091,943	242,441,321	219,429,805	473,767,954

All figures are in thousands of Kenya Shillings and are presented undiscounted.

Company

	Carrying	0 - 3	4 - 12	1-5	Totals
At 31 December 2023	Values	Months	Months	Years	
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities					
Borrowings	1,567,894	39,919	1,218,069	1,554,304	2,812,292
Lease liability	38,400	16,892	28,709	-	45,601
Provisions and other payables	1,922,618	357,790	141,347	1,523,481	2,022,618
Total financial liabilities	3,528,912	414,601	1,388,125	3,077,785	4,880,511
	Carrying	0 - 3	4-12	1-5	Totals
At 31 December 2022	Values	Months	Months	Years	
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities					
Borrowings	1,550,473	550,473	1,089,000	-	1,639,473
Lease liability	175,703	19,420	137,899	185,703	343,022
Provisions and other payables	1,382,648	448,252	27,711	906,685	1,382,648
Total financial liabilities	3,108,824	1,018,145	1,254,610	1,092,388	3,365,143

46 Risk management objectives and policies (continued)

The table below shows the liquidity surplus/(gap) assessed on the carrying values

(c) Liquidity risk (continued)

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	Carrying	Carrying	Carrying	Carrying
	values	values	values	values
Liabilities	Shs '000	Shs '000	Shs '000	Shs '000
Borrowings:				
- Bank loan	1,000,000	1,000,000	1,000,000	1,000,000
- Other borrowings	1,523,728	1,500,304	510,554	510,554
Interest payable	57,340	39,919	57,340	39,919
Lease liability	632,186	672,066	38,400	175,703
Provisions and other payables	6,109,655	5,020,481	1,922,618	1,382,648
Total financial liabilities	9,322,909	8,232,770	3,528,912	3,108,824
Assets held for managing liquidity risk				
Cash and cash equivalents	10,640,881	7,991,854	61,541	171,460
Financial assets at fair value	58,957,328	53,458,023	-	102,383
Financials assets at amortised cost	68,541,507	57,105,719	1,046,945	990,100
Other receivables	2,976,257	2,491,535	705,113	634,595
Total assets	141,115,973	121,047,131	1,813,599	1,898,538
Liquidity surplus/(gap)	131,793,064	112,814,361	(1,715,313)	(1,210,286)

(d) Market risk

(i) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either at fair value through profit or loss or fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

Management considers a movement of 15% on the Nairobi Securities Exchange (NSE index) reasonable due to the relative stability of the NSE over the years.

At 31 December 2023, if the Nairobi Securities Exchange (NSE) prices had changed by 15% (2022: 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 147,190,000 (2022: Shs 467,879,000) higher/lower, and the equity would have been Shs Nil (2022: Shs Nil) higher/lower.

The concentration on equities in general and on specific counters is closely monitored. As at 31 December 2023 and 31 December 2022, the group had no significant concentration in any specific counter.

46 Risk management objectives and policies (continued)

d) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow and interest rate risk as a result of holding interest bearing assets which comprise of quoted corporate bonds, mortgages, staff loans; inter-company loans, investment in liquid funds, government securities, fixed deposits with financial institutions and policy loans are all at fixed rate. Other assets; cash and interest earning bank balances are at floating rate. The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group manages its cash flow interest rate risk by ensuring that only minimum amounts necessary for running the business operations are kept as cash and bank balances.

At 31 December 2023, if interest rates on government securities classified as financial assets at fair value through profit and loss had been 1% higher/lower with all other variables held constant, post tax profit for the year would have been Shs 589,183,000 (2022: Shs 980,928,000) higher/lower mainly as a result of increase or decrease in the fair value of the government securities. The Company did not have a material exposure to interest rate risk in 2023 and 2022.

(iii) Foreign exchange risk

Group

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Ugandan shilling (UGX), Rwanda Franc (RWF), South Sudan pound (SSP), Malawi Kwacha (MWK), Mozambique Metical (MZN), US dollar (USD) and the UK pound (GBP). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Directors have set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The percentages applied for each of the currencies below have been selected based on the stability of the currencies in the various economies.

At 31 December 2023, if the UGX had strengthened/weakened by 5% (2022: 5%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 15,920,000 (2022: Shs 5,113,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of UGX denominated Net assets.

At 31 December 2023, if the RWF had strengthened/weakened by 5% (2023: 5%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 2,020,000 (2022: Shs 1,493,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RWF denominated trade receivables and payables.

At 31 December 2023, if the TZS had strengthened/weakened by 5% (2022: 5%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 1,779,000 (2022: Shs 10,527,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of TZS denominated trade receivables and payables.

At 31 December 2023, if the MWK had strengthened/weakened by 5% (2022: 5%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 6,090,000 (2022: Shs 3,837,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MWK denominated trade receivables and payables.

At 31 December 2023, if the MZN had strengthened/weakened by 5% (2022: 5%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 15,282,000 (2022: Shs 7,718,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MZN denominated trade receivables and payables.

At 31 December 2023, if the SSP had strengthened/weakened by 100% (2022: 100%) against the Kenya shillings with all other variables held constant, other comprehensive income and equity for the Group for the year would have been Shs 14,439,000 (2022: Shs 3,643,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SSP denominated net assets. The Group had no material exposure to the USD, Euro and GBP as of 31 December 2023 and 31 December 2022.

46 Risk management objectives and policies (continued)

(d) Market risk (continued)

(iii) Foreign exchange risk (continued)

Company

The Company did not have material exposure to foreign exchange risk.

(e) Capital management

The Group's objectives when managing capital, which is a broader concept than 'equity' on the statement of financial position, are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business;
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk; and
- To have sufficient capital to enable the Group subsidiaries comply with the capital requirements set by the various regulatory statutory acts in individual countries.

The Group's capital comprises share capital as disclosed on Note 16 (i) and the regulatory capital held in subsidiary companies. Management of each subsidiary monitors regulatory capital while the Business Planning Committee has the responsibility of allocating resources efficiently as well as ensuring these are aligned to the Groups risk appetite.

In addition to the capital requirements, the Group's insurance subsidiaries are subject to solvency requirements by Insurance Regulatory Authority in the case of Kenya and other regulatory bodies as disclosed in Note 53 for the other subsidiaries. These solvency requirements involve application of a formula that limits various assets by distribution of investment exposure to any single counter party, nature of asset etc and are established and revised from time to time

by the regulatory body. Solvency margin is the difference between the required solvency as per the regulators and the actual solvency of the business.

The status of the capital requirements as at 31 December are set out below for each regulated subsidiary.

i) Britam General Insurance Company (Kenya)Limited	2023		2022	
	Regulatory requirement Shs'000	Maintained by the Company Shs'000	Regulatory requirement Shs'000	Maintained by the Company Shs'000
Capital at 31 December	600,000	2,668,000	600,000	2,668,000
Solvency margin	1,848,390	3,350,729	1,848,390	2,805,272

ii) Britam Insurance Company (Uganda Limited	2023		2022	
	Regulatory requirement UGX '000	Maintained by the Company UGX'000	Regulatory requirement UGX'000	Maintained by the Company UGX '000
Short-term capital	6,000,000	14,360,000	6,000,000	14,360,000
Solvency margin	9,864,199	34,934,205	9,864,199	25,571,028

46 Risk management objectives and policies (continued)

(e) Capital management (continued)

iii) Britam Insurance Company Limited (South Sudan)	2023		2022	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	USD'000	USD'000	USD'000	USD'000
Capital at 31 December	4,500	4,500	4,500	4,500

iv) Britam Insurance Company (Rwanda) Limited	2023		2022	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Rwfs'000	Rwfs'000	Rwfs'000	Rwfs'000
Capital at 31 December	1,000,000	3,431,960	1,000,000	6,644,441
Solvency margin	500,000	2,122,318	500,000	1,027,781

v) Britam - Companhia De Seguros De Mozambique S.A.	2023		2022	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Mzns'000	Mzns'000	Mzns'000	Mzns'000
Capital at 31 December	97,000	300,907	97,000	300,907
Solvency margin	133,209	587,058	86,035	317,348

vi) Britam Insurance (Tanzania) Limited	2023		2022	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	TShs'000	TShs'000	TShs'000	TShs'000
Capital at 31 December	2,108,744	2,289,000	2,108,744	2,289,000
Solvency margin	3,898,289	6,729,798	3,210,767	3,325,018

vii) Britam Insurance Company Limited (Malawi)	2023		2022	
	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
	Mwks'000	Mwks'000	Mwks'000	Mwks'000
Capital at 31 December	750,000	1,864,343	750,000	1,864,343
Solvency margin	3,234,051	5,232,208	1,110,336	2,487,288

viii) Britam Life Assurance Company (Kenya) Limited	2023		2022	
	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	400,000	150,000	400,000
Solvency margin	6,366,694	7,063,112	5,439,694	8,409,386

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

46 Risk management objectives and policies (continued)

(e) Capital management (continued)

x) Britam Asset Managers (Kenya) Limited	2023		2022	
	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	288,500	10,000	80,000
Working capital at 31 December	14,023	29,507	8,810	74,932

The Capital Markets Authority requires that the Company maintain a working capital which should not fall below the higher of 20% of the required minimum share capital of Shs 10 million or 3 times the average monthly operating costs. The amount reflected above is thus computed based on 3 times the average monthly operating costs.

(e) Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 December 2023 and 2022:

Group 2023		Level 1	Level 2	Level 3	Total
Assets	Note	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair value through profit or loss - designated					
- Quoted ordinary shares	31	2,156,902	-	-	2,156,902
- Unquoted ordinary shares	31	-	-	74,929	74,929
- Government securities	31	-	46,000,195	-	46,000,195
- Unit trusts	31	-	10,725,301	-	10,725,301
Property and equipment – building (Note 21)	21	-	-	777,035	777,035
Investment property	29(i)	-	-	15,992,881	15,992,881
Total assets		2,156,902	56,725,496	16,844,845	75,727,243

Group 2022		Level 1	Level 2	Level 3	Total
Assets	Note	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair value through profit or loss - designated					
- Quoted ordinary shares	31	3,122,089	-	-	3,122,089
- Unquoted ordinary shares	31	-	-	50,175	50,175
- Government securities	31	-	42,962,242	-	42,962,242
- Unit trusts	31	-	7,323,519	-	7,323,519
Property and equipment – building (Note 21)	21	-	-	704,264	704,264
Investment property	29(i)	-	-	15,785,792	15,785,792
Total assets		3,122,089	50,285,761	16,540,231	69,948,081

There were no transfers between Levels 1, 2 and 3 during the year.

46 Risk management objectives and policies (continued)

(e) Fair value estimation (continued)

Company 2023		Level 1	Level 2	Level 3	Total
Assets	Notes	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair value through profit or loss - designated					
Investment property	29(i)	-	-	80,000	80,000
Investment in property funds	29(ii)	-	-	2,100,442	2,100,442
Total assets				2,180,442	2,180,442

Company 2022		Level 1	Level 2	Level 3	Total
Assets	Notes	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair value through profit or loss - designated					
- Government securities	31(i)	-	102,383	-	102,383
Investment in property funds	29(ii)	-	-	2,095,016	2,095,016
Total assets		-	102,383	2,095,016	2,197,399

There were no transfers between levels 1, 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

Instruments included in Level 1 comprise primarily NSE equity investments classified as at fair value through profit or loss or at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, government bonds and investments in unit trusts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices
- The fair value of government securities is based on a yield curve which is based on trades of equivalent bonds in the Nairobi stock exchange.
- The fair value of unit trusts is based on the computed net share in each fund which is based on applying the market value of underlying investments to units held.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group had Level 3 financial instruments (unquoted stock) amounting to Shs 74,929,000 as at 31 December 2023 (2022: Shs 50,175,000). The unlisted equity investment relates to Uganda Re and TanRe that are held by Britam Insurance Company (Uganda) Limited and Britam Insurance Company (Tanzania) Limited respectively are carried at fair value.

46 Risk management objectives and policies (continued)

(e) Fair value estimation (continued)

The relationship between the subsidiaries and the investee entities is at arm's length. The subsidiaries do not intend to dispose of this investment in the foreseeable future.

The following table presents the changes in Level 3 instruments for the year ended 31 December.

Level 3 unquoted stock

	Group	
	2023	2022
	Shs '000	Shs '000
At start of year	50,175	46,617
Additions	186	1,259
Translation gain/(loss)	24,568	2,299
At end of year	74,929	50,175

There were no transfers in and out of level 3.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. For the unquoted ordinary shares carried by the Group in December 2023 and 2022.

Type	Valuation Technique	Significant unobservable inputs
Equity securities (Unquoted)	Comparable/relative valuation: The method involves using multiples of price per share/book value of equity per share of comparable Companies.	The valuation is based on net asset

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

Group	Notes	Fair value Level	2023		2022	
			Carrying amounts at amortised	Fair value	Carrying amounts at amortised	Fair value
			Shs '000	Shs '000	Shs '000	Shs '000
Assets						
Government securities	32(i)	Level 2	67,523,216	57,899,001	56,106,374	52,174,627
Corporate bonds	32(ii)	Level 2	1,018,291	1,018,291	1,011,955	1,011,955
Mortgage loans and receivables	33	Level 2	1,129,886	1,129,886	1,150,370	1,150,370
Other receivables	38	Level 2	2,976,257	2,976,257	2,491,535	2,165,042
Total assets			72,647,650	63,023,435	60,760,234	56,501,994
Liabilities						
Borrowings						
-Bank loan	16(i)	Level 2	1,000,000	1,000,000	1,000,000	1,000,000
-Other borrowings	16(i)	Level 2	1,523,728	1,523,728	1,500,304	1,500,304
-Interest payable	16(i)	Level 2	57,340	57,340	39,919	39,919
Provisions and other payables	46	Level 2	6,109,655	6,109,655	5,020,481	5,020,481
Total liabilities			8,690,723	8,690,723	7,560,704	7,560,704

The fair value of the Group's other financial assets and liabilities other than government securities approximate the respective carrying amounts due to the generally short periods to contractual repricing or maturity dates. Refer to Note 46(b) for the collateral amounts for mortgage loans and receivables and loans.

47 Segmental information - Group

The Executive Management Committee, which serves as the chief operating decision-maker, has determined the operating segments based on the reports they review and that they use to make strategic decisions. All operating segments used by Executive Management Committee meet the definition of a reportable segment under IFRS 8.

The Group is organised on a business line basis into five operating segments. Lines of business are based on the distinct nature of products being offered and their significance/contribution to the Group's revenue and/or profit. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes.

These segments and their respective operations are as follows:

Life insurance business

The products of this line of business provide protection to the Group's customers against the risk of death, disability, critical illness and other accidents. All contracts in this segment offer fixed and guaranteed benefits over the contractual term. Revenue from this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Life insurance offers an extensive range of products that serve the wide array of insurance needs of its customers including unit linked products, education plans, whole life plans and other conventional products. It also provides group life and critical illness products, disability products, individual pension plans, umbrella pension plans and corporate pension plans.

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

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

Includes insurance business of all or any of the following classes, namely, ordinary life, Group life, credit life, Annuities, Unit-linked products and pension and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for term dependent upon human life.

Non- life insurance business

The products of this line of business provide protection to customers' assets (particularly their properties, both for personal and commercial business.) All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premiums, investment income, net realised gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Aviation insurance, Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above.

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks.

47 Segmental information - Group

Non- life insurance business (continued)

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.

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.

47 Segmental information - Group (continued)

The segment information provided to the Executive Management Committee for the reportable segments for the year ended 31 December 2023 and 2022 is as follows:

a) Profit per segment

2023	Life insurance business Shs'000	Non-life insurance business Shs'000	Asset Management Shs'000	Property Shs'000	Other Shs'000	Total Shs'000
Insurance revenue	13,828,180	25,703,806	-	-	-	39,531,986
Insurance service expenses	(10,066,915)	(18,165,234)	-	-	-	(28,232,149)
Net expenses from reinsurance contracts held	(1,827,468)	(5,722,144)	-	-	-	(7,549,612)
Insurance service result	1,933,797	1,816,428	-	-	-	3,750,225
Net income from investment property	657,407	11,373	5,666	482,491	28,956	1,185,893
Interest and dividend income	12,923,886	2,325,455	30,464	56,640	432,587	15,769,032
Net realised gains on financial assets	27,436	13,988	-	(7,751)	257	33,930
Net unrealised fair value gains on financial assets at fair value through profit or loss	(4,663,405)	(19,387)	-	-	-	(4,682,792)
Net investment income	8,945,324	2,331,429	36,130	531,380	461,800	12,306,063
Finance income/expenses from insurance contracts issued	(8,044,908)	(1,094,797)	-	-	-	(9,139,705)
Finance income/expenses from reinsurance contracts held	104,913	474,017	-	-	-	578,930
Net insurance finance income/expenses	(7,939,995)	(620,780)	-	-	-	(8,560,775)
Net insurance and investment result	2,939,126	3,527,077	36,130	531,380	461,800	7,495,513
Fund management fees	-	-	826,715	-	-	826,715
Other income	26,750	588,102	31,697	37,669	83,402	767,620
Other expenses	(708,548)	(802,792)	(702,472)	(31,668)	(978,332)	(3,223,812)
Fund management commission	-	-	(199,528)	-	-	(199,528)
Other finance costs	(20,351)	(65,012)	(22,939)	(9,924)	(168,168)	(286,394)
Reportable segment (loss)/profit	2,236,977	3,247,375	(30,397)	527,457	(601,298)	5,380,114
Share of profit of associates	143,739	-	-	-	75,341	219,080
Segment (loss)/profit before tax	2,380,716	3,247,375	(30,397)	527,457	(525,957)	5,599,194
Tax expense/(credit)	(714,215)	(784,845)	(28,340)	(1,039)	(11,937)	(1,540,376)
Segment (loss)/profit after tax	1,666,501	2,462,530	(58,737)	526,418	(537,894)	4,058,818

The reconciliation of the segment profit after tax for all segments to the consolidated income statement is shown in Note 47 (b).

47 Segmental information - Group (continued)

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

a) Profit per segment

2022	Life insurance business Shs'000	Non- life insurance business Shs'000	Asset Management Shs'000	Property Shs'000	Other Shs'000	Total Shs'000
Insurance revenue	7,971,158	17,798,306	-	-	-	25,769,464
Insurance service expenses	(5,731,579)	(14,823,628)	-	-	-	(20,555,207)
Net expenses from reinsurance contracts held	(313,290)	(2,578,278)	-	-	-	(2,891,568)
Insurance service result	1,926,289	396,400	-	-	-	2,322,689
Net income from investment property	647,823	9,386	14,990	400,634	17,777	1,090,610
Interest and dividend income	10,818,652	1,860,192	20,880	17,990	346,777	13,064,491
Net realised gains on financial assets	(19,798)	(2,038)	-	-	16,751	(5,085)
Net unrealised fair value gains on financial assets at fair value through profit or loss	(2,227,195)	(96,313)	-	-	(257)	(2,323,765)
Net investment income	9,219,482	1,771,227	35,870	418,624	381,048	11,826,251
Finance income/expenses from insurance contracts issued	(8,619,543)	(939,286)	-	-	-	(9,558,829)
Finance income/expenses from reinsurance contracts held	93,807	406,397	-	-	-	500,204
Net insurance finance income/expenses	(8,525,736)	(532,889)	-	-	-	(9,058,625)
Net insurance and investment result	2,620,035	1,634,738	35,870	418,624	381,048	5,090,315
Fund management fees	-	-	736,337	-	-	736,337
Other income	24,603	615,654	(792)	41,267	8,123	688,855
Other expenses	(533,198)	(576,572)	(551,492)	(59,796)	(903,656)	(2,624,714)
Fund management commission	-	-	(187,172)	-	-	(187,172)
Other finance costs	(22,950)	(36,578)	(44,767)	(12,698)	(218,617)	(335,610)
Reportable segment (loss)/profit	2,088,490	1,637,242	(12,016)	387,397	(733,102)	3,368,011
Share of profit of associates	(46,779)	-	-	-	38,254	(8,525)
Segment (loss)/profit before tax	2,041,711	1,637,242	(12,016)	387,397	(694,848)	3,359,486
Tax expense/(credit)	(663,491)	(546,088)	(43,875)	(515)	(6,786)	(1,260,755)
Segment (loss)/profit after tax	1,378,220	1,091,154	(55,891)	386,882	(701,634)	2,098,731

47 Segmental information - Group (continued)

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

	2023	2022
	Shs'000	Shs'000
Total profit as per segmental reporting	4,058,818	2,098,731
Income from intra-segmental adjustments		
Intercompany loan interest income	(29,238)	(62,693)
Rental income from related parties	(67,494)	(80,074)
Management fees from related parties	(186,965)	(77,871)
Dividend income from subsidiaries	(261,196)	(50,352)
Share of Britam Tower LLP net assets in Britam Holdings Plc and Britam Life Assurance Company (Kenya) Limited	(512,738)	(372,090)
NPS/KPS business Booked in Life	(3,095,788)	-
NPS/KPS Ceded premium to GI	3,095,788	-
NPS/KPS commission earned	(805,754)	-
Property and equipment revaluation adjustment (on part of building occupied by related parties)	-	(21,407)
Interest income on BAM Ke factored debtors	(10,822)	-
Life share of HF Group loss adjusted at group in 2023	(5,765)	5,765
Impairment of subsidiary (Note 26)	-	-
Tanzania shared costs derecognized	-	(142,979)
Other income/mark up	(1,492)	(966)
Total adjustments on income	(1,881,464)	(802,667)
Expenses from intra-segmental adjustments		
Intercompany loan interest expense	29,238	62,693
Mark up charge	1,492	966
Tanzania Shared Costs reversal	-	142,979
Management fees expense from related parties	186,965	77,871
NPS/KPS business booked in Life - Claims	1,377,300	-
NPS/KPS ceded to GI Kenya - Claims	(1,377,300)	-
NPS/KPS Commission expense	805,754	-
Interest income on BAM Ke factored debtors	10,822	-
Rental income to related parties	67,494	80,074
Total adjustments on expenses	1,101,765	364,583
Profit as per the consolidated income statement	3,279,119	1,660,647

47 Segmental information - Group (continued)

a) Other segment reporting disclosures

2023	Life insurance business Shs'000	Non- life insurance business Shs'000	Asset Management Shs'000	Corporate & Other Shs'000	Total Shs'000
Depreciation and amortization	174,541	222,505	67,942	51,807	516,795
Investments in associates	2,013,084	-	-	659,792	2,672,876
Additions to non-current assets	228,207	122,030	7,707	6,964	364,908
Total assets	135,511,629	34,236,059	949,238	3,697,044	174,393,970
Total liabilities	120,829,055	26,039,961	362,769	1,473,788	148,705,573
2022					
Depreciation and amortization	284,510	239,912	70,598	68,742	663,762
Investments in associates	1,895,587	-	-	632,588	2,528,175
Additions to non-current assets	66,000	94,675	-	12,083	172,758
Total assets	119,198,752	31,364,864	1,001,592	1,308,994	152,874,202
Total liabilities	106,533,308	21,792,908	536,066	1,848,438	130,710,720

The amounts provided to the Executive Management Committee with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

b) Income by geographical segments

The entity is domiciled in Kenya. The results of its revenue from external customers are as follows:

	2023 Shs'000	2022 Shs'000
Kenya	26,682,895	25,683,085
Uganda	3,531,217	2,496,940
South Sudan	1,770,849	921,980
Rwanda	840,583	620,375
Tanzania	2,282,440	1,755,233
Malawi	1,084,487	1,107,404
Mozambique	2,231,355	895,747
Total	38,423,826	33,480,764

Revenues are allocated based on the country in which the insurance and other contracts are issued. Management considers its external customers to be the individual policyholders and investors; as such the Group is not reliant on any individual customer. No individual customer accounts for more than 10% of the Group's revenue.

47 Segmental information - Group (continued)

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

	2023	2022
	Shs'000	Shs'000
Kenya	158,551,907	140,973,389
Uganda	5,223,059	3,827,674
South Sudan	1,568,741	946,329
Rwanda	1,294,038	1,294,038
Tanzania	3,000,499	2,701,191
Malawi	1,763,579	2,091,568
Mozambique	2,992,147	1,040,014
Total	174,393,970	152,874,203

b) 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:

	2023	2022
	Shs'000	Shs'000
Kenya	40,578,036	25,700,946
Uganda	630,271	481,316
South Sudan	64,120	61,543
Rwanda	60,221	83,445
Tanzania	113,097	77,188
Malawi	88,787	101,844
Mozambique	46,779	36,390
Total	41,581,311	26,542,672

48 New and revised Accounting standards

i) New and revised IFRS that are effective for the year ended 31 December 2023

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of onbalance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	The Group had no impact to its financial statements.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their material accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	The Group had no impact to its financial statements.
OECD Pillar Two Rules	<p>In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global AntiBase Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments also require affected companies to disclose:</p> <ul style="list-style-type: none"> • The fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes • Their current tax expense (if any) related to the Pillar Two income taxes, and • During the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure. ** The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023. 	The Group anticipates no impact to its financial statements.

48 New and revised Accounting standards (continued)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2023 (continued)

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment	The Group anticipates no impact to its financial statements.
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate	The Group anticipates no impact to its financial statements.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their material accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures	The Group anticipates significant impact to its financial statements.
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	The Group anticipates no impact to its financial statements.

49 Events after the balance sheet date

There were no material events after the balance sheet date.

OTHER CORPORATE INFORMATION

NOTICE OF THE 28TH ANNUAL GENERAL MEETING

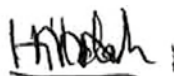
To the Shareholders of Britam Holdings Plc

NOTICE IS HEREBY GIVEN THAT IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF THE COMPANY, THE 28TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD VIA ELECTRONIC COMMUNICATION ON THURSDAY, 27 JUNE 2024 AT 10:00 A.M., WHEN THE BUSINESS SET OUT BELOW WILL BE TRANSACTED.

ORDINARY BUSINESS

- 1 To table the proxies and note the presence of a quorum.
- 2 To read the notice convening the meeting.
- 3 To receive and, if approved, adopt the audited Consolidated Financial Statements for the year ended 31 December 2023, together with the Chairman's, the Directors' and Auditor's Reports thereon.
- 4 To note that the Directors do not recommend the payment of a dividend for the financial year ended 31 December 2023.
- 5 Directors:
 - i) Ms. Caroline Kigen retires at this meeting in accordance with Articles 91 and 92 of the Company's Articles of Association and being eligible, does not offer herself for re-election.
 - ii) Dr. Peter K. Munga retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.
 - iii) Mr. Jimnah M. Mbaru retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as director of the company.
 - iv) Africhvest III SPV 1, a Corporate Director represented by Mr. George Odo retires in accordance with Article 114 of the Articles of Association of the Company and being eligible, offers itself for re-election as a director of the Company.
 - v) Ms. Judy Rugasira Kyanda who was appointed during the year retires in accordance with Article 114 of the Articles of Association of the Company and being eligible, offers herself for re-election.
- 6 In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit, Risk & Compliance Committee offer themselves to be elected to continue to serve as members of the said committee: -
 - a) Ms. Celestine Munda
 - b) Ms. Susan Abisola
 - c) Ms. Judy Rugasira Kyanda
- 7 Directors' Remuneration: -
 - a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2023.
 - b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2023 and to authorize the Board to fix the remuneration of the Directors.
- 8 To re-appoint PricewaterhouseCoopers (PwC) as auditors in accordance with Section 721 (2) and 724 of the Companies Act, No.17 of 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.
- 9 To consider any other business of which due notice has been received.

By Order of the Board



Hilda Njeru
Company Secretary
P O Box 30375 – 00100
NAIROBI
Date: 4 June 2024

NOTICE OF THE 28TH ANNUAL GENERAL MEETING (CONTINUED)

Notes:

1. Britam Holdings Plc has convened and is conducting this virtual annual general meeting in accordance with article 58 of the Company's Articles of Association.

2. Shareholders wishing to participate in the meeting should register for the AGM by doing the following:

- (a) Dialing *483*824# for all networks and follow the various prompts regarding the registration process; or Sending an email request to be registered to britamagm@image.co.ke; or
- (b) Shareholders with email addresses will receive a registration link via email which they can use to register.

In order to complete the registration process, Shareholders will need to have their ID/Passport Numbers, which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, Shareholders should dial the following helpline number: +254 709 170 034 from 9.00 a.m. to 4 p.m. from Monday to Friday or send an email to britamagm@image.co.ke.

3. Registration for the AGM opens on 5 June 2024 at 9:00 a.m. and will close on 26 June 2024 at 11.00 a.m. Shareholders will not be able to register after 26 June at 11.00am.

4. In accordance with Section 283 (2) (c) of the Companies Act, the following documents are available for viewing on the Company's website <https://www.britam.com>: (i) a copy of this Notice; (ii) the proxy form (iii) Copy of the audited Financial Statements for the year 2023.

The reports may also be accessed upon request by dialing the USSD code *483*824# and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by one of the following options:

- i) Sending their written questions by email to agm@britam.com ; or
- ii) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (ask Question) on the prompts.
- iii) To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Britam Towers, 28th Floor or to Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or Sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 30375, GPO 00100, Nairobi.

6. Shareholders must provide their full details (full names, Kenyan national identity/passport Number/CDSC Account Number) when submitting their questions and clarifications.

7. All questions and clarification must reach the Company on or before 25 June 2024 at 10.00 a.m.

Following receipt of the questions and clarifications, the Directors of the Company shall provide written responses to the questions received to the return email address provided by the Shareholder by 27 June 2024. A full list of all questions received and the answers thereto will be published on the Company's website not later than 30 June 2024.

8. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company, but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: <https://www.britam.com>. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street.

9. A proxy must be signed by the appointor or his/her attorney duly authorised in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorised attorney of such corporation or Government office.

10. A completed form of proxy should be emailed to britamagm@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P O Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 25 June 2024 at 10.00 a.m.

11. The AGM will be streamed live via a link, which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent at least one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time. The link will be sent to registered shareholders via SMS and Email 24 hours before the meeting.

12. Duly registered Shareholders and proxies may follow the proceedings of the AGM using the livestream platform and may access the agenda. Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts or via the VOTE button on the livestream link.

13. A Poll shall be conducted for all the Resolutions put forward in this Notice.

14. Shareholders will receive an SMS prompt with instructions on their registered mobile phone numbers alerting them to propose or to second the resolutions put forward in the notice.

15. Results of the voting on resolutions at the AGM shall be published within 48 hours following conclusion of the AGM on the Company's website www.britam.com.

16. The Company strongly encourages all Shareholders to monitor the Company's website (<https://www.britam.com/>) for further updates or changes in relation to the AGM.

TANGAZO LA MKUTANO MKUU WA 28


Kwa Wenye-hisa wa Britam Holdings Plc

MNAARIFIWA KWAMBA KUFUNGAMANA NA KANUNI ZA KAMPUNI, MKUTANO MKUU WA KILA MWAKA WA 28 WA KAMPUNI UTAFANYIKA KIELEKRONIKI KWA MAWASILIANO YA SIMU NA MITANDAO YA KIDIJITALI MNAMO ALHAMISI, JUNI 27, 2024, KUANZIA SAA NNE ZA ASUBUHI ILI KUENDESHA SHUGHULI ZIFUATAZO:

SHUGHULI ZA KAWAIDA

1. Kuwasilisha majina ya wawakilishi wa wenye-hisa wanaoruhusiwa kisheria kuhudhuria na kupiga kura katika mkutano lakini wakakosa nafasi ya kufika, na kuthibitisha kuna idadi ya watu inayohitajika ili mkutano ufanyike.
2. Kusoma ilani ya kuitisha mkutano mkuu wa mwaka.
3. Kupokea, kutathmini, na ikikubaliwa, kuidhinisha taarifa za jumla za hesabu zilizokaguliwa za mwaka uliomalizika Desemba 31, 2023, pamoja na taarifa za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuarifu kwamba wakurugenzi hawatapendekeza malipo ya mgawo wa faida ya mwaka uliomalizika Desemba 31, 2023.
5. Wakurugenzi:
 - i) Bi Caroline Kigen anastaafu katika mkutano huu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ingawa anastahili, hakujitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
 - ii) Dkt Peter K. Munga anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ametimiza umri wa miaka 70 na anastaafu kwa mujibu wa Mwongozo wa Kanuni za Usimamizi wa Mashirika ya Watoaji Amana kwa Umma wa 2015. Kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
 - iii) Bw Jimnah M. Mbaru anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni. Ametimiza umri wa miaka 70 na anastaafu kwa mujibu wa Mwongozo wa Kanuni za Usimamizi wa Mashirika ya Watoaji Amana kwa Umma wa 2015. Kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
 - iv) AfricInvest III SPV 1, Shirika Mkurugenzi linalowakilishwa na Bw George Odo lililoteuliwa kujaza nafasi iliyotokea katika bodi kabla mwaka haujamalizika na bila kuidhinishwa na wenye-hisa, linastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile linastahili, linajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
 - v) Bi Judy Rugasira Kyanda aliyeteuliwa kujaza nafasi iliyotokea katika Bodi kabla mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
6. Kwa mujibu wa Kifungu 769 cha Sheria ya Makampuni ya 2015, wakurugenzi wafuatao wamejitolea kuchaguliwa kuendelea kuitumikia Kamati ya Bodi ya Ukaguzi wa Hesabu na Udhidhi wa Hatari za Kibiashara
 - a. Bi Celestine Munda
 - b. Bi Susan Abisola
 - c. Bi Judy Rugasira Kyanda
7. Malipo ya wakurugenzi: -
 - a) Kuidhinisha Sera ya Malipo ya Wakurugenzi kama ilivyoonyeshwa kwenye taarifa ya kifedha iliyokaguliwa ya mwaka uliomalizika Desemba 31, 2023.
 - b) Kuidhinisha ripoti ya malipo ya wakurugenzi kama ilivyoonyeshwa kwenye taarifa ya kifedha iliyokaguliwa ya mwaka uliomalizika Desemba 31, 2023, na kuipatia Bodi kibali cha kuweka kiwango cha malipo kwa wakurugenzi.
8. Kuwateua Messrs PriceWaterhouseCoopers (PWC) kuwa wakaguzi wa hesabu za Kampuni kulingana na Vifungu 721 (2) na kuwaruhusu wakurugenzi kuamua malipo ya wakaguzi hao wa hesabu ya mwaka unaofuata kwa mujibu wa kifungu 724 (1) cha Sheria ya Makampuni ya 2015.
9. Kushughulikia suala jingine lolote na ambalo ilani ifaayo ilishatolewa awali.

KWA AMRI YA BODI YA WAKURUGENZI



Hilda Njeru
Company Secretary
P O Box 30375 – 00100
NAIROBI
June 4, 2024

KUMBUKENI KWAMBA:

1. Britam Holdings Plc imeitisha na inafanya mkutano huu mkuu wa kila mwaka kielektroniki kwa mawasiliano ya simu na mitandao ya kidijitali kuambatana na sehemu 58 ya Kanuni za Kampuni hii.

2. Mwenyehisa yeyote anayenuia kushiriki katika mkutano huo kwa mawasiliano ya simu na mitandao ya kidijitali, anapaswa kujiandikisha kwa kufanya yafuatayo:

- (a) Bonyeza ***483*824#** ukitumia laini ya huduma yoyote ya simu, na kufuata maagizo yote kuhusiana na utaratibu wa usajili huo; ama
- (b) Utume ombi la email la kusajiliwa kwa britamagm@image.co.ke; au
- (c) Wenyehisa walio na anwani za email watapokea kiungo wanachoweza kukitumia kujisajili.

Ili kukamilisha usajili, wenyehisa watahitaji kuwa na namba zao za vitambulisho au pasipoti walizozitumia wakinunua hisa au namba za akaunti zao za CDSC. Wenyehisa watakaohitaji kusaidiwa kuukamilisha usajili huo wanaweza kupiga simu kwa nambari (+254) 709 170 034 kati ya saa tatu za asubuhi na saa kumi za alasiri kati ya Jumatatu na Ijumaa, ama watume email kwa britamagm@image.co.ke.

3. Usajili kwa wanaokusudia kushiriki katika mkutano mkuu wa kila mwaka utaanza Juni 5, 2024 saa tatu za asubuhi na kufungwa saa tano za asubuhi ya Juni 26, 2024. Wenyehisa hawataweza kujiandikisha kushiriki katika mkutano huo baada ya saa tano za asubuhi ya Juni 26, 2024.

4. Kwa mujibu wa Kifungu 283(2)(c) cha Sheria za Makampuni, hati zifuatazo zinapatikana katika tovuti ya Kampuni <https://www.britam.com>:

- i) Tangazo hili;
- ii) Fomu ya uteuzi wa wawakilishi katika mkutano; na
- iii) Taarifa za hesabu za kampuni zilizokaguliwa za mwaka 2023.

Mwenyehisa anaweza pia kuomba ripoti hizo kwa kubonyeza ***483*824#** na kuchagua ripoti kwenye orodha. Ripoti na ajenda zitapatikana pia kwenye kiungo cha kuwasilisha mkutano moja kwa moja unapoendelea.

5. Mwenyehisa yeyote anayenuia kuuliza swali ama kuomba ufafanuzi wa suala lolote kuhusiana na mkutano mkuu wa kila mwaka anaweza kufanya hivyo kwa:

- i) Kuandika na kutuma email ya barua ya maswali kupitia kwa agm@britam.com; au
- ii) Wenyehisa ambao watakuwa wamejiandikisha kushiriki katika mkutano huo wataweza kuuliza maswali kwa huduma ya ujumbe mfupi wa simu (SMS) wakibonyeza ***483*824#** na kuchagua 'uliza swali' kwenye jukwaa la yaliyomo;
- iii) Iwapo itawezekana, mwenyehisa apeleke barua ya maswali iliyo na anwani yake ya posta au ya barua pepe katika afisi zilizosajiliwa za Kampuni kwenye ghorofa ya 28 ya Britam Towers, Upperhill, Nairobi, ama afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, Nairobi; au
- iv) Kutuma maswali yakiwa na anwani ya posta kwa njia ya barua za kusajiliwa kwa Kampuni akitumia S.L.P. 30375 GPO 00100, Nairobi, au ayatume kwa email.

6. Wenyehisa wakiwasilisha maswali au hoja za kuomba ufafanuzi, wanapaswa kujitambulisha kikamilifu, yaani jina kamili na nambari ya kitambulisho, pasipoti au akaunti ya CDSC.

7. Wasimamizi na Wakurugenzi wa kampuni watajiibu maswali yote yatakayopokelewa kupitia kwa njia ya mawasiliano iliyotumiwa na wenyehisa kutuma maswali yao, yaani SMS kwa watakaotumia ***483*824#**, e-mail, barua au kupiga simu. Kadhalika, maswali yatajiibiwa mkutanoni.

Orodha kamili ya maswali yaliyopokelewa, na majibu yake itachapishwa kwenye mtandao kufikia Juni 30, 2024.

8. Kufungamana na Kifungu 298(1) cha Sheria ya Makampuni, wenyehisa wanaostahili kuhudhuria na kupiga kura katika mkutano lakini hawana nafasi ya kufika, wana haki kisheria kumchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yao. Si lazima mwakilishi awe mwenyehisa wa Kampuni. Iwapo mwenyehisa hakumteua Mwenyekiti wa mkutano kuwa mwakilishi wake, mteuliwa anahitaji kuwa na simu ya mkono.

Fomu ya kumteua mwakilishi inaweza kupatikana katika tovuti ya kampuni, <https://www.britam.com>. Fomu zinapatikana pia kwenye afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, Nairobi.

9. Ni lazima fomu ya uwakilishi ijazwe kikamilifu na kutiwa sahihi na mwenye hisa au wakili wake. Iwapo mteuzi ni shirika, barua ya uteuzi wa mwakilishi ni lazima iwe na muhuri rasmi wa shirika au saini ya afisa au wakili wa shirika, ama afisi ya Serikali.

10. Fomu iliyojazwa itumwe kwa email kwa britamagm@image.co.ke au ipelekwe kwenye afisi za shirika msajili wa hisa za Kampuni, Image Registrars Limited, ghorofa ya tano ya ABSA Towers (zamani Barclays Plaza), Loita Street, S.L.P. 9287, GPO 00100, Nairobi, na zipokelewe kufikia saa nne za asubuhi ya Juni 25, 2023.

11. Mkutano utaletwa moja kwa moja kwa simu na mitandao mingine ya kidijitali kupitia kwa kiungo ambacho kitatumiwa wenyehisa watakaokuwa wamejiandikisha kushiriki. Wenyehisa waliojiandikisha pamoja na wawakilishi wao watapata ujumbe mfupi wa simu kuwakumbusha kuhusu mkutano saa 24 kabla haujaanza. Ujumbe wa pili wa SMS kuwakumbusha saa za mkutano utatumwa saa moja kabla kikao hakijaanza. Wenyehisa na wawakilishi wao waliojiandikisha watapokea kwa SMS au email kiungo cha kielektroniki cha kuwawezesha kushiriki mkutanoni saa 24 kabla haujaanza.

12. Wenyehisa na wawakilishi wao waliojiandikisha wataweza kushiriki mkutanoni wakitumia jukwaa la kielektroniki linalowasilisha matangazo ya moja kwa moja. Wenyehisa waliojiandikisha pamoja na wawakilishi wao wataweza kupiga kura (wakifuata maagizo ya mwenyekiti) kwa njia ya ujumbe mfupi au kwa kubonyeza VOTE kwenye kiungo maalumu cha matangazo ya moja kwa moja.

13. Maazimio yote yaliyopendekezwa katika ilani hii yatapigiwa kura mkutanoni.

14. Wenyehisa watapokea SMS kwa namba za simu walizoandikisha za kuwapatia maagizo kuhusu kumpendekea na kuunga mkono mapendekezo yaliyowasilishwa kwenye ilani.

15. Matokeo ya kura yatachapishwa kwenye tovuti ya kampuni <https://www.britam.com> katika muda wa saa 48 baada ya mkutano kufika kikomo.

16. Kampuni inawahimiza wenyehisa kuzidi kuchunguza tovuti ya Kampuni (<https://www.britam.com>) ili kuendelea kupata habari zaidi au ripoti za mabadiliko yo yote kuhusiana na mkutano mkuu wa kila mwaka.

BRITAM HOLDINGS PLC ANNUAL GENERAL MEETING PROXY FORM

Britam Holdings Plc
PO Box 30375 - 00100 GPO,
Nairobi, Kenya

CDSC ACCOUNT NO.....
SHAREHOLDER No.....
ID/REGISTRATION No.....

I/We

of (address)

being a member/members of **BRITAM HOLDINGS PLC** hereby appoint:

of: (address)

TEL. No:Email Address.....

or failing him/her:

of: (address)

TEL. No: Email Address.....

and failing him/ her the Chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the 2024 Annual General Meeting

to be held on Wednesday 26th June 2024 at 10.00 AM and at any adjournment thereof.

As witness my/our hand this day of, 2024

Signature(s)



Agenda Items	Accept	Reject	Dissenting Opinion
ORDINARY BUSINESS:			
3 To receive and, if approved, adopt the audited Consolidated Financial Statements for the year ended 31 December 2023, together with the Chairman's, the Directors' and Auditor's Reports thereon.			
4 To note that the Directors do not recommend the payment of a dividend for the financial year ended 31 December 2023.			
i) Dr. Peter K. Munga retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.			
i) Mr. Jimnah Mbaru retires by rotation in accordance with Articles 91 and 92 of the Articles of Association of the Company and having attained the age of seventy years retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election as a director of the company.			
6 In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit & Risk Committee be elected to continue to serve as members of the said committee: - a) Ms. Celestine Munda b) Ms. Caroline Kigen c) Ms. Susan Abisola			
7 Directors' Remuneration: a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2023. b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2023 and to authorize the Board to fix the remuneration of the Directors			
8 To re-appoint PricewaterhouseCoopers (PwC) as auditors in accordance with Section 721 (2) and 724 of the Companies Act, No.17 of 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act 2015.			

Notes:

1. If a member is unable to attend personally, this proxy form should be completed, duly signed and delivered to the offices of the Company's shares registrar, Image Registrars Limited, 5th floor Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, P.O Box 9287-00100 GPO Nairobi or be scanned and emailed to britamagm@image.co.ke, to be received not later than 10.00 am, 25 June 2022 i.e. 48 hours before the meeting or any adjournment thereof.
2. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 26 June 2023 at 10.00 am.
3. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 26 June 2023 to allow time to address any issues.
4. This proxy form must be signed by the appointor or his attorney duly authorized in writing.
5. In case of a member being a corporate body, the Proxy Form must be under given under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
6. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. A proxy need not to be a shareholder of the Company.
7. Completion and submission of the Proxy Form will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy:

Proxys' Mobile Number

Please tick the boxes below and return to Image Registrars at P.O. Box 9287 – 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on 26 June 2024.

Consent for use of the Mobile Number provided

I/WE give my/our consent for the use of the mobile number provided for purposes of voting at the AGM

Signature:

Date:



Corporate Information

BRITAM HOLDINGS PLC

Britam Tower
Hospital Road
Upper Hill
P.O Box 30375, 00100 Nairobi, Kenya
Tel: (+254) 020 2833 000/2710 927
Fax: (+254) 020 2717 626
E-mail: customerservice@britam.com
Website (Group): www.britam.com

The Chief Executive Officers (CEOs) and /or Principal Officers for the entities below are the individuals that held office as at the time of approval of these consolidated financial statements.

LOCAL SUBSIDIARIES

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

BRITAM LIFE ASSURANCE COMPANY (KENYA) LIMITED

CEO/Principal Officer: Mr. Ambrose Dabani
E-mail: customerservice@britam.com

BRITAM ASSET MANAGERS (KENYA) LIMITED

CEO: Mr. Barack Obatsa
E-mail: customerservice@britam.com

BRITAM PROPERTIES (KENYA) LIMITED

E-mail: customerservice@britam.com

BRITAM GENERAL INSURANCE COMPANY (KENYA) LIMITED

CEO/Principal Officer: Mr. Jackson Theuri
Email: customerservice@britam.com

BRITAM MICRO INSURANCE COMPANY (KENYA) LIMITED

CEO/Principal Officer: Mr. Saurabh Sharma
Email: customerservice@britam.com

REGIONAL SUBSIDIARIES

BRITAM INSURANCE COMPANY (UGANDA) LIMITED

CEO/ Principal Officer: Mr. Allan S. Mafabi
Plot 24A, Akii-Bua Road, Nakasero
P.O Box 36583, Kampala Uganda
Tel: (+256) 417 702 600
Email: britamug@britam.com

2 Uganda subsidiaries share physical and postal addresses with BRITAM INSURANCE COMPANY (UGANDA) LIMITED as below;

BRITAM ASSET MANAGERS (UGANDA) LIMITED

General Manager: Mr. Ronald Kasolo
Email: britamug@britam.com

BRITAM INSURANCE COMPANY LIMITED (SOUTH SUDAN)

CEO/Principal Officer: Mr. John K. Githinji
The Britam Place, Hai Malakal Juba, South Sudan
Tel:(+211) 911 006 001/2
Email: britamss@britam.com

BRITAM INSURANCE COMPANY (RWANDA) LIMITED

CEO/Principal Officer: Mr. Andrew Kulayige
Kigali Investment Company, 5th Floor
P.O Box 913, Kigali, Rwanda
Tel: (+250) 252 579 031/2/3
Email: rwanda@britam.com

BRITAM INSURANCE (TANZANIA) LIMITED

CEO/ Principal Officer: Mr. Farai Dogo
PPF Tower 2nd Floor, Garden/Ohio Street
P. O. Box 75433, Dar es Salaam, Tanzania
Tel: (+255) 22 2138058/ 762
Email: britamtz@britam.com

BRITAM INSURANCE COMPANY LIMITED (MALAWI)

CEO/ Principal Officer: Mr. Wales Meja
Delamere House, Victoria Avenue,
P.O. Box 442, Blantyre, Malawi
Tel: (+265) 01 824 044/ 08 81893856 /09 91461230
Email: britammw@britam.com

BRITAM COMPANHIA DE SEGUROS DE MOÇAMBIQUE, SA

CEO/ Principal Officer: Mr. Martin Mandivenga
Av Marginal No 4067 R/C Caixa
Postal 3681,Maputo Mozambique
Tel: (+258) 21 492840/8/9
Email: britammz@britam.com

Corporate Information (Continued)

LOCALLY RELATED PARTIES

HF GROUP PLC

Rehani House
Kenyatta Avenue/Koinange Street
Nairobi Kenya
Tel: (+254) 020 3262000
Email: info@hfgroup.co.ke

KILIMANI HOTEL SUITES

Nyangumi road
Off Lenana Road
Nairobi Kenya
Tel: (+254) 020 2262000,
Email: enquiry.swn@the-ascott.com

SHARE REGISTRAR

Image Registrars Limited
Absa Plaza, 5th Floor
Loita Street
P.O Box 9287-00100, Nairobi
Tel: (+254) 020 2230330
Email: info@image.co.ke

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road
P O Box 43963 – 00100 Nairobi, Kenya
Nairobi, Kenya
T: +254 (20)285 5000
F: +254 (20)285 5001

SECRETARY

Hilda M. Njeru
Britam Tower
Hospital Road
Upper Hill
P.O Box 30375, 00100 Nairobi, Kenya

ACTUARIAL SERVICES

QED Actuaries and
Consultants (Pty) limited
Sandton, South Africa.
Triangle Actuarial Services
Wake Forest, North Carolina, USA

LEGAL ADVISORS

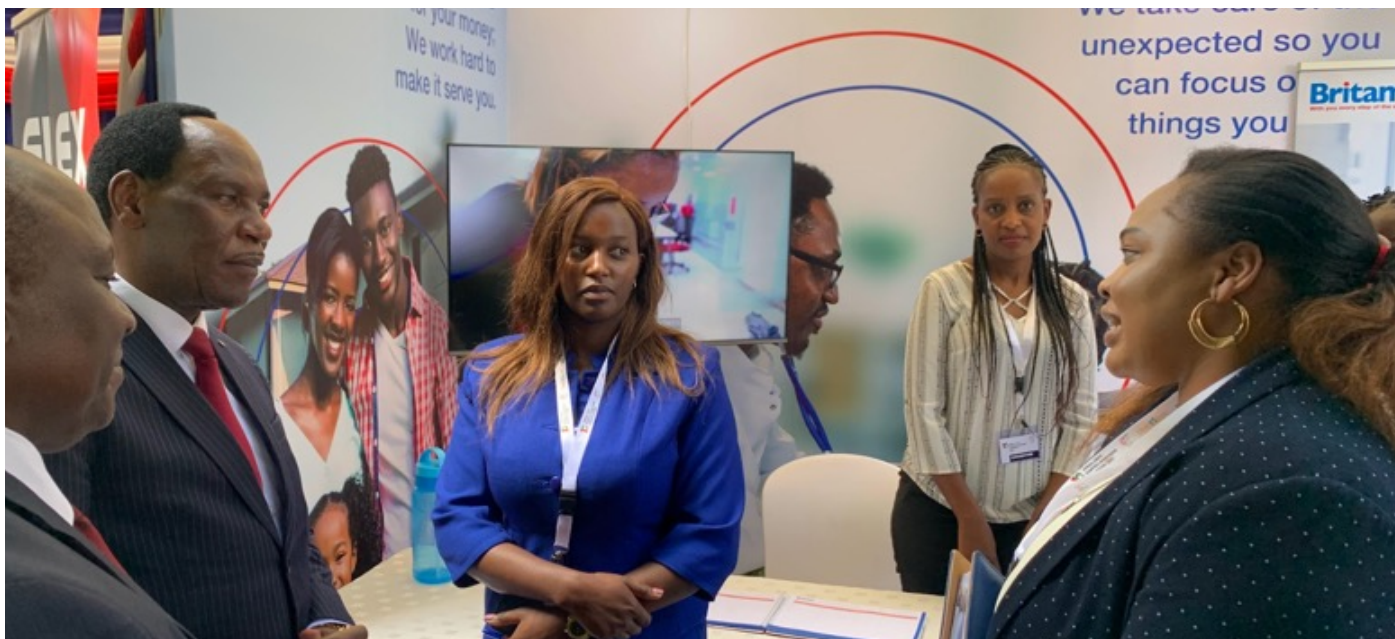
Kaplan & Stratton, Advocates
CMS Daly Inamdar Advocates
Bowmans (previously Coulson Harney Advocates)
Walker Kontos Advocates
Ngatia and Associates
South Sudan Associated Advocates
Katende, Ssempebwa & Co Advocates (Uganda)
FK Advocates (Rwanda)
Tanscar Attorneys (Tanzania)
Nanthuru & Associates (Malawi)
Costa Amanze (Mozambique)

BANKERS

Equity Bank Limited
NCBA Bank
Barclays Bank of Kenya Limited
Citibank
Kenya Commercial Bank Limited
National Bank of Kenya Limited
Standard Chartered Bank Limited
Co-operative Bank of Kenya Limited
HFC Bank Limited

Pictorials

10th Annual Diaspora Homecoming Convention Safari Park Hotel



Our Financial Advisors in discussion with Dr. Shem Ochuodho (Far left), the Global Chairman of Kenya Diaspora Alliance, and Dr. Ezekiel Mutua (Second left), Former CEO of the Kenya Film Classification Board, during the 10th Annual Diaspora Homecoming Convention held from 6th to 8th December 2023 at Safari Park Hotel.



Delegates engaging with our Financial Advisors during the Diaspora investment conference 2023.

Pictorials

Britam hosts workshop with National Police Service (NPS) - January 2023



Ambrose Dabani (CEO & Principal Officer Britam Life Assurance (K) Ltd) presents a token to Ms. Bernice S. Lemedeket, Principal Secretary / Accounting Officer of the National Police Service (NPS)



Ambrose Dabani (CEO & Principal Officer Britam Life Assurance (K) Ltd) and Ms. Bernice S. Lemedeket, Principal Secretary / Accounting Officer of the National Police Service (NPS)



NPS client speaking during the workshop



Tillen Omondi, COO, Britam Life presents token of appreciation to Ms. Bernice Lemedeket during an NPS review meeting

Pictorials

Britam sweeps Top Honors at 2023 Annual AKI Awards



From left, Joseph Waitthaka (Head of Financial Advisors Network) and Tom Gitogo (Group Managing Director & CEO, Britam Holdings), Jackson Theuri CEO/Principal Officer General Insurance at the AKI awards ceremony.



Celebrations during AKI 2023 Awards



Ruth Mumbe, Agent of the Year 2023



Life Company of the year 2023

Pictorials

Small and Midsize Enterprise (SME) Workshops – June-Dec 2023



Angela Adhiambo, Retail Pensions Business Development Manager addresses SMEs during the Eldoret workshop



Representatives from the Pension, Group Life BD teams at the first mini workshop held at Britam Learning Centre



Rollson Misiko, Financial Advisor addresses SMEs during one of the workshops



Timothy Kirema addresses SMEs during the Mombasa workshop



Simon Kibira, Business Development Manager addresses SMEs during the Kericho workshop



SMEs follow the proceedings at a Nairobi workshop

Pictorials

Financial Advisors International Convention in Europe - 2 - 10 September 2023



Ambrose Dabani, CEO and Principal Officer Britam Life flags off the team



Dennis Mworira, GM Business Development, Britam Life and Joseph Waithaka, Head of FA Network with part of the team



Part of the team of Financial Advisors that travelled



The team explores the sights and sounds of Europe

Pictorials

Association of Insurance Brokers of Kenya (AIBK) Conference (8-12 Nov 2023)



Britam bagged the Best Stand and Most Resilient Company awards



George Opiyo, Business Development Manager, Britam Life Business and Timothy Gathundu, Business Development Manager, Britam General Insurance Business receive an appreciation token for platinum sponsorship of the AIBK Conference

Financial Reporting Award (FiRe Awards) - 2023



Britam secured the runner-up position in the Insurance category.

Pictorials

Britam Tanzania 25th year Anniversary Celebration



Britam Staff with (L-R) Dir. Mike Laiser, Mr. Muchiru Kuria, Dr. Baghayo Saqware, Dr. Steve Mworira, Mr. Tom Gitogo



Commissioner of Insurance Dr. Baghayo Saqware with Tanzania's BOD. Back (L-R) Dir. Stephen Wandera, Dir. Evelyn Warioba, Dir. Zephaniah Mbugua, Dir. Kennedy Aosa, Dir. George Alande



Mr. Farai Dogo CEO Britam Tanzania addresses the audience



Dr. Saqware as he awards Director. Mike Laiser for being one of the remaining founding members of Britam Insurance Tanzania



Dr. Saqware as he awards Mrs. Evelyn Kyaruzi for her 22 years of dedicated service to Britam Insurance Tanzania. Looking on are GMD Tom Gitogo, Director Evelyn Warioba, Mr. Kuria Muchiru



Dr. Saqware as he awards Mrs. Warda Al Jabry for her 22 years of dedicated service to Britam Insurance Tanzania. Looking on are GMD Tom Gitogo, Director Evelyn Warioba, Mr. Kuria Muchiru

Notes



Head Office Britam Tower,
Hospital Rd, Upper Hill

Tel: 0705100100 | WhatsApp: 0793304927

Email: customerservice@britam.com

 www.britam.com  [BritamEA](#)  [BritamGroup](#)