Britam
With you every step of the way

BRITAM HOLDINGS PLC

2021 INTEGRATED REPORT & FINANCIAL STATEMENTS

Driving Customer Centricity by Offering an EPIC² Experience

Our EPIC^2 #OneBritam Strategy

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

Our Customers will experience **EPIC^2 ...#OneBritam**.

We will deploy deep customer insights and data analytics to understand their needs and provide the solutions they want.

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

Celebrating 15 years of Excellence

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

Winning the **Life Company of the Year Award** for the 14th & 15th year in the recent Association of Kenya Insurers (AKI) Awards, is not only a win for Britam but for our clients as well. A demonstration of our market leadership in the Insurance Sector.

CONTENTS

Our Integrated report is our primary report prepared for all stakeholders, and includes information relating to our external operating environment, business model, stakeholders, key risks and opportunities, governance and leadership, strategy and our material matters.

ABOUT THIS REPORT

As Britam Holdings PLC, we strive to continuously incorporate the principles of integrated thinking into our business and ultimately our reporting. The goal is to support our key stakeholders, understand how we define, measure, and report on value creation.

Britam 2021 Integrated Report

This integrated report is a demonstration of our commitment to and strategy for creating value for our stakeholders. The report contains information on our financial and non-financial performance for the financial year 2021.

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

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

Target Audience

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

Feedback

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

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

Our Stakeholders

The sustainability of the Group depends on positive relationships with our stakeholders. Cognizant of this, at Britam Holdings PLC, we pursue stakeholder engagement systematically. This allows us to understand those risks that could impact our business.

We believe that an open exchange with and between diverse stakeholder Groups has a significant potential and contribution in our EPIC^2 #OneBritam Strategy and ultimately our value creation.

Our Key Stakeholders and Groups

- Shareholders and Investment Community
- Regulators and Government Agencies
- Customers and Partners
- Suppliers
- Employees
- The Wider Community

Our Material Matters

We focus on reporting on those material matters that could have a direct or indirect impact on our ability to create or preserve value for the Group and our stakeholders in the short, medium and long term.

Materiality

We consider both internal and external influences when identifying our material matters and once identified, we prioritise these matters according to the likelihood and potential impact. Finally, we integrate the identified material matters into our strategy. Going forward, we will review our material matters annually.

We identified the following material matters in the financial year 2021:

- Regulatory Environment
- International Business Performance
- Investment Asset Performance
- Operational Efficiency
- Fraud Risks

For more information on our material matters, refer to page 39.

Frameworks and Compliance

This report has been prepared with the guidance of the International Integrated Reporting Framework (the Framework). We appreciate that this report represents our commitment to a holistic value creation and reporting approach in our business and that we are focused on continuous improvement. This will be achieved through a commitment to the application of integrated thinking to our strategy, operations, stakeholder engagements, and value-added reporting.

The report is aligned to the requirements of the Kenya Companies Act, 2015, and the Capital Markets Authority (CMA) guidelines. The Group's Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The report is a critical component of our commitment and a promise to be transparent and accountable to our stakeholders.

Assurance

The Group follows a combined assurance process.

1	The first line of defence comprises our operational employees, who are required to completely understand their roles and responsibilities and carry them out correctly, consistently, and completely.	Our assurance process is applied in the compilation of the integrated report. The board, its relevant committees, and management are involved in approving financial statements and the report's disclosures.
2	The second line of defence consists of our oversight functions, including risk and compliance management. These functions define work practices, monitor adherence to policies, and oversee the first line of defence with regard to risk and compliance.	This report builds on the detailed monthly performance reports compiled and reviewed by management and, as such, management reviews are integral to its overall assurance.
2	The third line of defence comprises the internal and external assurance providers and the Board. Internal and external auditors regularly review the first and second lines of defence to ensure that they are carrying out their responsibilities as required. The board plays an oversight role and is responsible for approving the work and reports reviewed by the audit committee, among others.	The Group's annual financial statements were independently assured by the external auditors, PricewaterhouseCoopers (PwC).

Forward-looking Statements

Statements relating to future operations and performance of the Group are not guarantees of future operating or financial results. They involve uncertainty, as they rely on future circumstances – some of which are beyond the Group's control. Therefore, the ultimate results and outcomes may differ.

Board Approval

The Board, supported by the Audit, Risk and Compliance Committee, is ultimately responsible for overseeing the integrity and completeness of this Integrated Report. The Board has applied its collective mind to the preparation and presentation of the information in this report.

The Board believes the report addresses all material issues and presents a balanced and fair account of the Group's performance for the reporting period, as well as an accurate reflection of our strategy and direction.

On the recommendation of the Audit, Risk and Compliance Committee, the Board approved on 29 March 2022 the Britam Holdings PLC 2021 Integrated Report which includes the annual report and financial statements for the financial year ended 31 December 2021.

For and on behalf of the Board:

Mr. Kuria Muchiru
Chairman

Ms. Caroline Kigen
Director


Britam
With you every step of the way
Driving to Nakuru this weekend?
24/7 RESCUE
FREE WITH COMPREHENSIVE
MOTOR COVER
#Britam24/7Rescue

GROUP OVERVIEW

Who we are

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

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

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

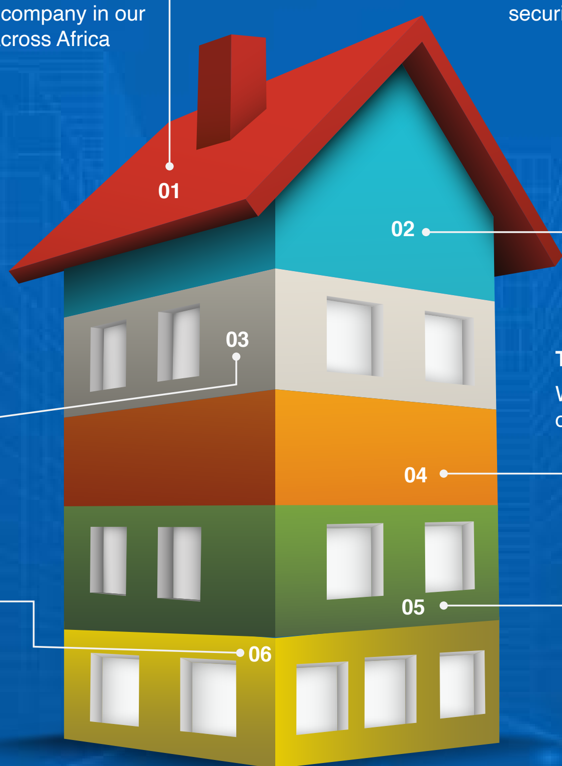
Our Philosophies

OUR 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



OUR VALUES

- Respect
- Integrity
- Innovation
- Customer Focus

TAGLINE

With you every step of the way

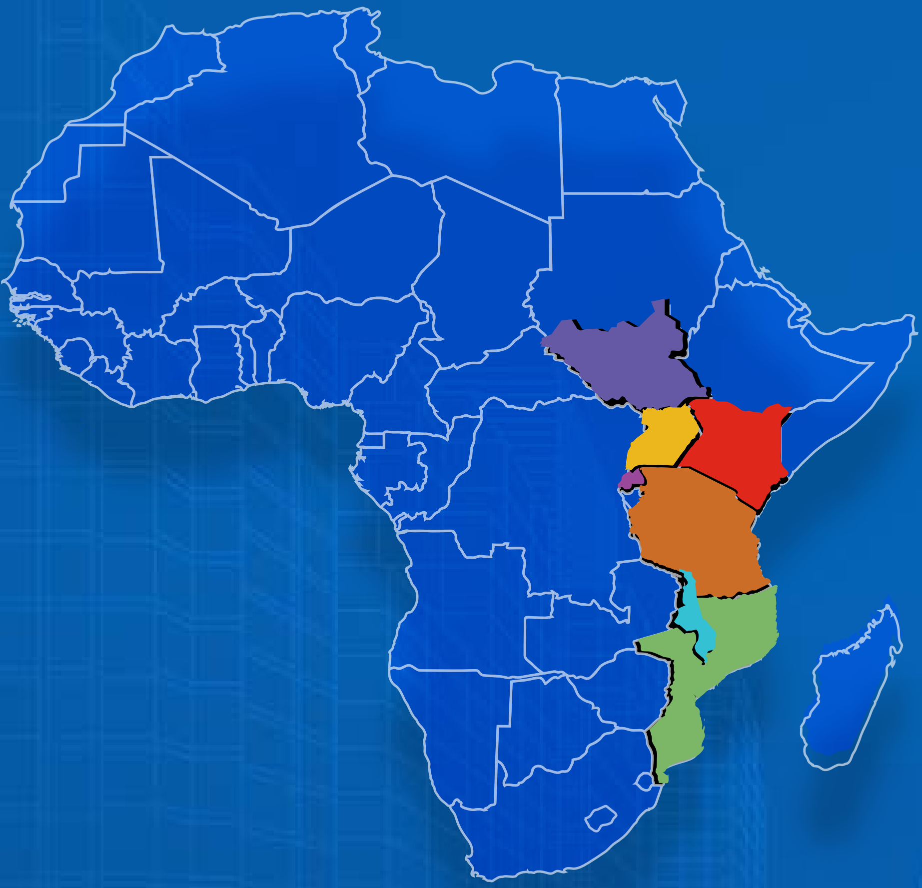
CX VISION PILLARS - EPIC^2

- **E**mployees
- **P**artnerships
- **I**nnovation
- **C**lients
- **C**onduct

CX VISION

We will serve with empathy & care and provide an EPIC^2 experience

Our Footprint



KENYA
Established 1965

BRANCHES 31

UGANDA
Established 2010

BRANCHES 09

SOUTH SUDAN
Established 2012

BRANCHES 01

RWANDA
Established 2012

BRANCHES 03

TANZANIA
Acquired 2014

BRANCHES 08

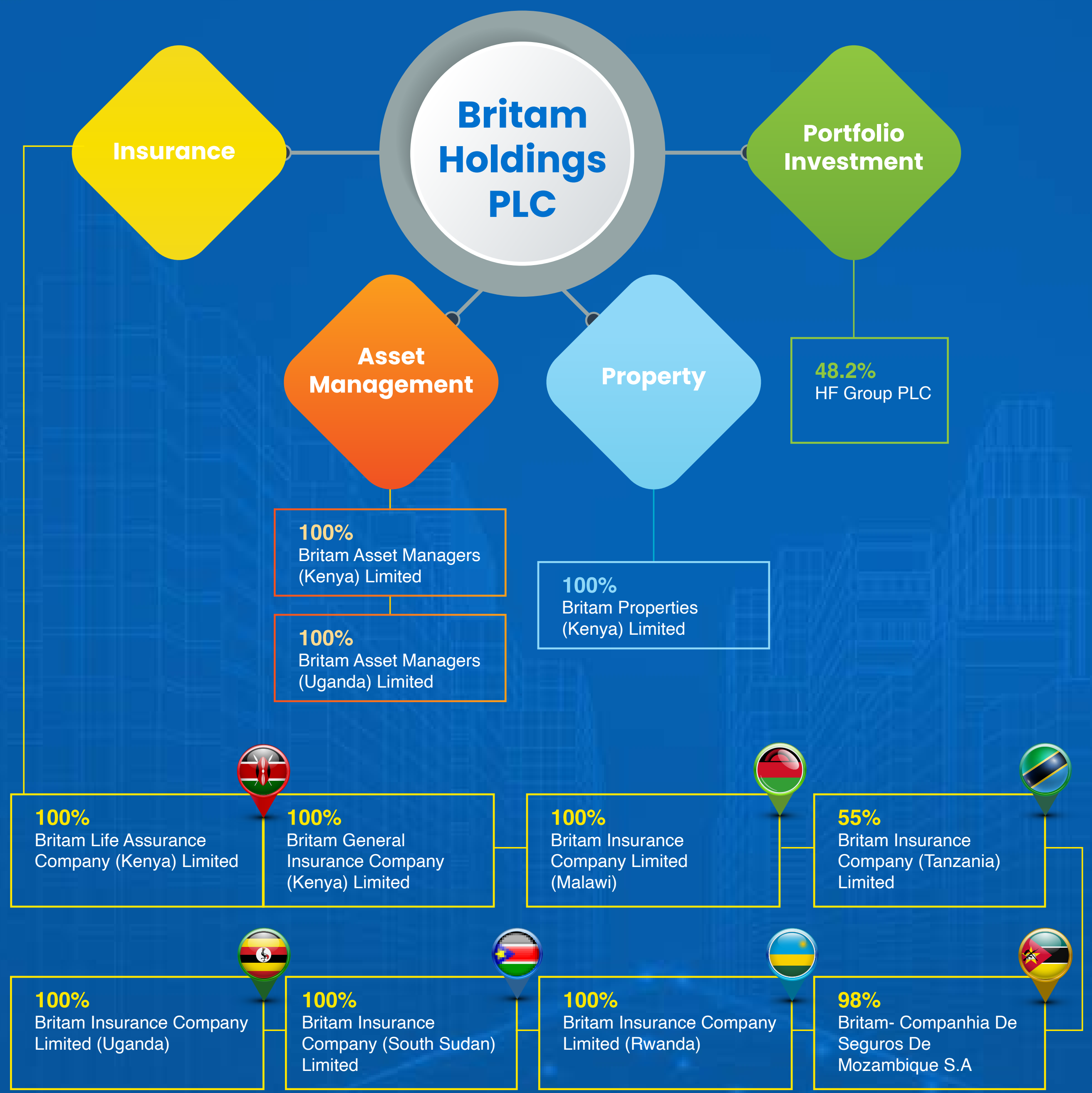
MOZAMBIQUE
Acquired 2014

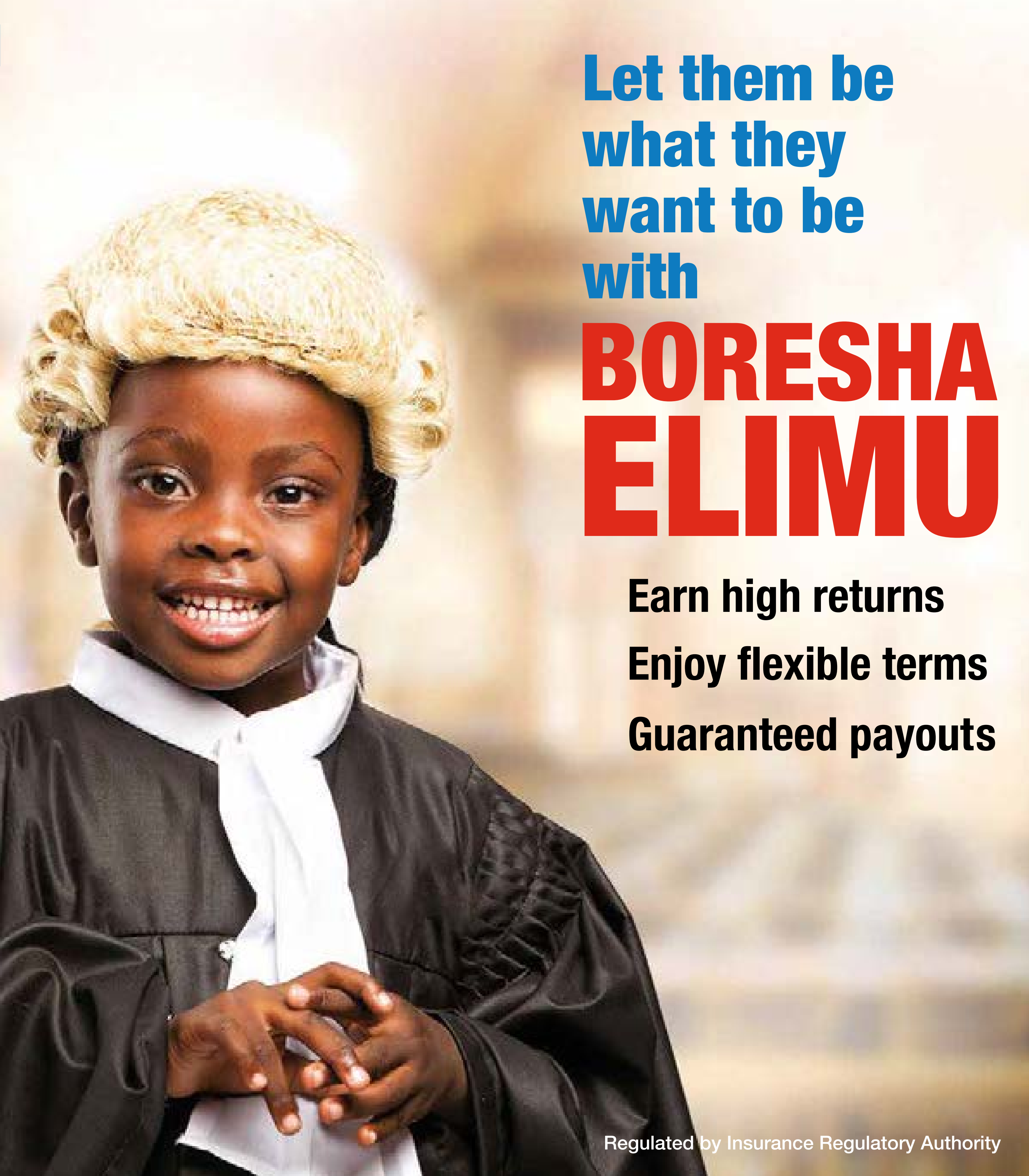
BRANCHES 04

MALAWI
Acquired 2014

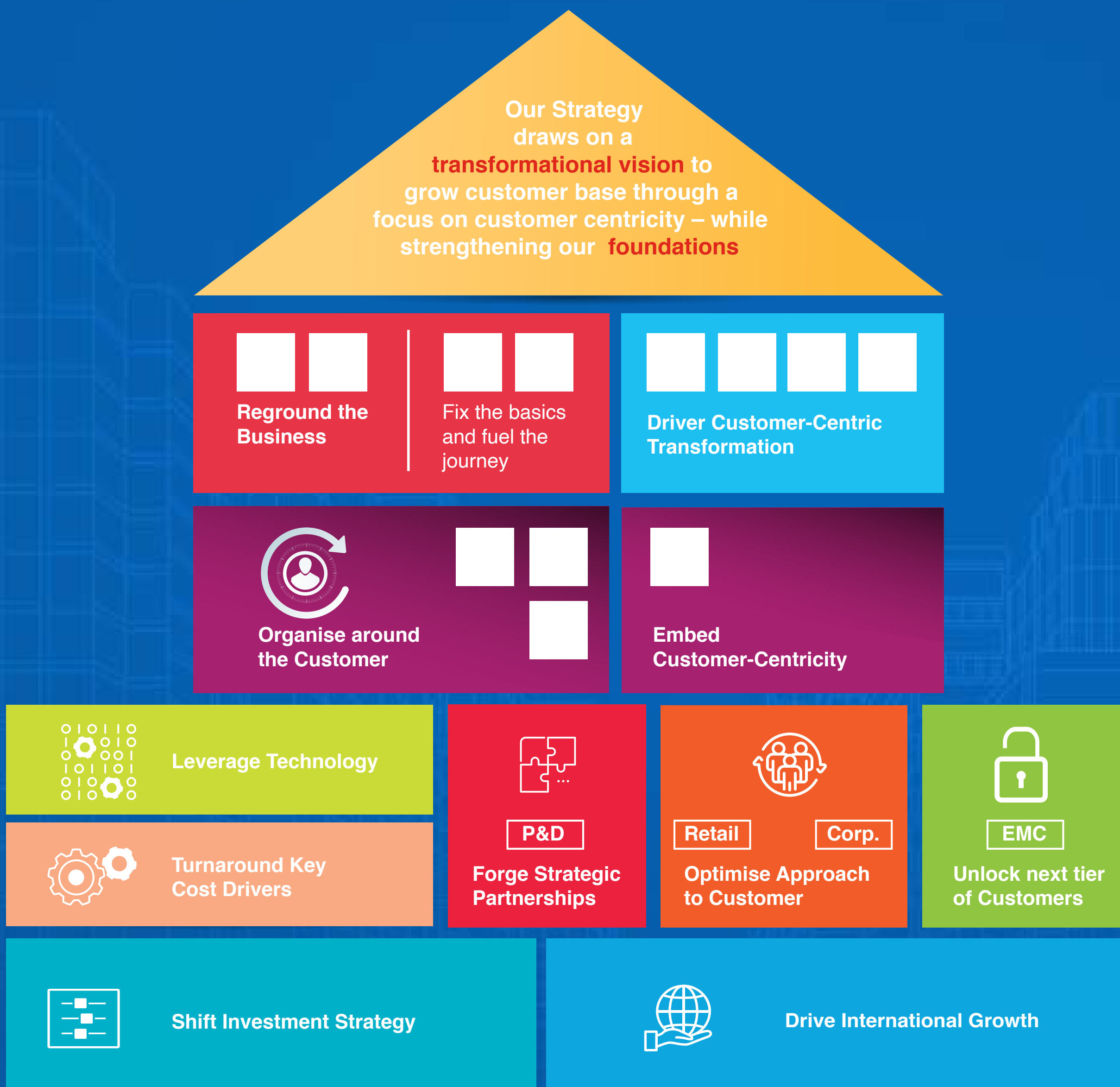
BRANCHES 02

Our Structure




Let them be what they want to be with
BORESHA ELIMU
Earn high returns
Enjoy flexible terms
Guaranteed payouts
Regulated by Insurance Regulatory Authority

Our EPIC² #OneBritam Strategy is Transformational from the Core



The 2021- 2025 Strategy

Client Experience (CX) Vision: We will serve with empathy & care and provide an EPIC² experience

E – **Employees** ➤ Build success from within and create a culture of excellence

P – **Partnerships** ➤ Cultivate trust to enhance partnership experience

I – **Innovation** ➤ Create more value to our customers

C² – **Clients** ➤ Put customers first, think client in all decision making

C² – **Conduct** ➤ Treating customers fairly

EPIC² ..#OneBritam

Our Business Model

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

Inputs

Intellectual Capital

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

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

Human Capital

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

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

Financial Capital

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

- Shs 153 billion total assets
- Shareholders funds at Shs 19 bn

Natural Capital

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

Our natural capital includes:

- Land
- Electricity
- Water

Social Capital

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

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

Manufactured Capital

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

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

GOVERNANCE

BUSINESS VERTICALS

- Insurance
- Asset Management
- Property
- Portfolio Investments

RISK & CAPITAL MANAGEMENT

DELIVERY CHANNELS

Financial Advisors
- Dedicated Agents
- Independent Agents

Partners
- Brokers
- Bancassurance
- Aggregators

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

Transforming value

PRODUCT & SERVICES

Insurance
- Life
- General

Asset Management
- Retail Client Solutions
- Corporate Client Solutions

Property Management
- Management Services

Outputs

Investors
- 12% Growth in total assets
- 13% Growth in Gross Earned Premiums and Management fees
- Return to profitability with Shs 1.0 bn Profit Before Tax

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

Employees
- Shs 3.3 billion paid in salaries and wages
- Achieved 50:50% gender ratio in executive management
- Zero work related injuries in the year

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

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

Organise around the Customer

Embed Customer Centricity

Leverage Technology

Turnaround Key Cost Drivers

Shift Investment Strategy

Drive International Growth

Five Year Financial Performance Summary

Summary statement of profit or loss and other comprehensive income

	2021	2020	2019	2018	2017
	Shs ‘000	Shs ‘000	Shs ‘000	Shs ‘000	Shs ‘000
Income					
Gross earned premiums and fund management fees	**32,523,890**	**28,821,159**	**27,667,284**	**24,986,224**	**24,058,941**
Gross earned premiums	31,839,032	28,199,619	27,131,870	24,325,111	23,298,311
Net earned premiums	25,015,637	23,145,633	23,109,892	21,061,660	20,298,120
Fund management fees	684,858	621,540	535,414	661,113	760,630
Investment income	10,666,037	7,927,048	6,966,794	6,667,588	4,446,714
Realised & unrealised gains /(losses) on financial assets	1,799,672	(2,537,790)	4,777,716	(3,049,273)	1,324,833
Commissions earned and other income	2,061,771	996,517	1,056,436	1,052,523	1,006,377
Total income	**40,227,975**	**30,152,948**	**36,446,252**	**26,393,611**	**27,836,674**
Expenses					
Net insurance benefits and claims	17,840,426	18,649,372	15,442,505	14,247,140	12,498,761
Interest payments/increase in unit value	5,230,998	2,759,170	3,889,475	1,688,638	2,462,961
Operating and other expenses	11,327,916	13,455,260	8,794,161	8,244,558	7,355,818
Finance costs	413,989	361,547	234,667	905,567	1,186,147
Commissions expense	4,117,100	3,802,160	3,461,322	3,313,922	3,520,150
Total expenses	**38,930,429**	**39,027,509**	**31,822,130**	**28,399,825**	**27,023,837**
Share of loss of the associate	(286,085)	(823,049)	(53,099)	(289,656)	53,006
Profit/(loss) before income tax	**1,011,461**	**(9,697,610)**	**4,571,023**	**(2,295,870)**	**865,843**
Total comprehensive income/(loss) for the year	**2,016,685**	**(11,679,122)**	**5,420,656**	**(2,856,296)**	**1,908,150**
Earnings/(loss) per share	0.02	(3.62)	1.41	(0.92)	0.26

Summary statement of financial position

	2021	2020	2019	2018	2017
	Shs ‘000	Shs ‘000	Shs ‘000	Shs ‘000	Shs ‘000
Shareholders’ funds	19,083,517	17,066,832	29,376,826	23,956,170	22,670,010
Total assets	153,427,336	136,962,471	125,243,565	103,656,332	99,024,857
Total liabilities	134,343,819	119,895,639	95,866,739	79,700,162	76,354,847

The Chairman's Statement

Mr. Kuria Muchiru
Chairman

Dear Shareholders,

I am honoured to present to you our integrated report for the financial year 2021. This is a major part of our commitment to provide our shareholders with information about your Company and our bid to enhance shareholder engagement and value.

It is also my pleasure to present to you my first statement since I took over the leadership as the Chairman of your Board. I sincerely thank and acknowledge Mr. Mohamed Karama, for his stewardship during his tenure as the acting Chairman of the Board for 11 months. During his tenure, The Group underwent a tremendous change and successfully implemented key transformational initiatives, such as the reorganization that saw us bring a lean and efficient target operating model as well as the development of a new strategic cycle.

It is worth noting, that even as the Group went through these changes, we remained resilient and managed to deliver strong financial results. This is validation that the business remains fundamentally sound and provides a great foundation as we confidently move forward towards unlocking our potential in the new 2021 – 2025 Strategy Cycle.

On behalf of the Board, we are truly grateful for the way our management team led by our immediate former Group Managing Director Mr. Tavaziva Madzinga and the entire Britam staff, pulled together during the year. Despite the transitional changes, they remained focused to ensure the business remains true to its mission of providing our customers with a wide array of financial solutions that enhance their financial security, Every Step of the Way.

The management team focused on the delivery of results while deliberately paying attention to ensuring the well-being of employees, financial advisors, customers, and other stakeholders across our footprint. Our dedicated employees, most of whom adopted a hybrid model of working, have done a good job in serving our customers with empathy and care while providing an EPIC² #OneBritam Experience.

I also wish to thank the Board for providing invaluable insight, oversight, and for your commitment, that has enabled the Group to successfully navigate through the reorganization and strategy formulation for the 2021-2025 period.

I took up the leadership of the Group as the Chairman with a clear appreciation of the fact that a lot needs to be done to sustain and accelerate the Group's momentum towards its profitability and growth of shareholder value. Indeed, all our key stakeholders have high expectations of the Group, and I am confident that we will continue to maintain our market leadership whilst moving to even greater heights.

Operating Environment

2021 was a year of resilience and rebounding from some of the economic hardships occasioned by the emergence of the COVID-19 pandemic, during which we felt the impact of this on our

Operating Environment (Continued)

customers, employees, and business in multiple ways. As a result, we had to adapt to respond to the dynamic and unpredictable markets. We played our part in providing products that supported our clients and we also changed our ways of working to ensure customers and employees were both supported.

There is an increasing shift by customers towards a preference for more complete digital journeys in subscription of products and services. This continues to be supported by the increasing penetration and adoption of technology. The future presents a changing competitive environment characterized by a wider array of risks and opportunities. This calls for an increasingly agile and customer-centric approach to running businesses. Customers are paying closer attention to the solutions that they need and not necessarily the products on offer.

On the macro-economic front, the year began with increased optimism that local and regional markets will rebound from the drop and contractions in economic performance experienced in 2020. The International Monetary Fund (IMF) projects the global economy to expand by 4.4% in 2022, following estimated growth of 5.9% in 2021. The growth is expected to be widespread across the developed and emerging markets. However, the new COVID-19 variants coupled with the slow vaccine distribution continue to pose a risk to the recovery prospects.

Closer home, Sub-Saharan Africa (SSA) region economies expanded by 3.0% in 2021, and the IMF projects a 4.0% growth in 2022. The rebound projections come on the back of elevated commodity prices, relaxation of COVID-19 containment measures, increased vaccination, and recovery in global trade. However, the SSA region remains prone to threats such as the emergence of new waves of the pandemic, slow vaccine uptake, and concerns over debt sustainability.

The Kenyan economy, our largest market in terms of revenue generation, is projected to achieve an average growth rate of 4.9% in 2022. This is a marginal change from the 5.1% economic growth in 2021, which was supported by the recovery in the sectors such as transport, accommodation, and food sectors, following the easing of COVID-19 travel restrictions and lifting of curfews.

The inflation rate remained within the government's target range of 2.5 - 7.5% but slightly higher than the mid-range of 5.0% in 2021. The upward pressure is attributed to the high fuel prices experienced through most of the year, coupled with the erratic weather conditions in the second half of the year. This also led to a rise in food prices.

The Kenya Shilling weakened by 3.6% against the US Dollar and closed 2021 at Shs 113.1, compared to Shs 109.2 at the end of the previous year. The shilling continues to be impacted by several factors such as increased global crude oil prices and dollar demand as economies reopen, expansion of the current account deficit attributed to an increase in imports, and the growing government debt.

2021-2025 Strategic Cycle

Following the end of the 2016-2020 "Go for Gold" strategic period, the year 2021 marked the start of a new strategic dispensation. The successes and the lessons from the previous strategic period and the emerging realities in the operating environment were critical inputs in developing a new transformational strategy.

Some of the historical and emerging factors that informed the new strategy are: -

- Successes from the "Go for Gold" strategic plan which includes consistently growing topline, and a successful regional expansion.
- The negative impact of inconsistent investment returns that led to earnings volatility.
- The unfolding realities in our operating environment, such as the COVID-19 pandemic, continue to shape the way businesses and customers interact.
- The increasingly competitive business environment characterized by competition from both traditional and non-traditional players.
- The need to relook at our cost structure that has been relatively higher than comparable peers. This has been making our business less cost competitive.

The new strategy focuses on addressing the current challenges affecting the business while at the same time putting the Group on a transformative path. The strategy draws on a transformational vision to grow the customer base through a focus on customer centricity – while strengthening our foundations.

The re-grounding of the business lies within these four areas:

- Organizing the business around the customer. This is about putting the customer at the center of everything we do;
- Leveraging technology;
- Turning of key cost drivers; and
- Shifting our investment strategy to address the volatility of investment, returns experienced for some time arising from equities and property investments.

Business Reorganization around the Customer

The implementation of the new strategy brought to the fore the need to restructure the business into a customer-centric organization model. The business shifted its approach to customers from the traditional line of business or product-focused approach in favour of customer segments. The segments are retail, corporate, partnerships and digital, and emerging market consumers and are already in place.

Sale of Equity Group Holdings (EGH) Stake

A key component of the new strategy is to minimize investment earnings volatility to a level where these do not impact the Group's overall financial performance. A major source of volatility has been the fair value movements from investments in listed equities and from property investments.

The Board approved the sale of the 6.7% Britam's stake in Equity Group Holdings, equivalent to 253 million shares. The exit was concluded earlier this year in the month of April 2022.

Investment in Associate – Housing Finance (HF) Group

Our associate, HF Group PLC recorded a significant improvement in its 2021 performance, with our share of loss declining by 65% to Shs 286 million in 2021 from a share of loss of Shs 823 million in 2020. The Group continues to support the turnaround efforts at HF Group PLC.

The Board and Governance

The transformational change in the Group requires a board membership that is diverse with dynamic expertise and experience.

I am happy to note that in the period under review, we did have new Directors joining the Board including myself. I joined the Board on 5 August 2021 as a Non-Executive Director.

Mr. Edouard Schmid was also appointed to the Board on 5 August 2021 as a Non-Executive Director.

Other changes in the Board were;

Mr. Walter Andrews Hollas retired as the Chairman of the Board and Director, having attained the age of seventy (70) years in compliance with the Board Charter requirements on 1 February 2021.

Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He served as the Group Managing Director from 1995 until his retirement on 31 December 2020.

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

Leadership Transition and Succession

Upon the resignation of Mr. Tavaziva Madzinga as the Group Managing Director, Mr. Charles Njuguna was appointed to the role of Acting Group Managing Director on 14 January 2022.

Looking Ahead

The business remains strong and has already navigated through the necessary transitions. These were critical to cementing its leadership position and preparing it for the future. The attention now shifts to the progressive and sustained realization of the value to all stakeholders.

The Board will continue to support the Group and the Management in the delivery of the key milestones of the new strategic plan. The business operating environment retains some uncertainties related to the upcoming elections in Kenya, the impact of COVID-19 on customers and business, and other macro risks including rising inflation.

The Board continues to monitor these while offering the requisite guidance and support to management, to navigate through and maintain our resilience as a Group.

Appreciation

On behalf of the board and myself, I express my sincere appreciation to our shareholders, partners, clients, customers, and all the other stakeholders for their support during the year.

Once again, special thanks go to our staff, intermediaries, and financial advisors. Their collective efforts, commitment, and loyalty continue to generate value for all our stakeholders. They have remained steadfast, focused, and determined to go the extra mile, ensuring that our customers are provided with the financial solutions they need every step of the way while enjoying an EPIC² #OneBritam client experience.

Thank you.

Mr. Kuria Muchiru
Chairman
29 March 2022

Taarifa ya Mwenyekiti

Bw. Kuria Muchiru
Mwenyekiti wa Bodi

Wanahisa Wapendwa,

Ni heshima kubwa kuwasilisha kwenu ripoti yetu mwaka wa kifedha wa 2021. Hii ni sehemu kubwa ya lengo letu kuwapa wanahisa wetu habari kuhusu Kampuni yenu na azma yetu ya kuimarisha ushiriki na thamani ya wanahisa.

Pia ni furaha yangu kuwasilisha taarifa yangu ya kwanza tangu niliposhika uongozi kama Mwenyekiti wa Bodi. Ninamshukuru kwa dhati Bw. Mohamed Karama kwa uwakili wake katika kipindi chake kama kaimu Mwenyekiti wa Bodi kwa muda wa miezi 11. Wakati wa uongozi wake, shirika lilifanya mabadiliko makubwa na kutekeleza kwa ufanisi mipango muhimu ya mageuzi, kama vile upangaji shirika upya ambao ulitufanya tulete mtindo mwafaka na unaofaa wa kufanya kazi pamoja na uundaji wa mkakati mpya.

Ni vyema kuzingatia kwamba, hata kama Shirika lilipitia mabadiliko haya, tulibaki imara na tukaweza kutoa matokeo dhabiti ya kifedha. Hii ni thibitisho kwamba biashara inabaki kuwa imara kimsingi, na inatoa msingi bora tunaposonga mbele kwa ujasiri kuelekea kufungua uwezo wetu katika mkakati wetu mpya wa kipindi cha 2021-2025.

Kwa niaba ya Bodi, tunashukuru sana jinsi timu yetu ya wasimamizi ikiongozwa na aliyekuwa Mkurugenzi Mkuu wa Shirika Bw. Tavaziva Madzinga na wafanyakazi wote wa Britam walivyojumuika pamoja. Licha ya mabadiliko ya mpito, hawakuyumba katika kuchukua hatua zote muhimu ili kuhakikisha biashara inasalia kuwa kweli kwa dhamira yake ya kuwapa wateja wetu suluhisho zinazoboresha usalama wao wa kifedha, Kila Hatua ya Maisha Yao.

Timu ya wasimamizi ilizingatia utoaji wa matokeo huku ikizingatia kwa makusudi kuhakikisha usalama wa wafanyakazi, washauri wa kifedha, wateja na washikadau wengine kote katika eneo tunalofanyia biashara. Wafanyakazi wetu, wengi wao ambao walichukua mtindo mseto wa kufanya kazi, wamefanya kazi nzuri katika kuwahudumia wateja wetu kwa uangalifu huku wakizingatia mtindo wa EPIC² #OneBritam Experience.

Pia ningependa kuishukuru Bodi kwa kutoa mawaidha muhimu, uangalizi, na kwa kujitolea, ambapo imewezesha Shirika kufanikiwa kupitia uundaji upya na upangaji wa mkakati kwa kipindi cha 2021-2025.

Nilichukua uongozi wa Shirika kama Mwenyekiti nikielewa kwamba mengi yanahitaji kutekelezwa ili kuendeleza na kuongeza bidii kuliwezesha shirika kutoa faida na ukuaji wa thamani kwa wenyehisa. Kwa kweli, washikadau wetu wana matarajio makubwa kwa Shirika, na nina uhakika tutaendelea kudumisha uongozi wetu wa soko huku tukisonga mbele zaidi.

Mazingira ya Biashara

Mwaka wa 2021 ulikuwa wa kurejesha uthabiti na kuniuka kutoka kwa baadhi ya matatizo ya kiuchumi yaliyosababishwa na janga la COVID-19, ambapo tulihisi athari kwa wateja wetu, wafanyikazi, na biashara kwa njia nyingi. Matokeo yake,

Mazingira ya Biashara (Kuendelea)

ilitubidi kuzoea kukabiliana na hali ya soko isiyotabirika. Tulishiriki jukumu letu katika kutoa bidhaa zinazosaidia wateja wetu na pia tulibadilisha njia zetu za kufanya kazi ili kuhakikisha maslahi ya wateja na wafanyikazi yanashughulikiwa.

Kuna mabadiliko yanayoongezeka ya wateja kupendelea safari kamili zaidi za kidijitali katika ununuzi wa bidhaa na huduma. Hii inaendelea kuungwa mkono na kuongezeka kwa ueneaji na utumizi wa teknolojia. Siku sijazo zinaonyesha mabadiliko ya mazingira ya ushindani yenye changamoto pamoja ya fursa si haba. Hii inahitaji mabadiliko ya haraka na yanayozingatia wateja zaidi katika kuendesha biashara. Wateja wanazingatia kwa umakini suluhu wanazohitaji na wala si bidhaa ziliomo sokoni.

Kwa uchumi mkuu, mwaka ulianza na matumaini kuwa masoko ya ndani na ya kikanda itarudi kutoka kwenye kushuka na kudorora kwa uchumi uliopatikana mwaka wa 2020. Shirika la Fedha la Kimataifa (IMF) linakadiria uchumi wa dunia kukua kwa asilimia 4.4% katika 2022, kufuatia makadirio ya asilimia 5.9% mwaka 2021. Ukuaji unatarajiwa kuenea katika soko zilizoendelea na zinazoibuka. Walakini, virusi vipya vya COVID-19 pamoja na usambazaji mdogo wa chanjo inaendelea kupunguza matarajio ya kuimarika.

Uchumi wa Nchi za Kusini mwa Jangwa la Sahara (SA) uliongezeka kwa 3.0% mwaka 2021 na IMF inakadiria ukuaji wa 4.0% mwaka wa 2022. Makadirio ya ukuaji yanatokana na kupanda kwa bei za bidhaa, kulegezwa kwa masharti za kudhibiti COVID-19, kuongezeka kwa chanjo, na kuimarika kwa biashara ya kimataifa. Walakini, SSA inabaki kukabiliwa na vitisho kama vile kuibuka kwa mawimbi mapya ya janga hili, kiwango kidogo cha chanjo, na wasiwasi kuhusu uhimilivu wa madeni ya nchi.

Uchumi wa Kenya, soko letu kubwa katika uzalishaji wa mapato, inakadiriwa kufikia kiwango cha wastani cha ukuaji cha 4.9% mwaka wa 2022. Haya ni mabadiliko ya chini kutoka ukuaji wa kiuchumi wa 5.1% katika 2021, ambayo yalitokana na kuimarika kwa sekta kama vile usafiri, malazi na kufuatia kupunguzwa kwa vizuizi vya kusafiri kutokana na janga la COVID-19 na kuondolewa kwa amri za kutotoka nje.

Kiwango cha mfumuko wa bei kilibakia katika lengo la serikali la 2.5% - 7.5% lakini juu kidogo kuliko kiwango cha kati cha 5.0% mwaka wa 2021. Shinikizo la kupanda linachangiwa na bei ya juu ya mafuta iliyoshuhudiwa kwa muda mrefu wa mwaka, pamoja na hali ya hewa tatanishi katika nusu ya pili ya mwaka. Hii pia ilisababisha kupanda kwa bei ya vyakula.

Thamani ya Shilingi ya Kenya ilipungua kwa 3.6% dhidi ya Dola ya Marekani na kufunga mwaka wa 2021 kwa Shilingi 113.1, ikilinganishwa na kwa Shilingi 109.2 mwishoni mwa mwaka uliopita. Shilingi inaendelea kuathiriwa na mambo kadhaa kama vile kuongezeka kwa bei ya mafuta ghafi duniani, na kuongezeka kwa mahitaji ya dola huku chumi zikiendelea kufunguka, kupanuka kwa nakisi ya akaunti ya nchi inayotokana na ongezeko la uagizaji wa bidhaa kutoka nje, pamoja na kuongezeka kwa deni la serikali.

Kipindi cha Mkakati cha 2021-2025

Kufuatia kufika mwisho wa kipindi cha kimkakati cha 2016-2020 kinachojulikana kama mkakati wa "Go for Gold", mwaka wa 2021 uliashiria mwanzo wa utekelezaji mpya wa kimkakati. Mafanikio na mafunzo kutoka kwa kipindi kilichopita cha kimkakati na hali halisi inayojitokeza katika mazingira ya biashara yalikuwa nyenzo muhimu katika kuandaa mkakati mpya wa mabadiliko.

Baadhi ya mambo ya kihistoria na ibuka yaliyofahamisha mkakati mpya ni: -

- Mafanikio kutoka kwa mpango wa mkakati wa "Go for Gold" unaojumuisha mapato yetu kuendelea kukua, na upanuzi wa kikanda wenye mafanikio.
- Athari kwa mapato ya uwekezaji yasiyolingana na ambayo yamesababisha kuyumba kwa matokeo ya kifedha.
- Hali halisi inayojitokeza katika mazingira yetu ya uendeshaji bishara kama vile janga la COVID-19 ambalo linaendelea kubadilisha jinsi biashara na wateja wanavyofanya kazi pamoja.
- Mazingira ya biashara yenye mashindano yanayozidi kutoka kwa wanabiashara wa kawaida na wasio wa kawaida.
- Haja ya kuangalia upya muundo wetu wa gharama ambao umekuwa wa juu zaidi kuliko washindani wetu. Hii imekuwa ikifanya biashara yetu kuwa na ushindani wa kiwango cha chini.

Mkakati mpya unalenga kushughulikia changamoto za sasa zinazoathiri biashara na wakati huo huo kuliweka Shirika kwenye njia ya mabadiliko. Mkakati huu unatokana na dira ya mageuzi ya kukuza idadi ya wateja kwa kuzingatia umakini kwa wateja - huku tukiimarisha misingi yetu.

Uanzishaji upya wa biashara upo ndani ya maeneo haya manne;

- Kupanga biashara kuwa karibu na mteja. Hii ni juu ya kumleta mteja katikati ya kila kitu tunachofanya.
- Kuboresha utumiaji wa teknolojia.
- Kuangalia upya maeneo muhimu ya gharama, na
- Kubadilisha mkakati wetu wa uwekezaji ili kushughulikia kuyumba kwa uwekezaji na mapato yanayotokana na uwekezaji katika hisa na mali yetu.

Mabadiliko ya kupeleka biashara karibu na mteja

Utekelezaji wa mkakati mpya uliweka mbele hitaji la kubadilisha biashara katika muundo wa shirika unaozingatia wateja. Biashara ilibadilisha mbinu yake ya kuhudumia wateja kutoka kwa njia ya kitamaduni au inayolenga bidhaa hadi mbinu inayolenga kupendelea makundi maalum ya wateja. Makundi haya ni ya rejareja, mashirika, ushirika na udijitali, na wateja wa soko wanaobuka. Makundi haya tayari yapo.

Uuzaji wa Hisa za Equity Group Holdings (EGH)

Sehemu muhimu ya mkakati mpya ni kupunguza kuyumba kwa mapato ya uwekezaji hadi kufikia kiwango ambacho hakiathiri utendaji wa jumla wa kifedha wa Shirika. Chanzo kikuu cha kukosekana kwa utulivu kimekuwa kutoka kwa uwekezaji katika hisa zilizoorodheshwa na kutoka kwa uwekezaji wa mali.

Bodi iliidhinisha uuzaji wa hisa 6.7% za Britam katika Shirika la Equity Group Holdings, sawa na hisa milioni 253. Shughuli hii ilimalizika mapema mwaka huu mwezi wa Aprili 2022.

Uwekezaji katika Shirika la Housing Finance (HF) Group

Uwekezaji wetu katika shirika la HF Group PLC ulipata uboreshaji mkubwa katika utendaji wake mwaka wa 2021 huku sehemu yetu ya hasara ikipungua kwa 65% hadi Shs 286 milioni mwaka 2021 kutoka sehemu ya hasara ya Shilingi milioni 823 mwaka wa 2020. Shirika linaendelea kuunga mkono juhudi za kuleta mabadiliko yanayoendelea katika Shirika hili.

Bodi na Utawala

Mabadiliko yanayoendelea katika Shirika yanahitaji uanachama wa bodi ambao ni anuwai, wenye utaalamu na uzoefu. Nina furaha kwamba katika kipindi tunachoangazia, tulikuwa na Wakurugenzi wapya waliojiunga na Bodi, nikiwa mmoja wao. Nilijiunga na Bodi tarehe 5 Agosti 2021 kama Mkurugenzi Asiyekuwa Mtendaji.

Bw. Edouard Schmid aliteuliwa kwa Bodi tarehe 5 Agosti 2021 kama Mkurugenzi Asiyekuwa Mtendaji.

Mabadiliko mengine kwenye Bodi yalikuwa;

Bw. Walter Andrews Hollas alistaafu kama Mwenyekiti wa Bodi ya Wakurugenzi, alipofikisha umri wa miaka sabini (70 years) kwa kuzingatia mahitaji ya Mkataba wa Bodi tarehe 1 Februari 2021.

Dk. Benson I. Wairegi alijiuzulu kutoka kwa Bodi tarehe 28 Mei 2021. Alikuwa amehudumu kama Mkurugenzi Mkuu kuanzia 1995 hadi kustaafu kwake tarehe 31 Desemba 2020.

Bw. Tavaziva Madzinga. Alijiuzulu kutoka kwa Bodi mnamo 14 Januari 2022. Alikuwa ameteuliwa kuwa Mkurugenzi Mkuu wa shirika tarehe 1 Februari 2021 na kama Mkurugenzi wa Bodi mnamo 17 Februari 2021.

Mabadiliko Katika Uongozi Wa Shirika

Kufuatia kujiuzulu kwake Bw. Tavaziva Mazinga kama Mkurugenzi Mtendaji wa Shirika Bw. Charles Njuguna aliteuliwa Kaimu Mkurugenzi Mtendaji wa Shirika tarehe 14 Januari 2022.

Kuangalia Mbele

Biashara inabaki imara na tayari imepitia mabadiliko muhimu. Haya yalikuwa muhimu kuimarisha nafasi yake ya uongozi na kuitayarisha kwa siku zijazo. Umakini sasa ni maendeleo na utambuzi endelevu wa kukuza thamani kwa washikadau wote.

Bodi itaendelea kuunga mkono Shirika na wasimamizi katika utoaji wa hatua muhimu za mkakati mpya. Mazingira ya uendeshaji wa biashara yanasalia na hali ya kutokuwa na uhakika kuhusiana na uchaguzi ujao nchini Kenya, athari za COVID-19 kwa wateja na biashara, na hatari zingine kuu pamoja na kupanda kwa mfumuko wa bei.

Bodi inaendelea kufuatilia haya huku ikitoa mwongozo na usaidizi unaohitajika kwa usimamizi, kupitia na kudumisha uthabiti wetu kama Shirika.

Shukrani

Kwa niaba ya Bodi na yangu binafsi, natoa shukrani za dhati kwa wenyehisa wetu, washirika, wateja, na washikadau wengine wote kwa msaada wao.

Kwa mara nyingine, shukrani za kipekee ziwaendee wafanyikazi wetu, washirika wa kibiashara na washauri wa kifedha. Juhudi zao za pamoja, kujitolea, na uaminifu zaendelea kutoa thamani kwa washikadau wetu wote. Wamebaki thabiti, makini, na wamedhamiria kwenda hatua za ziada, kuhakikisha wateja wetu wanapata suluhisho za kifedha wanazohitaji kila hatua huku wakifurahia mwelekeo wetu mpya wa kulenga wateja zaidi wa EPIC^{2} #OneBritam Experience.

Asanteni.

Mr. Kuria Muchiru
Mwenyekiti wa Bodi
29 Machi 2022

The Group Managing Director's Statement

Mr. Charles Njuguna
Ag. Group Managing Director

Dear Esteemed Shareholders,

The year was unique for the business as it emerged from a significant loss position in the financial year 2020. It is quite remarkable to reflect on how much our business has continued to evolve over the period and most importantly, our resilience in steadying the business and returning to profitability. The Group has been able to deliver encouraging financial results. This is a validation of the strength of its brand and business model. Our focus now shifts to maintaining momentum towards sustainable profitability.

The financial year 2021 was also exciting for the business as we heralded a new strategic dispensation. This presented a new opportunity to take stock of where we are in our mission and chart a new course towards a brighter future for our stakeholders.

Delivering EPIC^2 #OneBritam Experience to Customers

Our starting point was embedding customer centricity in the customer journey and in the way we innovate for the customer. Our goal is to place the customer at the heart of all business initiatives and activities. Previously, we operated our various subsidiaries as stand-alone business units and we redefined this across the customer segments.

The new customer-focused model was successfully operationalized across the following customer segments: retail, corporate, partnerships and digital, and emerging markets consumers. The new structure came with its demands, in terms of resources, alignment of reporting lines, elimination of duplicated and overlapping functions, and creation of new functions. It also entailed onboarding new competencies in some of the functions and shifting our ways of working.

This has already been put in place. The new structure is already promoting more collaboration, agility, and adaptability across the segments. It has also brought about a leaner management team.

We are already realizing positive results from the re-organization with a cost savings of at least Shs 500 million expected annually.

Our Transformational 2021-2025 EPIC^2 #OneBritam Strategy

Another critical milestone for the year was the formulation of the 2021-2025 transformational strategic plan which the Chairman has already highlighted. It is my pleasure to report that the process of cascading the new strategy was concluded across our footprint.

I am happy to report that we have had some good progress on the strategy a year and a half into it and I am optimistic that the team will deliver on the Strategic Objectives of 2022.

Improving Property Performance

In the financial year under review, our flagship Grade A Property, Britam Tower made significant progress, in terms of occupancy levels. We had targeted to close the year at an occupancy level of 75 percent but we surpassed this target closing the year at 86 percent occupancy level.

We also completed the construction of Kilimani Serviced Apartments. The facility is now being operated by Ascott under their brand name Somerset Westview. The hotel was launched earlier this year and is starting to pick up momentum as travel continues to feature back in our economy. We are optimistic that the serviced apartments will grow occupancy levels as the year progresses.

Financial Performance

The business exhibited an exceptional level of resilience throughout the financial year 2021 and managed to sustain the growth momentum both in its local and international businesses. The business returned to profitability, with the Life insurance business retaining its market leadership with a market share of 21%. We truly are grateful to our customers for their patronage and continued support.

The Group has maintained its revenue growth with its gross earned premium growing by 13% to Shs 31.8 billion. The regional units continued to increase their contribution to the Group's performance and profitability achieving a 3% growth in gross earned premiums to Shs 8 billion. This represented 26% of the Group's overall gross earned premium. In terms of profitability, the international business generated a profit before tax of Shs 562 million.

Overall, the Group reported a profit before tax of Shs 1.0 billion compared to a loss before tax of Shs 9.7 billion in 2020. The Group's total income grew by 33% to Shs 40.2 billion compared to Shs 30.2 billion in 2020.

Focus on Sustainability

Our mission of providing our customers with financial security every step of the way continues to shape our business model. There is increased emphasis on positively changing lives through initiatives to protect the unprotected across our footprint. The Group continues to drive access to insurance services.

Our Emerging Market Consumers segment has been pivotal in driving this agenda by offering affordable and relevant propositions that target the masses. We are currently reaching over 250,000 customers with products such as Kinga ya Mkulima that protect smallholder tea farmers, and provide COVID-19 cover in partnership with Little Cabs, among other solutions focused on covering the uninsured or underinsured sections of the population. We also entered into a partnership with Cellulant, Africa's leading financial technology company. This partnership aims to provide our customers in Kenya with a seamless digital platform, that offers them access to our savings and investment products.

Regionally, our operations are also evolving and making insurance more accessible. In Uganda, we launched a strategic partnership dubbed "Insurance Everywhere" where MTN Mobile, the global telecommunications giant, will distribute Britam's insurance products through its MTN shops. Our customers will utilize MTN money as a payment platform.

In partnership with Vodacom Tanzania, Britam launched VodaBima, a digital service that gives M-Pesa customers access to insurance services through their mobile phones. We believe this is a major step in catalyzing the uptake of insurance services.

Other major milestones include the launch of solutions targeting unique segments of the market. One such is the Britam Afya Pension. This is a savings scheme intended to create a fund to provide health insurance to a member of the scheme upon retirement. The funds saved under the Britam Afya Pension allow the retiree to purchase medical insurance, giving them peace of mind.

Looking Forward

We continue to implement our EPIC^2 #OneBritam Strategy, especially driving scale, by embedding customer-centricity across the business and optimizing returns from our investments.

The uncertain COVID-19 environment and potential macroeconomic disruptions remain a source of consumer pressure. However, we remain vigilant and proactive to counter any headwinds while at the same time continuing to support our customers and partners.

Appreciation

I wish to appreciate all our stakeholders for their different contributions to the success of this company. Special mention to our Board of Directors for their support, guidance, and wise counsel which has made it possible to rebound and deliver encouraging financial results.

I appreciate the management team, members of staff, financial advisors, and intermediaries who have continued to support the company to maintain its competitive advantage. Our growth has been possible because of their commitment, hard work, and loyalty. Your efforts do not go unnoticed.

Thank you.

Mr. Charles Njuguna
Ag. Group Managing Director
29 March 2022

Taarifa ya Meneja Mkurugenzi

Bw. Charles Njuguna
Kaimu Meneja Mkurugenzi

Wanahisa Watukufu,

Mwaka huu ulikuwa wa kipekee kwa Shirika kwani liliibuka kutoka katika hasara mwaka wa kifedha wa 2020. Ni jambo la kutia moyo sana kutafakari ni kwa kiasi gani biashara yetu imeendelea kuimarika katika kipindi hiki na muhimu zaidi, uthabiti wetu katika kusimamisha biashara na kurejelea kutoa faida. Shirika limeweza kutoa matokeo ya kifedha ya kutia moyo. Hili ni thibitisho la nguvu ya chapa yake na mtindo wa biashara. Lengo letu sasa ni kudumisha kasi ya kuendeleza matokeo ya faida ambayo ni dhabiti.

Mwaka wa kifedha wa 2021 ulikuwa pia wa kipekee kwa biashara kwani tulianza mpango mpya wa kimkakati. Hii ilitoa fursa mpya ya kutathmini mahali tulipo katika dhamira yetu na kuchukua njia mpya kuelekea mustakabali bora wa washikadau wetu.

Kulenga na kutoa EPIC[2] #OneBritam Experience kwa Wateja

Hatua yetu ya kuanza ilikuwa ni kutilia umakini wa wateja katika safari ya mteja na jinsi tunavyovumbua huduma kwa mteja. Lengo letu ni kumweka mteja katikati ya mipango na shughuli zetu zote za biashara. Hapo awali, tuliendesha kampuni zetu mbalimbali kama vitengo tofauti vya biashara na tumebadilisha hili upya na sasa ni katika vikundi vya wateja.

Muundo huu mpya unaolenga mteja ulianza kazi kwa mafanikio katika vitengo vifuatavyo vya wateja: rejareja, mashirika, ushirika na dijitali, na wateja wa masoko yanayoibuka. Muundo mpya ulikuja na mahitaji yake, katika suala la rasilimali, uwajibikaji, kuondoa utendakazi unaorudiwa na mwingiliano, na kuunda majukumu mapya. Pia ulihusisha kuabiri ujuzi mpya katika baadhi ya kazi na kubadilisha njia zetu za kufanya kazi.

Hii tayari imewekwa. Muundo huu mpya tayari unakuza ushirikiano zaidi, wepesi, na mabadiliko katika sehemu zote. Pia imeleta timu ndogo ya usimamizi.

Tayari tumeanza kuona matokeo bora kwa shirika kwa kuokoa gharama ya angalau shillingi milioni 500 ikitarajiwa kwa mwaka.

Mkakati Wetu wa Mabadiliko wa 2021-2025

Hatua nyingine muhimu kwa mwaka huo ilikuwa uundaji wa mpango wa mkakati wa mabadiliko wa kipindi cha 2021-2025 ambao Mwenyekiti tayari ameangazia. Ni furaha yangu kuripoti kwamba mchakato wa kughairi mkakati mpya ulihitimishwa katika maeneo yote tunamofanyia biashara.

Nina furaha kuripoti kwamba tumekuwa na maendeleo mazuri kwenye mkakati mwaka mmoja na nusu ndani yake na nina matumaini kuwa timu ilioko itatimiza Malengo ya Kimkakati ya 2022.

Uboreshaji wa Utendaji wa Mali

Katika mwaka wa fedha unaoangazia, Jumba letu kuu ambalo ni la Daraja A, Britam Tower ilifanya maendeleo makubwa katika viwango vya umiliki. Tulikuwa tumelenga kufunga mwaka kwa kiwango cha ukaaji cha asilimia 75, tulivuka lengo hili la kufunga mwaka kwa kiwango cha ukaaji cha asilimia 86.

Pia tulikamilisha ujenzi wa Kilimani Serviced Apartments. Hoteli inayosimamiwa na Ascott chini ya jina chapa Somerset Westview. Hoteli hiyo ilizinduliwa mapema mwaka huu na imeanza kushika kasi huku usafiri ukiendelea kujitokeza katika uchumi wetu. Tuna matumaini kuwa Hoteli hii itakuza kiwango cha ukaaji kadiri mwaka unavyosonga.

Utendaji wa Kifedha

Biashara imeonyesha kiwango cha kipekee cha ustahimilivu katika mwaka wa kifedha wa 2021 na imeweza kudumisha kasi ya ukuaji katika biashara zake za ndani na za kimataifa. Biashara imerejea kwenye faida huku biashara ya Bima ya Maisha ikibakiza uongozi wake wa soko na sehemu ya soko ya asilimia 21. Tunawashukuru sana wateja wetu kwa udhamini wao na kuendelea kutuunga mkono.

Shirika limedumisha ukuaji wake wa mapato yake ya jumla yakiongezeka kwa asilimia 13 hadi bilioni 31.8. Vitengo vya kimataifa vinaendelea kuongeza mchango wao katika utendaji na faida ya Kampuni. Biashara ya kimataifa ya bima ya jumla ilipata ukuaji wa asilimia 3 katika mapato ya jumla hadi bilioni 8. Hii inawakilisha asilimia 26 ya jumla ya mapato ya Kampuni. Kwa upande wa faida, kabla ya ushuru, biashara ya kimataifa ilizalisha faida ya milioni 562.

Kwa ujumla, kabla ya ushuru, shirika liliripoti faida ya bilioni 1.0 ikilinganishwa na hasara kabla ya ushuru ya bilioni 9.7 mwaka wa 2020. Mapato ya jumla ya kikundi yalikua kwa asilimia 33 hadi bilioni 40.2 ikilinganishwa na bilioni 30.1 mwaka wa 2020.

Kuzingatia Biashara Thabiti

Dhamira yetu ya kuwapa wateja wetu usalama wa kifedha kwa kila hatua inaendelea kuchagiza muundo wetu wa biashara. Kuna msisitizo mkubwa wa kubadilisha maisha kwa njia ya kupitia juhudi za kulinda wasio na bima kote katika nyayo zetu. Shirika linaendelea kurahisisha upatikanaji wa huduma za bima.

Sehemu yetu ya wateja wa masoko yanayoibuka imekuwa muhimu katika kuendesha ajenda hii kwa kutoa huduma za bei nafuu zinazowalenga wengi. Kwa sasa tunawafikia wateja zaidi ya 250,000 na bima kama Kinga ya Mkulima inayolinda wakulima wadogo wa majani chai, na bima ya COVID-19 kwa ushirikiano na Little Cabs miongoni mwa suluhu zingine zinazolenga kuhudumia sehemu za watu wasio na bima. Pia tuliingia katika ushirikiano na Cellulant, kampuni kubwa ya teknolojia yakifedha barani Afrika. Ushirikiano huu ulilenga kuwapa wateja wetu nchini Kenya mfumo wa kidijitali ambao unawapa ufikiaji wa bidhaa zetu za akiba na uwekezaji.

Kikanda, shughuli zetu pia zinabadilika na kurahisisha ufikiaji wa bima. Nchini Uganda, tulizindua ushirikiano wa kimkakati unaoitwa Insurance Everywhere ambapo MTN Mobile, kampuni kubwa ya mawasiliano duniani itasambaza bidhaa za bima za Britam kupitia maduka ya MTN. Wateja wetu watatumia huduma ya MTN Money kama jukwaa la malipo.

Kwa kushirikiana na Vodacom Tanzania, Britam ilizindua VodaBima, huduma ya kidijitali inayowapa wateja wa M-Pesa nafasi ya kupata huduma za bima kupitia simu zao za mkononi. Tunaamini hii ni hatua kuu katika kuongeza utumiaji wa huduma za bima.

Hatua zingine kuu ni pamoja na uzinduzi wa suluhisho zinazolenga sehemu za kipekee za soko. Mojawapo ni Britam Afya Pension. Huu ni mpango wa kuweka akiba unaokusudiwa kuunda hazina ya kutoa bima ya afya kwa wanachama wa mpango huo baada ya kustaafu. Pesa zilizohifadhiwa zitamwezesha mstaafu kununua bima ya matibabu, hivyo kumpa amani.

Kuangalia Mbele

Tunaendelea kutekeleza mkakati wetu wa EPIC^{2} #OneBritam Strategy, kuikuza biashara hasa kuzingatia wateja katika biashara nzima na kuboresha mapato kutokana na uwekezaji wetu.

Hali ya COVID-19 na uwezekano wa matatizo ya uchumi mkuu inasalia kuwa chanzo cha shinikizo kwa wateja. Hata hivyo, tunaendelea kuwa macho na makini ili kukabiliana na changamoto zozote huku tukiendelea kusaidia wateja na washirika wetu.

Shukrani

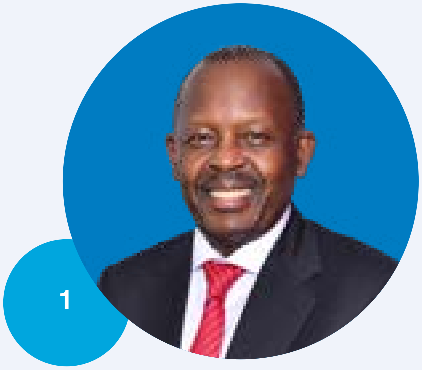
Ningependa kuwashukuru washikadau wetu wote kwa michango yao tofauti kwa kampuni hii. Shukrani maalum kwa Bodi yetu ya Wakurugenzi kwa msaada wao, mwongozo, na ushauri wa busara ambao umewezesha kurejesha na kutoa matokeo ya kifedha ya kutia moyo.

Ninashukuru timu ya usimamizi, wafanyikazi, washauri wa kifedha na washirika wetu ambao wameendelea kusaidia kampuni kudumisha ushindani wake. Ukuaji wetu umewezekana kutokana na kujitolea kwao, bidii, na uaminifu. Juhudi zenu haziwezi kukosa kutambuliwa.

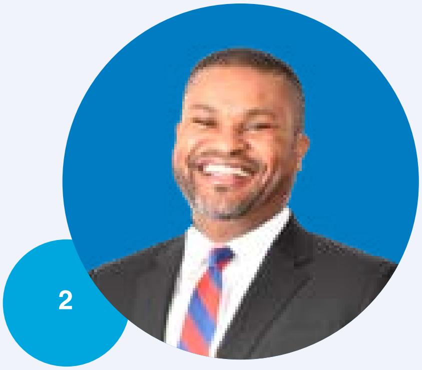
Asanteni.

Bw. Charles Njuguna
Kaimu Meneja Mkurugenzi
29 Machi 2022

Our Leadership
The Board of Directors



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



Mr. Mohamed Karama
Independent Non-Executive Director
Year of Appointment to Board: 2017

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

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

Ms. Marianne Loner
Non-Executive Director
Year of Appointment to Board: 2017

6

Ms. Caroline Kigen

Independent Non-Executive Director

Year of Appointment to Board: 2017

7

Mr. George Odo

Representative of AfricInvest III SPV 1 (Corporate Director)

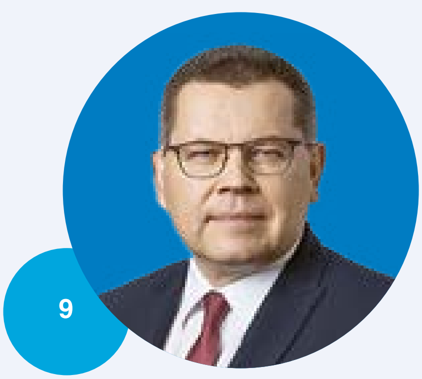
Year of Appointment to Board: 2019

8

Ms. Josephine Ossiya

Independent Non-Executive Director

Year of Appointment to Board: 2019



9

Mr. Edouard Schmid

Non-Executive Director

Year of Appointment to Board: 2021

10

Ms. Winnie Jumba

Company Secretary

Year of Appointment to Board: 2021

The Board of Directors Profiles

1

Mr. Kuria Muchiru

61 Years

Chairman

Year of Appointment to Board: 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, S ub-Sahara Africa, and the UK.

Other Directorships

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

2

Mr. Mohamed Karama

48 Years

Independent Non-Executive Director

Year of Appointment to Board: 2017

Mr. Karama holds a Bachelor of Science Degree from the University of Maryland and is a Certified Public Accountant and a Certified Government Financial Manager. He has diversified consulting skills, comprehensive IT transformation experience, and extensive knowledge of the public sector, financial services, and healthcare industries. Mr. Karama has been a partner at PricewaterhouseCoopers, leading advisory services both in Kenya and in the United States. He has over 25 years of global experience in both developed and emerging markets.

3

Dr. Peter K. Munga, EGH

78 years

Non-Executive Director

Year of Appointment to Board: 1982

Dr. Peter K. Munga, EGH is a Certified Public Secretary with vast experience in both public and private sector management. He holds two honorary doctorates, Doctor of Letters (Honoris Causa) from The University of Nairobi, and Entrepreneurship (Honoris Causa) from Kenya Methodist University. He has a diploma in Human Resources and Financial Management. He has received the highest presidential award for 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 to 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 a 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.

4

Mr. Jimnah M. Mbaru, EBS

75 Years

Non-Executive Director

Year of Appointment to Board: 1984

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

Other Directorships

Mr. Mbaru is a director of Britam Properties (Kenya) Limited a subsidiary of Britam Holdings PLC and a director of Occidental Insurance Limited, Nairobi Securities Exchange, and Sanlam Africa Core Real Estate Investors Limited.

5

Ms. Marianne Loner

65 Years

Non-Executive Director

Year of Appointment to Board: 2017

Ms. Loner holds a Masters in Business Administration from the Graduate School of Business Administration at New York University. She has over thirty years of experience in financial services and asset management.

Other Directorships

Ms. Loner also serves as a Director at Sura Asset Management, S.A. Colombia, Procredit Holdings AG & Co Frankfurt, Procredit Bank SA Romania, and Amundi Planet Sicav-SIF, Luxembourg.

6

Ms. Caroline Kigen

50 Years

Independent Non-Executive Director

Year of Appointment to Board: 2017

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

Other Directorships

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

7

Mr. George Odo

56 Years

Representative of AfricInvest III SPV 1 (Corporate Director)

Year of Appointment to Board: 2019

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

8

Ms. Josephine Ossiya

49 Years

Independent Non-Executive Director

Year of Appointment to Board: 2019

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

Other Directorships

Ms. Ossiya is a Director of the following subsidiaries of Britam Holdings PLC- Britam Insurance Company (Uganda) Limited and Britam Asset Managers (Uganda) Limited. She is also a board member of the Bank of Uganda.

9

Mr. Edouard Schmid

58 Years

Non-Executive Director

Year of Appointment to Board: 2021

Mr. Schmid holds a Masters degree in Physics from the 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.

Other Directorships

He is a Member of the Board of Directors at New China Life Insurance Company Ltd and also at Definity Financial Corporation, Canada.

10

Ms. Winnie Jumba

50 Years

Company Secretary

Year of Appointment to Board: 2021

Winnie has over twenty years of experience as a practicing Certified Public Secretary and a Corporate Governance expert. She is an experienced and dedicated Company Secretary with additional specializations in Corporate Governance services, Legal and Governance audits, Bond Trustee/ Security agency services, and general compliance matters.

Our Executive Management Team

Mr. Charles Njuguna
Ag. Group Managing Director

Mr. Jackson Theuri
Corporate Director

Ms. Carol Misiko
Risk and Internal Audit Director

Mr. Kennedy Aosa
International Business Director

Ms. Diane Korir
Customer Experience Director

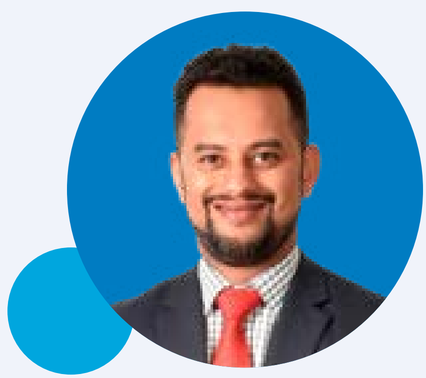
Mr. Ambrose Dabani
Retail Director

Ms. Catherine Karita
Strategy and Investor Relations Director

Mr. Zomunoda Chizura
Asset Management Director

Ms. Evah Kimani
Partnerships and Digital Director

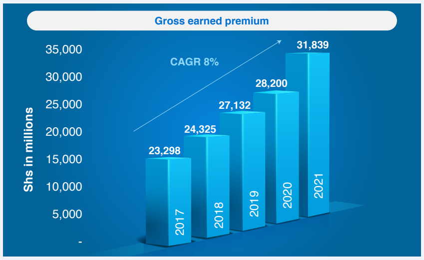
Ms. Mulalo Moroe
Legal and Compliance Director

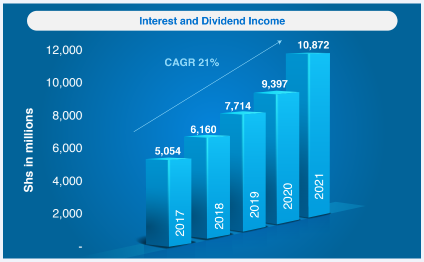


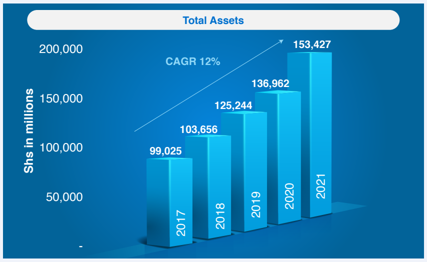
Mr. Saurabh Sharma
Emerging Consumers Business Director

Ms. Evelyne Munyoki
Human Resources Director

Financial Review







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

Gross Earned Premiums

The insurance business revenue recorded a growth of 13% with the Kenya Insurance business registering an impressive 17%. The international businesses registered a growth rate of 3% and contributed to insurance business revenue of Shs 8.1 billion (2020: Shs 7.9 billion), which accounted for 26% (2020: 28%) of the total insurance business revenue.

Investments and Other Income

Dividends and interest income increased by 16% from Shs 9.4 billion in 2020 to Shs 10.9 billion.

Net loss from investment properties which comprises rental income and fair value movements in investment properties improved by 86% to register a loss of Shs 206.4 million from a loss of Shs 1.5 billion as a result of lower revaluation losses of Shs 608 million (2020: loss of Shs 2 billion) recorded in the year on the background of growth in occupancy levels and improved property market.

The Group's investment in equities returned unrealised fair value gains amounting to Shs 2.3 billion compared to losses of Shs 2.3 billion in 2020 and fair value gains on disposal of shares of Shs 36.8 million (2020: Loss of Shs 149.4 million). These have been accounted for in the consolidated statement of profit or loss. In addition, revaluation gains of Shs 1.8 billion (2020: Losses Shs 2.06 billion) were recognised in the statement of comprehensive income.

Significant fair value losses of shs 1.0 billion were recorded in government securities compared to a gain of Shs 495 million in 2020 impacted by shifts in the yield curve upwards across different maturities in which the Group entities hold significant investments.

The share of loss of the associate accounts for Shs 286.0 million (2020: Shs 823.0 million) in the Group profit before tax. Additionally, an impairment reversal in the investment in associate of Shs 172 million has been booked in 2021 (2020: impairment loss of Shs 603 million).

Net Insurance Benefits and Claims

Net insurance benefits declined by 4% to Shs 17.8 billion from Shs 18.6 billion in 2020. This was driven by a 19% decline in Life net benefits (Life accounts for > 55% of consolidated insurance benefits) due to lower reserves as a resultant of upward shift in the yield curve applied in actuarial valuation of outstanding reserves.

Operating Expenses

The Group's total operating costs were down 15.8 percent to Shs 11.3 billion. This is despite the business incurring a one-off business transformation expense as part of implementing its new transformational strategy.

Profitability

The Group has reported a profit before tax of Shs 1.0 billion compared to a loss before tax of Shs 9.7 billion in 2020 and a total comprehensive income of Shs 2.0 billion compared to a total comprehensive loss of Shs 11.7 billion in 2020. The main contributor to the difference between the reported profit before tax and the total comprehensive income in 2021 is the fair value gains resulting from the revaluation of the investment in Equity Group Holdings PLC, which is marked to market.

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 51.

Consolidated Statement of Financial Position

We have reported an increase of 12% in total assets during the year.

Outlook

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

OUR VALUE CREATION

Britam creates value by combining a broad range of resources that are available to generate positive outcomes for stakeholders that go beyond financial returns for our investors.

Value to Stakeholders

Positive relationships with our stakeholders are critical to the sustainability of our business. The Group pursues stakeholder engagement strategically. This allows us to better understand those risks that could impact our business. We believe in and support open exchange with and between diverse stakeholder Groups that have significant potential and contribution to our strategy and ultimately our value creation.

The Group continues to commit the resources required to understand the needs of our stakeholders and receive their feedback. This empowers us to respond appropriately and consistently which then sustains and createse value in the short, medium, and long term.

Our Stakeholders

Below are our key stakeholders and how we engage them.

Stakeholders	How we engage our stakeholders
Customers Our customers are our largest stakeholder Group. They are the reason why we exist and are the providers of revenue as they subscribe to our products and services.	We offer our customers various services to provide them with financial security. Our key products and services include General Insurance, Life Assurance, Retirement Planning, Asset Management, and Property. We have changed our business model to embed customer-centricity by grouping our customers into segments that empower us to better offer customized propositions. We engage with them through different channels such as face-to-face meetings, through our shops and outlets, through agents and intermediaries as well as traditional service channels like phones and email. In the online space, we reach them through platforms such as live chats, WhatsApp, social media, and self-service via an app – The Britam APP. We also offer online and unstructured supplementary service data (USSD). Other engagements are in the form of mass media and sponsorships. We use independent service providers to obtain feedback on customer experience.
Employees Our employees are at the core of our business. We esteem our employees – their knowledge, expertise, and dedication to our business, customers, and intermediaries. They are core drivers of our success and competitive edge.	We are deliberate in the way we engage with our employees to inspire and motivate them to deliver their best. This is through both cash-based and non-cash-based rewards. There are opportunities for in-person interaction through company-wide townhalls, ad hoc employee events, and workplace forums. We also interact online through regular email updates, social collaboration tools, and anonymous feedback platforms. In addition, we offer training programs both online and face-to-face to support them develop their careers. There are also other opportunities for personal development.
The Wider Community Our focus is beyond business priorities and therefore we strive to make a lasting impact on the environment and the communities in which we operate. Our initiatives aim to enrich lives beyond the value provided by our products and services.	Across our regional footprint, we aim to make a lasting impact on the communities in which we serve. We engage through our corporate social investment initiatives to uplift communities, strengthen our industry and share our experience and expertise for the common good. Our interactions include meetings, events, workshops, training, industry forums, donations, and sponsorships. The business allocates funds to corporate social responsibility activities for investment in our communities.

Our Stakeholders (Continued)

Stakeholders	How we engage our stakeholders
We have a rich and diverse shareholder base composed of both local and international shareholders. They are the owners of our business and trust us to generate sustainable returns exceeding our cost of capital over the short, medium, and long term.	We aim to consistently and transparently engage with our shareholders. This is done both in-person and through our various communication platforms. The key engagement forums are Annual General Meetings (AGMs), individual shareholder calls and meetings, conference calls, results announcements and presentations, investor roadshows and conferences. We also have a dedicated email address for general investor queries, a dedicated email address for AGM feedback, and regular updates on our website. We have dedicated functions dedicated to shareholders interests through the company secretariat and the investor relations departments.
Suppliers and Partners These are critical partners to our operations. They provide services, technologies, and a wealth of other forms of technical and business support to our operations. We believe and pursue mutually beneficial and transparent relationships with them.	We strive to have meaningful engagements with our suppliers and partners and aim to make it easy for them to do business with us. We use communication channels such as portals, emails, conference calls, and face-to-face meetings to attend to their queries and concerns. We procure our goods and services through an open and transparent procurement process observing the company's procurement policy and procedures. We engage in an open and fair supplier prequalification process and obtain engagement feedback through independent surveys.
Government and Regulators We take pride in being a responsible corporate citizen. We promptly pay taxes across our footprint where we operate. We work with governments and regulators to ensure we cooperate and collaborate in a way that supports a stable and flourishing insurance and the wider financial services industry.	We comply with country-specific legislation and regulations. We make presentations about legislative and regulatory processes and directly engage key government regulatory and industry stakeholders. Our engagement with governments and regulators focuses on constructive participation to ensure the best outcome for our customers, intermediaries, industry, and the countries in which we operate in.

Our Material Matters

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

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

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

1. Material issues are identified by determining which matters have the potential to impact the Group's sustainability and ability to create value for our stakeholders.
2. The validity of these matters is determined according to their relevance against our current operating context. This includes validating the matters with the highest potential to significantly impact the viability of our business.
3. After the material matters have been validated, we apply our strategy to respond appropriately.
4. Evaluating the material issues and their solutions on a continuous basis allows us to ensure that our strategic initiatives remain valid and relevant.

In the Financial year 2021, Britam Holdings Group identified the following matters.

The discussions on the material matters take atleast one of the following forms: -

- In the board and its committees meetings during the year,
- Can arise from the strategy-setting or review process,
- Discussions in executive management meetings, and
- The feedback from some of our key stakeholders.

Our Material Matters (Continued)

Below are highlights on the material matters, the nature of their impact and the Group's Strategic Responses

Material Issue	Nature of impact	Our Strategic Response
Investment Asset Performance	The Group's financial performance has a significant exposure from its investment portfolio. This has often introduced significant volatility in earnings attributed to fair value changes in the investments. The main sources of fair value movements are: • **Listed equities -** These introduce fair value gains or losses in our financial results. • **Properties -** The Group's developed and undeveloped properties continued to impact its performances due to impairments where the properties are not significantly occupied. • **Investment in Associate – Housing Finance Group –** The performance of this investment has an impact on the Group's financial results.	The 2021-2025 EPIC² #OneBritam strategy is very deliberate on addressing the earnings volatility. One of the foundational enablers of the strategy is shifting the investment strategy. This is to stabilize the investment profile and returns from our investments. The Group is already exiting some of the investments that have been introducing significant fair value movements in the results. There is an increasing shift in investment assets from properties and equities to fixed income instruments. Other efforts include aggressively pursuing significant occupancy levels for our properties especially the Britam Tower.
Regulatory environment	The Group, its subsidiaries, and associates operate in highly regulated industries. There is no doubt that this level of regulation is necessary. However, it does impact the cost, competitiveness, and growth of the business. The Group fully supports the intentions of regulators, but the ever-evolving operating environment places a burden on the business, especially where the pace and level of regulatory change cannot be easily ascertained.	The Group has a dynamic Legal and Compliance function focused on proactive minimization of Compliance risks. This is achieved by ensuring that activities of the Group are conducted in accordance with all regulations, codes of conduct, and standards of good practice applicable in all the jurisdictions it operates in. Tracking and monitoring of legislative developments is done to pick out potential legislation and whenever possible get involved in public participation phase and give our inputs. Once a legislation or a regulation comes into force, the Group conducts a comprehensive gap analysis to pick areas of exposure and put in place the required mitigations. There is ongoing training and awareness across the Group that targets the affected staff.

Material Issue	Nature of impact	Our Strategic Response
International Business Performance	Due to the diversified nature of the Group's operations and its regional footprint, the performance of each of the international business units remains critical to delivering the Group's growth and profitability. The performance of the units is however impacted by several factors: • The international units local macro-economic and social-economic conditions, • The demand for our products and services, • The competitive environment in each market, and • Strength and expertise of local management teams and talent.	To effectively manage the issues arising out of the regional business, the Group offers support to the regional operations in the following ways: • Regulatory compliance. This is done by providing capitalization whenever there is a need in any of the subsidiaries. Adequately capitalized businesses can compete and offer top-of-class customer experience. • Support in product development and marketing initiatives. This is done through dedicated teams at the holding company level.
Operational Efficiency	The Group through its subsidiaries operates in a fairly competitive business and dynamic operating environment. The changing operating environment including change in customer behaviors in light of the COVID-19 pandemic has made customers to prefer digitally complete journeys. This then makes operating efficiency a key driver of both operating costs and customer experience which in turn drives profitability and return to shareholders. The industry and the market as a whole continue to witness shifts in consumer behavior, new regulations, and ever-increasing adoption of technologies. The competitiveness, performance, and profitability of the Group is dependent on how the Group prepares and navigates through these changes.	The 2021-2025 EPIC^2 #OneBritam strategy commenced with a business reorganization to a new target operating model. The new model is part of embedding customer-centricity. This has realized other key benefits such as eliminating overlapping roles, unnecessary and duplicated activities, and associated cost savings. Other focus areas are re-evaluating contractual arrangements with our value chain partners such as vendors and other service providers. One of the foundational enablers of the new strategy is to leverage on technology which is expected to reduce operating costs and enhance customer experience. The business continues to push for increased adoption of online subscriptions of our products and services. In the year under review, we continued to enhance our IT operating model and vendor management.

Our Material Matters (Continued)

Material Issue	Nature of impact	Our Strategic Response
Fraud Risks	Fraudulent claims remain a big challenge to the insurance industry, especially in Kenya and Britam is not immune to this menace. This has usually occasioned relatively significant claims, especially in motor and medical lines of business leading to industrywide underwriting losses. Fraud risks have a direct impact on the profitability and sustainability of our business and the industry as a whole.	Both industry-wide and business-specific initiatives are being put in place to remedy this. Industry-wide level:- working with other players to review risk pricing and introduction of minimum premiums, reduction of industry-wide fraud through data sharing and increased collaboration. Britam is focused on managing the risk of fraud through a comprehensive fraud risk management framework that incorporates the following; fraud prevention, proactive detection of potential fraudulent activities before they crystallize to losses and appropriate response to incidences of fraud. The framework has seen the Group put in place among other measures; fraud awareness training, fraud risk assessments ,and the use of data analytics to identify suspicious transactions and activities.

Delivering EPIC² Customer Experience

Value to our Customers

As part of offering our customers top-of-class experiences, we continued with the launch of new solutions and refresh of the existing solutions. We also continue to seek new partnerships to create more opportunities and value for our customers.

Sponsored Data Solution (SDS) in partnership with Safaricom.

This is a new service launched by Life Insurance towards empowering our Financial Advisors network, to have uninterrupted access to internet for their day-to-day activities of prospecting for customers and meeting their sales target.

This new solution came with new functionalities for Britam customers as well, an affirmation of our vision to be a truly customer-centric organization.

With this new Sponsored Data Solution service, all Britam Financial Advisors and Britam customers can now browse specific Britam websites **FREE** of any charges. This offer comes with a maximum daily cap of 100MB per person or line.

The Britam websites covered under this solution are:

FA Portal: faconnect.britam.com
My Britam Portal: customerconnect.britam.com
My Britam App: mobilelive.britam.com

Elimu Smart

This is a School Fees Insurance Cover by Britam that ensures a child stays in school in case of a calamity. Britam partnered with Bismart, a leading insurance aggregator to launch a short-term school fees insurance cover, Elimu Smart. This protects school-going children from dropping out of school in the unfortunate event of the death, permanent total disability, or diagnosis of critical illness of the parent or guardian.

The solution is fully digital and designed with flexibility and affordability in mind with premiums even below Shs 1000 per year.

The premium amount guaranteed is designed to mirror the actual school fees payable for the child's education in their current school. Elimu Smart is for parents and guardians with children at all academic levels from Kindergarten to University. It is renewable every year as long as the child is in school. This offers parents and guardians the flexibility to plan their expenses year on year as well as enabling them to make necessary adjustments as their children transitions through different grades and levels.

Britam Afya Pension

This is a fund that enables customers to save towards purchasing medical insurance after retirement through pension schemes. Driven by the vision of placing customers at the center of all we do and taking into consideration the challenges facing Kenyans, especially senior citizens, it was important to create a product that would assist customers to start planning for their retirement expenses early.

Value to our Customers (Continued)

Britam Afya Pension (Continued)

With Britam Afya Pension, individuals now have the opportunity to save for their future medical needs during their working years and later access quality healthcare after retirement. This is a responsive product geared towards closing the gap for universal healthcare, particularly for senior citizens.

Britam Afya Pension offers a wide range of benefits including the flexibility to transfer funds in the event of a change of employment, tax efficiencies and superior investment returns. Additionally, upon retirement, the member has the freedom of choice on the type of medical cover to purchase. One may transfer a portion or the whole fund to a registered insurance company or purchase a medical insurance cover or provision of medical benefits within the scheme and/or medical fund in accordance with the scheme or fund provisions.

In 2019, Britam introduced the Milele Health Plan which is an inpatient medical cover with no age limit, allowing those above 70 years to join and enjoy in-patient and out-patient medical benefits, critical illnesses cover, personal accident cover, overseas treatment, professional consultation in stress management, nutrition and health, annual wellness checks and family planning benefits, among others. In 2021, Milele revamped the health plan to include COVID-19 treatment, telemedicine, and online pharmacy and medicine delivery.

My Britam Self-Service Portal & Mobile App Refresh

Since its launch, My Britam self-service portal platform has progressively been improved through the introduction of more service capabilities. The third phase was rolled out in 2021 and brought on board the following additional services for Britam customers;

1. Change of beneficiary details
2. View and download policy documents
3. Update Bank Payout Details
4. Make Spot Card Payments (Life & pension customers)
5. View and download Tax Certificates
6. Make Partial Withdrawal

Additionally, this phase has seen the roll-out of the following new document automation enhancements;

- Individual Life customers are now receiving monthly statements electronically.
- Policy endorsements are now being sent electronically to our customers.

Efforts continue to recruit existing customers to sign up to the self-service portal and enjoy the added benefits.

Britam Digital Innovations & Partnerships Journey

We recently rolled out our 2021 – 2025 EPIC^2 #OneBritam Strategy which seeks to enhance customer experience by becoming a more customer-centric organization. As part of this new strategy, we are seeking to capitalize on our investments in a robust IT system to accelerate our digital customer programs.

We have embraced a technology-led strategy that prioritizes customer demands and overall customer experience. As testament to this, our retail customers can now access self-services options 24/7 via My Britam Self-Service Portal and Mobile App. In addition, we are now able to reach more customers and provide them with innovative solutions through digital partnerships;

Little Cab Partnership

We entered into a partnership with Little Cabs company that would see us cater to the more than half a million customers currently using their Little Cabs mobile application. Our vision to avail pocket-friendly, bite-sized insurance products and increase penetration of insurance products was realized when we rolled out a per

Britam Digital Innovations & Partnerships Journey (Continued)

Little Cab Partnership (Continued)

trip personal accident insurance cover that ensures all riders on Little cab are safeguarded in the event of any accidents occurring during their trip.

The service which began in Kenya will be expanded to Uganda and Tanzania among other regions where Little Cabs and Britam share a footprint.

Beyond availing affordable insurance products, we see this as a great opportunity to generate valuable data that can then inform insurance risk estimation and subsequently guide in the development of new-generation products for riders and drivers alike.

KAVA Partnership

Our Britam Asset Managers partnership with KAVA, a local digital micro-lender enabled us to extend emergency loans to our Britam Money Market Fund customers.

With this partnership, our customers are now able to borrow against their savings thus retaining funds in their Money Market Fund. The loan which allows customers to adequately handle emergencies while still earning an interest from their savings is open to Britam customers who have an existing Money Market Fund Account. This is a first-of-its-kind offer in the Fund Management industry. Britam Asset Manager's Money Market has become one of the company's fastest-growing products. With a minimum of Shs 1,000, the fund is considered one of the most affordable investment options in the Kenyan market.

Partnership with KOA

Earlier this year we entered into a partnership with KOA that would enable us to develop innovative products that support savings and investments penetration.

The partnership was formalized through our Britam Asset Managers division and KOA, a Kenya-based Fintech startup. The KOA App makes it easy for customers to start their savings and investment journey with the Britam Money Market Fund in under two minutes. Through the partnership, our customers are now saving as little as Shs 100 and watching their money grow and multiply with Britam's Money Market Fund.

Partnership with Cellulant

We recently entered into a partnership with Cellulant, Africa's leading financial technology company. This partnership aims to provide our customers in Kenya with a seamless digital platform that offers them access to our savings and investment products. Our goal is to create a digital solution that helps customers save flexibly and conveniently through Cellulants Ting App. Ting is a bill payment platform that allows customers to pay bills, send & receive money and manage all their financial transactions from the App. Through this App we are, now able to offer our Imarika Wallets customers a fully end-to-end digital customer journey.

Corporate Social Responsibility

The Group's Corporate Social Responsibility (CSR) is part of our commitment to good corporate leadership, governance, and sustained operation and profitability. The Group's long-term strategy is to engage in strategic CSR, which will benefit our stakeholders and reinforce the Company's corporate strategy and leverage on key focus areas of the business.

Britam pursues CSR activities that support the Group's strategic objectives, grow the brand visibility as a credible and reliable business partner, and support overall sustainability. Ultimately, we aim to cultivate loyal partners, a grateful clientele, and a sustainable relationship with our various stakeholders.

As part of Corporate Social Responsibility across our footprint, Britam engaged in the following: -

Malawi

Oxygen donation to Queen Elizabeth Central Hospital

The Ministry of Health requested the general public to offer a hand of assistance with the provision of health equipments during the COVID-19 pandemic. Britam Insurance saw it necessary to contribute a donation of Oxygen worth MK5 million to Queen Elizabeth Central Hospital.

The donation in the end assisted some of our clients who were admitted to the hospital. This was an opportunity to showcase that we are not only interested in collecting premiums but have the heart to give back to the society as well.

Sponsorship for Council for NGOs in Malawi (CONGOMA) Annual General Meeting.

This was a high-level conference that brought together key decision-makers for all the NGOs in Malawi hence it was a good platform for engagement and exposure of our tailor made NGO Gold product and other products to the relevant stakeholders. We sponsored the event to the tune of MK1,8 million.

Football Association of Malawi (FAM) Golf Tournament sponsorship.

FAM our client organized a fundraising golf tournament themed "Kuipatsa Moto Flames Golf Tournament" with an aim of equipping the Malawi National team with enough resources in preparation for the AFCON. We offered a sponsorship of MK0.6 million for two teams.

The sponsorship also assisted us to cement the relationship we have with Football Association of Malawi.

Hope View Centre Book Donation

We received a request for a book donation from Hope View Center, a Non-Profit registered entity and a skills based Centre targeting learners with learning, emotional and behavioral difficulties.

The facility is also involved in developing an understanding, appreciation and respect for challenges faced by children with different special education needs.

The Organization needed to procure books and we contributed MK0.5 million.

Insurance Institute of Malawi Annual Lakeshore Conference Sponsorship

The conference is an annual event bringing together on the Insurance fraternity to deliberate issues affecting the Insurance Industry in Malawi. We sponsored the event to the tune of MK3 Million.

This was a forum for sharing of Knowledge/understanding of the issues affecting our industry.

Rwanda

Sponsorship PMC Golf League 2021 / Piga Mingi Crew

We sponsored the event to the tune of Frw 2.5 million and Britam continues to support society through CSR and enhance stakeholder relationship.

Others- Support The Foundation For The Youth Future and their Twigire Project, which we sponsored to the tune of Frw 2 million.

Kenya

Sponsorship of Caddies National Championship

The Kenya National Caddies Association has been in existence since the year 2000. The association has been at the forefront in driving the acceptance of caddies into the golfing fraternity. When the COVID-19 pandemic was reported in Kenya, caddies were affected financially as their main source of income is from golf tournaments which had been suspended alongside all sporting activities.

Britam which has been in support of the caddie's association over the years took the opportunity to sponsor a championship which allowed the caddies to participate for a chance to win vouchers and other cash prizes.

Support towards Civilian Military Co-operation Activities (CIMIC)

Britam and Kenya Defence Forces (KDF) have been in a long-standing relationship and over the years we have partnered in community-based activities. The KDF Day is a National Military annual event that commemorates and celebrates the gallantry of our military. As part of marking this event, KDF also holds Civilian Military Co-operation (CIMIC) activities geared towards assisting soldiers' families in barracks and the general public in adjacent areas. The most recent event was held at Mariakani Garrison and Britam supported this event through a donation of Shs 500,000. The donation went towards the supply of medical supplies.

Tree Planting and Cleanup in Upper Hill, Nairobi

Our People

The 2021 – 2025 EPIC² #OneBritam Strategy is about Delighting the Customer. Britam is deliberate on creating a culture and an environment where our people can thrive and succeed. It is also about focusing on our people and building an employee brand to deliver the customer and brand promise. Our people will through empathy and care consistently deliver an EPIC² experience to our customers through meaningful interactions and satisfying experiences.

Our employees through their skills, experience, and most importantly, passion and determination sustain the resilience of our business and operations. This has made it possible for the Group to sustain its leadership position.

To support the corporate strategy, the Group will continue with initiatives to support our people and the business to realize individual and corporate aspirations.

As a business, we have embarked on a culture transformation journey to ensure that we embed a people-centred high-performance culture, as well as customer centricity to support sustainable growth of the business into the future. Our culture journey and the concurrent organization transformation will support the new strategy in: -

- Increased efficiency and agility in our operations and go-to-market strategic initiatives.
- Embedding customer centricity, customer growth and retention.
- Developing deeper skills, core capabilities and leadership capacity and capability in key areas to support and accelerate the corporate strategy execution.
- Creating value for our people in providing meaningful work and opportunities to perform and excel in their careers.
- Creating distinctive employee experience for our people as a strong talent and employer brand.

We continue to evolve Britam's internal ways of working having adopted a transformation model that supports: -

- Better and faster decision-making.
- Improved speed to market.
- Increased customer Net Promoter Score, acquisition, and retention.
- Attraction, development, and retention of great talent.
- High-performance culture and significantly improving outcomes consistently.
- Fostering collaboration, better learning agility, and innovation.
- Improved employee experience, engagement and Employee Net Promoter Score (ENPS).

We are on a journey to transform technology, tools, and processes in an agile way. This aims at driving;-

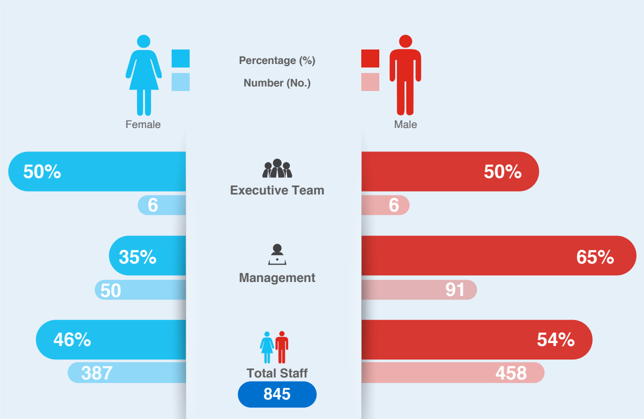
- "**Digital first**" and adopting agile methodology as a way of working to accelerate strategy execution and go-to-market initiatives.
- Significant operational efficiencies and cost leadership gains.
- Improving customer and employee experience through meaningful and responsive platforms and media.

Embracing Diversity

The Group values the uniqueness of people and diversity of thought particularly in relation to generational, gender, and geographical differences.

Embracing diversity comes with opportunities relating to ideas, skills, competencies, experience and work ethic.

Staff Gender Diversity Metrics



Giving a Voice to Our People

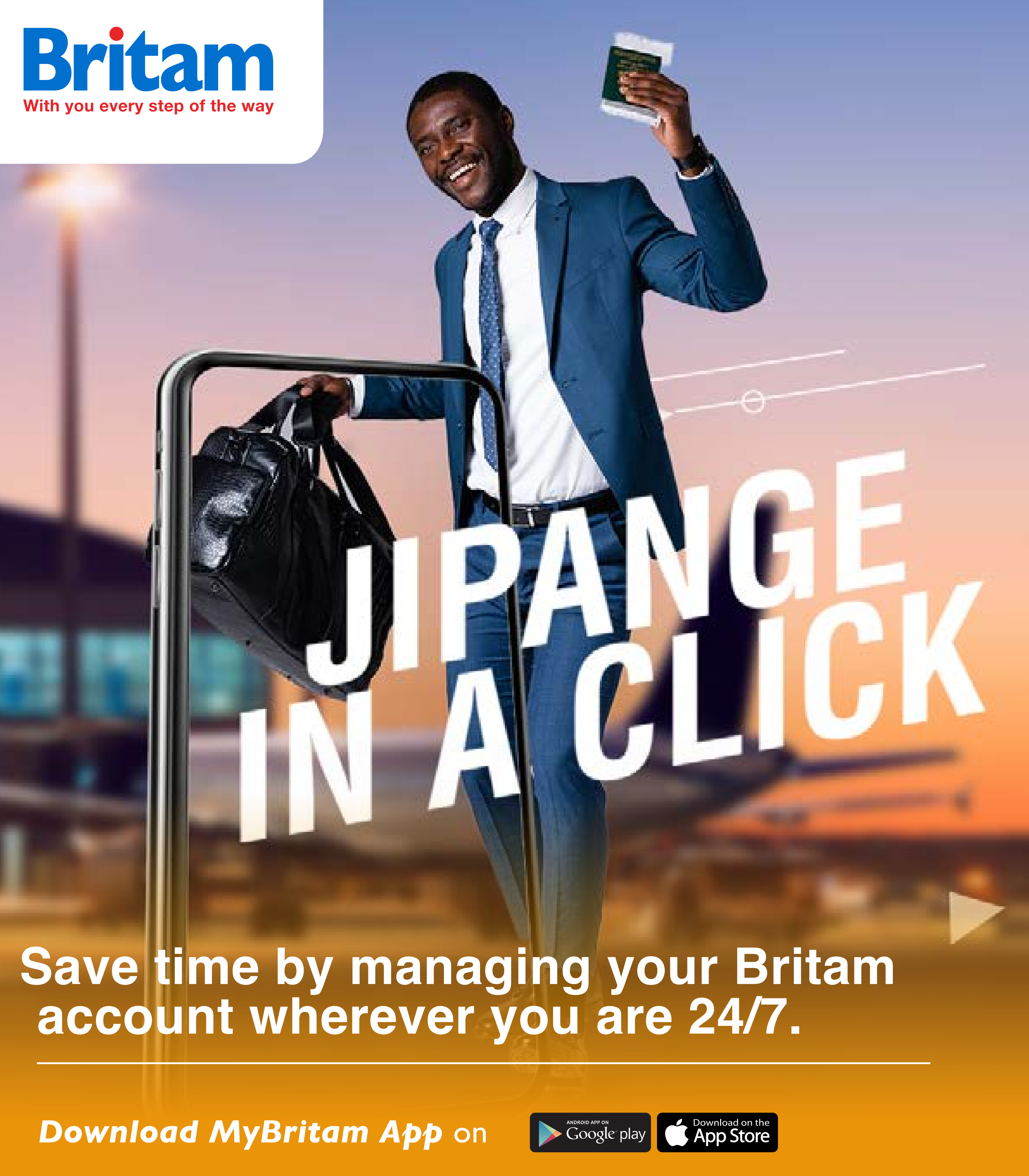
We value our employees, and we are keen to know what matters most to them. Employee surveys are conducted to give them a voice or a platform to give feedback.

The Health and Safety of Our People

Britam remains committed to supporting our people in ensuring that we have overall corporate wellness and a healthy and productive workforce. The threat posed by the COVID-19 pandemic is not over yet and our people's health and safety remains paramount.

We continue with our efforts to secure our employees with initiatives such as: -

- Adoption of a Hybrid work program that ensures that business objectives are met even with the provision of the flexibility for work-life integration.
- Safety and health audits as per the statutory guidelines,
- Office risk assessments and implementation of recommended measures,
- Training of first aiders, fire marshals, and Occupational Safety and Health Committee members,
- Continuous improvements to ensure that we provide a good and enabling work environment for our people to thrive and succeed,
- Monitoring and enhancing service delivery guidelines especially for our hygiene service providers including cleaners and caterers,
- Regular disinfection of offices and other facilities,
- Adherence to policies guiding travelling for business and face to face meetings, and safety/social distancing; and
- Conveniently displayed informational and directional posters/stickers on COVID-19 management.


Britam
With you every step of the way
JIPANGE IN A CLICK
Save time by managing your Britam account wherever you are 24/7.
Download MyBritam App on
ANDROID APP ON Google play
Download on the App Store

OUR CORPORATE GOVERNANCE

Statement of Corporate Governance

The Board of Directors ("the Board") of Britam Holdings PLC ("Britam" or the "Company" or the "Group") is committed to promoting the highest standards of corporate governance and business ethics and recognizes that good corporate governance is key to the enhancement of the Company's performance. Britam's corporate values and ethics are entrenched in the strategic and business objectives, which are focused on transforming and accelerating growth in value for the benefit of all its stakeholders.

The Board recognizes that it has responsibilities to its shareholders, customers, employees, and business partners as well as to the communities in which the entities it controls operate. The Board and management of Britam continue to comply with Corporate Governance Guidelines as prescribed by the Insurance Regulatory Authority as well as the Capital Markets Authority ("CMA") Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

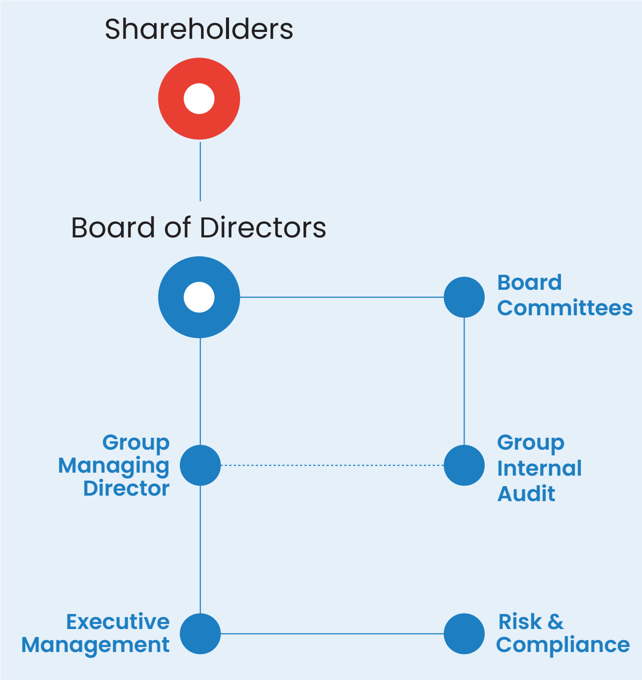
This statement details the key corporate governance practices of Britam and its affiliate companies.

Statement of Compliance

Britam continues to adhere to its continuing obligations as a listed company in compliance with CMA listing regulations, the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (The CMA Corporate Governance Code) as well as other applicable CMA regulations. The Company also abides by the applicable laws in all the areas 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 comprises 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 and Board Committees are responsible for setting strategy, risk appetite, and oversight. Management and Management committees are 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 relationships between the Shareholders, Board, Board Committees and Executive Management are illustrated below:



Board Charter

The Board is guided by a Board Charter which documents the constitution, roles and responsibilities of the Board. The Board Charter, which is regularly reviewed by the Board, provides a clear definition of the roles and responsibilities of the Chairman, Directors as well as the Company Secretary. The roles and responsibilities of the Chairman and the Group Managing Director are separate and distinct with a clear separation of their responsibilities. The current Board Charter in respect of the Company was reviewed and approved by the Board in 2019 and is available on the Company website. A summary of the provisions of the Board Charter are:

Board Charter (Continued)

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

The Company Secretary

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

The Board

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

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

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

Board Composition

The Board of Directors is comprised of eleven (11) members as at the end of the reporting year, one (1) of whom is an Executive Director and ten (10) who are Non-Executive Directors. Four (4) of the Non-Executive Directors are independent as defined by the CMA Corporate Governance Code. Three (3) members of the Board are female. The directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

The Company seeks to have a Board that has the right mix of individuals with relevant attributes, skills, knowledge and experience and who jointly have the overall collective competence to deal with current and emerging issues and effectively guide management in ensuring the highest performance of the Company.

The Board regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to effectively deliver the strategy of the Company.

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

In line with best practice in Corporate Governance, the positions of Chairman and Group Managing Director are separate, facilitating balance of power and authority. The Board Charter, which is regularly reviewed also provides for a clear definition of the roles and responsibilities of the Board Chairman, Directors, Group Managing Director, and the Company Secretary.

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

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

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

The Company Secretary plays a critical role in facilitating good corporate governance and has the responsibilities which include ensuring conduct of the Board and general meetings in accordance with the Group'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 and ensuring compliance with all relevant statutory and regulatory requirements.

Board Induction

Each new director on appointment is provided with a comprehensive and tailored induction covering the Group's business and operations and their legal and regulatory obligations. The new Non-Executive Directors also receive a full induction program which consists of a series of meetings with senior executives to enable new directors to familiarize themselves with the business. They also receive comprehensive guidance from the Company Secretary on Directors' duties and responsibilities.

An induction pack which comprises the Articles of Association, Board Charter, 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.

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 or potential conflict of interest. Directors are guided by a Board Conflict of Interest Policy.

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 Nairobi Securities Exchange without being in contravention of any statutory requirements. The Board complied with all the policies herein.

Board changes in the year

The following changes took place in the Board in the reporting year:

- Dr Benson Wairegi Irungu retired as the Group Managing Director effective 31 January 2021.
- Mr Tavaziva Chadamoyo Madzinga was appointed as the Group Managing Director on 17 January 2021.
- Mr Tavaziva Chadamoyo Madzinga resigned as the Group Managing Director and Executive Director on 14 January 2022.
- Mr Walter Andrews Hollas retired as the Chairman of the Board and Director effective 1 February 2021.
- Mr Mohamed Karama was appointed as the acting Chairman of the Board on 1 February 2021 until 17 December 2021 upon appointment of a substantive Chairman of the Board.
- The Board was involved in Board Chairman succession discussion which culminated in the appointment of Mr Kuria Muchiru as the Board Chairman.
- Mr Kuria Muchiru was appointed to the Board on 5 August 2021 and as the Chairman of the Board on 17 December 2021.
- Mr Edouard Schmid was appointed to the Board on 5 August 2021.
- The Board appointed Ms Winnifred Nyagoha Jumba as Company Secretary of the Company with effect from 1 June 2021 in place of Mrs. Nancy Kiruki who retired on 31 May 2021.

Leadership Transition and Succession

Upon the resignation of Mr. Tavaziva Mazinga as the Group Managing Director, Mr. Charles Njuguna was appointed to the role of Acting Group Managing Director on 14 January 2022.

Board activities in the year

The Board activities for the year focused on: -

- Business performance.
- Board and Senior management succession and transition management.
- 5-year strategy development.
- Britam target operating model.
- Investments.
- Group restructure and voluntary early retirement scheme.
- Capital management.
- The Board commissioned a Governance Audit and an External Board Evaluation for the financial year ended in 31 December 2021 in January 2022, in accordance with the provisions of the CMA corporate governance code.

Board Training and Development

On an ongoing basis, Directors and senior management participate in Board Training facilitated by corporate governance and industry specific experts, to broaden their knowledge of the Group's business. In addition, during board meetings, the board is regularly updated on the latest industry related developments.

In 2021, the Directors attended training on effective strategies in times of uncertainty, corporate governance updates in a rapidly changing environment, Group delegation of authority tools, leading through turbulent times, navigating the evolving future of work and insider trading, fraud, and ethics.

Board Evaluation

The Board reviews its performance and that of the Board Committees, individual Directors, the Group Managing Director, and the Company Secretary annually. The evaluation is conducted by an external consultant electronically and in a confidential manner.

The results of the Board Evaluation conducted in December 2020 by Dorion Associates which were based on a detailed questionnaire were shared with the Board on 29 March 2021.

The Board commissioned a Board Evaluation exercise in January 2022 by an external consultant, the Leadership Group, for FY 2021 to examine Board effectiveness.

The results were shared with the Board of Directors on 29 March 2022 and their opinion is published on page 71.

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, appropriate training is conducted to empower the Board to 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 to achieve financial security.

Engagement with stakeholders

Britam Holdings PLC is committed to giving its shareholders appropriate information and facilities to enable them to exercise their rights effectively. As a result, the Company seeks to provide shareholders with information that is timely, of high quality and relevant to their investment and listens and responds 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, full year and half yearly financial results and posting of material information on its website www.britam.com and publication through the local dailies.

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

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

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

Attendance summary at 2021 Virtual Annual General Meeting (AGM)

The shareholders' participation at the 2021 AGM was very impressive. 4,222 shareholders representing 90% in shareholding (including proxies) registered and participated at the AGM.

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, 0724699667, 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 delegated authority. 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 FASSA, of QED Actuaries & Consultants (Pty) Limited.
- Short term business - Lance Moroney of QED Actuaries and Consultants.
- Britam Group employee pension scheme - Mr. R. Leiser - Banks of Triangle Actuarial Services.

Risk management roles and responsibilities

The Board is responsible, with the assistance of the Committees, for overseeing the implementation of, and ensuring the adequacy and effectiveness of the risk management framework and internal controls. This extends to overseeing that management is operating with due regard to the risk appetite set by the Board and making recommendations for any changes that should be made to the framework or risk appetite set by the Board.

The Audit, Risk and Compliance Committee assists the Board in performing its role in relation to risk management by reviewing, at least annually, the effectiveness of Britam's enterprise risk management framework and reporting that it continues to be sound, and that management is operating with due regard to the risk appetite set by the Board.

The Committee makes recommendations to the Board following its review. An independent review of the framework is also performed periodically to assure effectiveness and continuous improvement.

Internal Audit

Independent and objective assurance with respect to the Company's system of risk management, internal control and governance are provided by the internal audit function. The function maintains and improves the risk management framework, undertakes audits and other advisory services to assure risk management across the Company and reports to the Audit, Risk and Committee. The internal auditor is independent of the external auditor. The appointment of the Head of Internal Audit is approved by the Audit, Risk and Compliance Committee. The Head of Internal Audit reports functionally to the Group Managing Director.

Internal audit adopts a risk-based approach in developing the annual internal audit plans to align audit activities to the key risks and control frameworks across the Company.

The 2021 Internal Audit plan was approved by the Audit, Risk and Compliance Committee with a key focus on the operating and management systems.

Governance Audit

The Company received an exemption by the CMA on conducting a governance audit for the financial year ended 31 December 2020. The governance audit for the financial year ended 31 December 2021 has been conducted by the Leadership Group.

Legal Audit

A legal audit was conducted and prepared by the firm of Mboya Wang'ong'u and Waiyaki for the period ended 31 December 2020 with the scope of the exercise being as follows:

- To ascertain the current legal status of the Group;
- To confirm compliance with the relevant statutes; and
- To ascertain steps required to complete or remedy any incomplete actions or non-compliance.

Their opinion is published on page 70.

The CMA Code of Corporate Governance requires that a comprehensive legal audit is carried out at least once every two (2) years, hence the subsequent legal audit to be carried out will be for the financial year ending 31 December 2022.

Statutory Audit

Appointment of Auditors

The Group's policy on appointment and rotation of statutory auditors provides for rotation of auditors every 4 years. 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 reappointment 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, Risk and Compliance Committee whose charter includes;

- Reviewing the independence, objectivity, and effectiveness of the external auditor including their quality control procedures;
- Review 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
- Ensure 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

	Mr. Mohamed Karama	Mr. Tavaziva Madzinga	Dr. Peter K. Munga	Ms. Caroline Kigen	Mr. Andrew Hollas	Ms. Marianne Loner	Africinvest II SPV 1 – Represented by Mr. George Odo	Ms. Josephine Ossiya	Mr. Jimnah Mbaru	Mr. Kuria Muchiru	Dr. Benson Wairegi	Mr. Christopher Minter	Mr. Edouard Schmid
18 January 2021	√	-	√	√	√	√	√	-	√	-	√	√	-
28 January 2021	√	-	√	√	-	√	√	√	√	-	√	√	-
17 February 2021	√	-	√	√	-	√	√	√	√	-	-	√	-
28 February 2021	√	√	√	√	-	√	√	√	-	-	-	√	-
25 March 2021	√	√	√	√	-	√	√	√	√	-	-	√	-
28 April 2021	√	√	√	-	-	√	√	-	√	-	-	√	-
26 May 2021	√	√	√	√	-	-	√	√	√	-	-	√	-
1 July 2021	√	√	√	√	-	√	√	√	√	-	-	-	-
30 August 2021	√	√	√	√	-	√	√	√	√	√	-	-	√
2 December 2021	√	√	√	√	-	√	√	√	√	√	-	-	√
17 December 2021	√	√	√	√	-	√	√	√	-	√	-	-	√

- Mr Walter Andrews Hollas retired as the Chairman of the Board and Director, having attained the age of seventy (70) years in compliance with the Board Charter requirements on 1 February 2021.
- Mr Kuria Muchiru was appointed to the Board on 5 August 2021 and as the Chairman of the Board on 17 December 2021.
- Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He had served as the Group Managing Director from 1995 upto his retirement on 31 December 2020.
- Mr Edouard Schmid was appointed to the Board on 5 August 2021.

Committees of the Board

The Board is responsible for the management of the Group. It has delegated the detailed roles and responsibilities to four committees, each of which meets at least three times a year. Each of the Committee is guided by specific terms of reference which are reviewed regularly, and a work plan drawn from the terms of reference.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance 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:

- 2020 Annual Report and Financial Statements.
- Review of Company policies.
- Provisions/ impairments.
- Half year and full year accounts
- Risk and Compliance Reports.
- Management Accounts.
- Related party transactions on the balance sheet.

The Committee held 4 meetings in the year and the attendance was as follows: -

	Ms. Caroline Kigen	Ms. Josephine Ossiya
17 March 2021	√	√
29 June 2021	√	√
24 August 2021	√	√
23 November 2021	v	√

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 recommendations to the Board. It also maintains an interactive strategic planning, implementation, and monitoring process with management. As at 31 December 2021, the Committee was comprised of four (4) Non-Executive Directors and two (2) invitees.

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

- Financial forecasts based on COVID-19 impact;
- Capital raising, liquidity requirements, and fund plan;
- Industry regulatory environment updates and compliance.
- Capital Management.

Investment and Strategy Committee (Continued)

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

	Mr. Mohamed Karama*	Dr. Peter K. Munga	Mr. Jimnah Mbaru	AfricInvest I SPV III represented by Mr. George Odo
25 February 2021	√	√	√	√
19 March 2021	-	√	√	√
24 March 2021	-	√	√	√
16 April 2021	-	√	√	√
23 April 2021	-	√	√	√
28 June 2021	-	√	√	√
26 August 2021	-	√	√	√
4 October 2021	-	√	√	√
5 October 2021	-	√	√	√
12 October 2021	-	√	√	√
30 November 2021	-	√	√	√

*Mr Mohamed Karama dropped off from the committee following his appointment as the Acting Chairman of the Board.

Customer Experience and Innovation Committee

The Customer Experience Committee consists of three (3) Non-executive Directors, the Group Managing Director, the Customer Experience Director, and the Strategy and Investor Relations Director.

It is tasked with the duty to work with the leadership team to articulate a vision and purpose across the business and create guiding principles whilst ensuring that all business units develop a framework around client fairness and ethical treatment.

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

- Customer Centricity Strategic plans and initiatives;
- Customer Experience innovation and staff development in line with Targeting Operating Model.

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

	Ms. Marianne Loner	Ms. Barbara Chesire (Co-opted member)
11 May 2021	√	√
17 May 2021	√	√
25 May 2021	√	√

Nominations, Governance and Remuneration Committee

The Nominations, Governance and Remuneration Committee is mandated with setting out an appropriately 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:

- The Committee had in-depth discussions on governance changes in LLP, shareholdings, and pension trusts.
- The Committee also discussed the implementation of the 2020 Board Evaluation recommendations and action planning on the same. Key discussions also revolved around succession planning including Company Secretary succession and handover matters.
- The Committee reviewed the Board Selection policy and the Committee's terms of reference.
- Discussed Board of Directors remuneration based on a market survey and recommended revised scales to the board for approval.
- Reviewed recommendations from the 2019 governance audit and rotated the governance audit to be conducted for the 2021 financial year as per the provisions of the CMA code.

A summary of the Nomination and Governance Committee membership and attendance in the year under review is as indicated below: -

	Mr. Andrew Hollas	Dr. Peter K. Munga	Mr. Jimnah Mbaru	Mr. Mohamed Karama	AfricInvest III SPV I represented by Mr George Odo
15 January 2021	√	√	√	√	√
27 January 2021	√	√	√	√	√
5 February 2021	-	√	√	√	√
1 March 2021	-	√	√	√	√
15 March 2021	-	√	√	√	√
19 March 2021	-	√	√	√	√
23 April 2021	-	√	√	√	√
17 May 2021	-	√	√	√	√
31 May 2021	-	√	√	√	√
7 June 2021	-	√	√	√	√
22 June 2021	-	√	√	√	√
29 June 2021	-	√	√	√	√
5 July 2021	-	√	√	√	√
25 August 2021	-	√	√	√	√
15 October 2021	-	√	√	√	√
18 November 2021	-	√	√	√	√
24 November 2021	-	√	√	√	√
15 December 2021	-	√	√	√	√

*Mr. Andrew Hollas retired from the Board on 1 February 2021.

Policies

Britam Holdings PLC as part of the 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 the 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, the Company communicates 'closed' periods for trading in its shares.

Code of Conduct

The Code of Conduct is available on the Company's website. The Code of Conduct 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 behavioural requirements and where these are not met, there are consequences.

Whistle Blowing Policy

Britam Holdings PLC 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
Website: www.whistleblowing.co.za
Fax: + 27 86 522 2816
Postal Address: P.O. Box 51006 Musgrave 4062.

Related Party Policy

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

Stakeholder Engagement Policy

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

The Company purposes to be deliberate in practising 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 31 December 2021

	Names	Roles	Shares
1	Mr. Jimnah M. Mbaru	Director	194,800,100
2	Dr. Peter K. Munga	Director	75,000,000
3	Mr. Mohamed S. Karama	Director	-
4	Ms. Caroline J. Kigen	Director	-
5	Ms. Marianne Loner	Director	-
6	Africinvest III SPV	Director	442,779,881
7	Mr. Edouard Schmid	Director	-
9	Ms. Josephine Ossiya	Director	-
10	Mr. Kuria Muchiru	Chairman	-

Share Capital

The authorized and issued share capital of Britam consists of only ordinary shares as disclosed on Note16 of 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 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 31 December 2021.

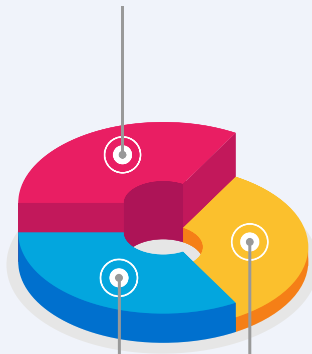
Shareholder Volume analysis

No.	Shareholding	No. of Shareholders	No. of Shares held	% Shareholding
1	1 to 500	3,893	925,119	0.037%
2	501 to 5000	15,493	36,325,161	1.440%
3	5001 to 10000	2,213	17,344,286	0.687%
4	10001 to 100000	1,958	50,055,282	1.984%
5	100001 to 1000000	156	42,057,718	1.666%
6	1000001 and above	33	2,376,779,250	94.186%
	Grand totals	**23,746**	**2,523,486,816**	**100.000%**

Top Ten Shareholders

No.	Names	Shares	Percentage
1	AfricInvest III-SPV-1	442,779,881	17.55%
2	EH Venture Capital Kenya Limited	405,000,000	16.05%
3	Standard Chartered Nominees Resd A/C KE003819	398,504,000	15.79%
4	Standard Chartered Nominees Non-Resd. A/C Ke11396	230,564,205	9.14%
5	Standard Chartered Nominees Non-Resd. A/C Ke11752	224,187,697	8.88%
6	Mr. Jimnah M. Mbaru	194,800,100	7.72%
7	Dr. Benson I. Wairegi	101,356,300	4.02%
8	Dr. Peter K. Munga	75,000,000	2.97%
9	Dr. James N. Mwangi	75,000,000	2.97%
10	Genghis Nominees Limited A/C Ke038	49,903,100	1.98%
11	Others	326,391,533	12.93%
	Grand totals	**2,523,486,816**	**100.00%**

Shareholders by Category



Investor Pool	Records	Shares	Percentage
Foreign Investors	101	1,080,153,057	42.80%
Local Institutions	742	849,676,332	33.67%
Local Individuals	22,903	593,657,427	23.53%
Grand Totals:	**23,746**	**2,523,486,816**	**100.00%**

Going Concern

The Board confirms the financial statements are prepared on a going concern basis and is satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources.

This Corporate Governance Statement is current as at 29 March 2022 and has been approved by the Board of Britam Holdings PLC.

Directors' Remuneration Report

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

Dear Shareholder,

As the Chairman of the Board Nominations, Governance and Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2021.

This Report complies with regulations contained in the tenth schedule of the Companies Act ("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 2021 and how it will be implemented in the year ending 31 December 2022.

Role of the Committee

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

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

The Committee has specific terms of reference 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 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 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 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 of the Board Nomination, Governance and Remuneration Committee. Only 80% of the bonus is paid in cash while the balance is retained and paid in subsequent three years as deferred bonus.

Executive Directors (Continued)

Contracts of Service and Remuneration (Continued)

The deferred bonus will in due course be used to partly fund the Employee Share Ownership Plan (ESOP) in which employees will be given shares equivalent to the amount of bonus retained.

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 centered 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 28 May 2021, the shareholders in attendance approved the Directors' Remuneration policy and Directors' Remuneration Report for the year ended 31 December 2020.

The results on voting were as follows:

	For No of votes	%	Against No of Votes	%	Abstain No of votes	%
To receive, consider and, if deemed fit approve the Directors' Remuneration Report for the year ended 31 December 2020 and to authorise the Board to fix the remuneration of Directors.	1,650,053,760	88.033%	46,000	0.002%	224,265,497	11.965%

At the Annual General Meeting to be held on 8 June 2022, the shareholders will also consider the Directors' Remuneration Report for the year ended 31 December 2021.

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 28 May 2021 and has remained unchanged.

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

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

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

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

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

Payments to past Directors

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

Approval by shareholders

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

Directors Remuneration Report 2021

Information subject to audit

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

- Mr. Andrew Hollas retired from the Board on 1 February 2021.
- Mr. Christopher Minter did not receive director’s fees from Britam Holdings PLC.
- Mr Kuria Muchiru was appointed to the Board on 5 August 2021 and as the Chairman of the Board on 17 December 2021
- Mr Edouard Schmid was appointed to the Board on 5 August 2021 and did not receive director’s fees from Britam Holdings PLC.
- Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He had served as the Group Managing Director from 1995 to his retirement on 31 December 2020.
- Mr. Tavaziva Madzinga resigned from the Board on 14 January 2022. He had been appointed the Group Managing Director on 1 February 2021 and as Director of the Board on 17 February 2021.

Directors Remuneration Report 2020

Name	Position	Annual Retainer (Shs)	Sitting Allowances (Shs)	Other Allowances (Shs)	Salaries & Other Benefits (Shs)	Total (Shs)
Mr. W. Andrew Hollas*	Chairman	1,350,000	2,950,000	3,780,000	-	8,080,000
Dr. Peter K. Munga	Non-Executive Director	2,600,000	4,501,500	-	-	7,101,500
Mr. Jimnah M. Mbaru	Non-Executive Director	1,200,000	2,558,500	-	-	3,758,500
Mr. Mohamed S. Karama**	Non-Executive Director (Ag.Chairman)	1,200,000	4,908,500	-	-	6,108,500
Ms. Caroline J. Kigen	Non-Executive Director	1,200,000	4,094,500	-	-	5,294,500
Ms. Marianne Loner/ International Finance Corporation (IFC)	Non-Executive Director	1,200,000	3,237,500	-	-	4,437,500
Mr. George Odo/AfricInvest III SPV 1	Non-Executive Director	1,200,000	3,971,000	-	-	5,171,000
Mr. Christopher Minter	Non-Executive Director	-	-	-	-	-
Ms. Josephine Ossiya	Non-Executive Director	1,825,000	3,216,500	-	-	5,041,500
Mr. Stephen Wandera***	Non-Executive Director	2,500,000	4,455,000	-	-	6,955,000
Dr.Benson I. Wairegi****	Group Managing Director	-	-	-	95,905,415	95,905,415
Total		**14,275,000**	**33,893,000**	**3,780,000**	**95,905,415**	**147,853,415**

Mr. Christopher Minter did not receive director's fees from Britam Holdings.

*Mr. Andrew Hollas retired from the Board on 1 February 2021.

**Mr. Mohammed Karama was appointed Acting Chairman on 1 February 2021.

***Mr. Stephen Wandera retired from the Board on 29 June 2020.

****Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He had served as the Group Managing Director from 1995 to his retirement on 31 December 2020.

The Annual Remuneration Report will be put forward for your consideration and approval by vote at the AGM to be held on or around 8 June 2022.

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
29 March 2022

Information not subject to audit

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 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 remunerations are 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 of the Board Compensation and Human Resources Committee. Only 80% of the bonus is paid in cash while the balance is retained and paid in subsequent three years as deferred bonus. The deferred bonus will in due course be used to partly fund the Employee Share Ownership Plan (ESOP) in which employees will be given shares equivalent to the amount of bonus retained.

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

Mr. Tavaziva Madzinga - Immediate Former Group Managing Director

Dr. Tavaziva's period of service as the Group Managing Director commenced on 1 February 2021 and ran to 14 January 2022 when he resigned as the Group Managing Director.

	2021 (Shs)
Salary and Allowances	55,000,000
Bonus	54,000,000
Non-Cash Benefits	5,658,473
Gratuity	12,375,000
Total Pay	**127,033,473**

Dr. Benson I. Wairegi - Former Group Managing Director

Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He had served as the Group Managing Director from 1995 to his retirement on 31 December 2020.

	2021 (Shs)	2020 (Shs)
Salary and Allowances	5,156,760	70,310,299
Bonus	-	-
Non-Cash Benefits	1,441,326	6,712,461
Gratuity	1,573,555	18,882,655
Total Pay	**8,171,641**	**95,905,415**

Mr. Kuria Muchiru
Chairman
29 March 2022

Legal Auditors' Report 2020

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

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

The scope of the legal audit exercise was as follows:

(i) To ascertain the current legal status of the Group;

(ii) To confirm compliance with the relevant statutes; and

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

Accordingly, we reviewed the Corporate Structure, Licensing and Regulatory, Borrowings and Lendings, Assets, Contracts, Employment, Litigation and Tax legal aspects of the Group and have comprehensively set out our findings in the respective Legal Audit Reports. The Reports detail our findings on the areas above; regulatory requirements for various material corporate and business actions that took place in the years 2019 and 2020 and our recommendations and remedial actions. The Reports also include Compliance Matrices developed for each company.

OPINION

Subject to our comments, observations and recommendations and to our assumptions and limitations as set out in the Legal Audit Reports, we issue our unqualified opinion that there were no material instances of non-compliance with the applicable laws, regulations and standards by the Group as at 31 December 2020.

Yours faithfully,

GODWIN WANGONG'U
gwangongu@lexgroupafrica.com
Senior Partner
Mboya Wangong'u and Waiyaki Advocates
Dated 28 April 2021

Independent Governance Auditor's Report

Introduction

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

Board Responsibility

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

Governance Auditor's Responsibility

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

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

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

OPINION

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

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


Britam
With you every step of the way
TUKO NA PLAN FOR HIS DREAMS
You too can get a plan for your child's education.
SMS 'SOMESHA' to 21778 today to get your plan.

OUR CONTROL ENVIRONMENT

Our Enterprise Risk Management Framework

Our risk management activities aim to ensure the long-term resilience and stability of Britam Holdings PLC. We accept the risks inherent in our core business lines of insurance and asset management. Even as we accept these inherent risks, we seek to diversify them through our scale, geographic spread, the variety of products and services we offer and the channels through which we sell them.

With the premiums and fees that we receive from our customers, we invest to maximise risk-adjusted returns to fulfil our promises to customers while also providing a return to our shareholders.

Because of this obligation to our customers and shareholders, we prefer retaining those risks we believe we are capable of managing to generate a return.

Our Risk Management Principles

The risk management and control model deployed by Britam PLC is based on the principles set down below, which are aligned with the Group's strategy and take into account, the regulatory and supervisory requirements, as well as the best market practices:

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

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

Types of Risk Inherent in Our Business Model

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

Risk that Customers transfer to us:

- **Life insurance risk**, which includes:
  - 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 there 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 failing ill or facing injuries.

Risk Arising from our Investments and other core activities:

- **Credit / Counterparty risk**: Credit and counterparty risks are about the likelihood that money lent or contracts entered into with third parties may not be honoured. The result is that we have principal and interest at risk, or our ability to take on large insurance risks is impaired.
- **Liquidity risk**: This is the risk of not making payments as they become due because there are insufficient assets in cash and near-cash form.
- **Market risk**: This is the risk that results from fluctuations in asset classes, including equity prices, property prices, foreign exchange, inflation and interest rates.

The risk from our Operations and other business risks:

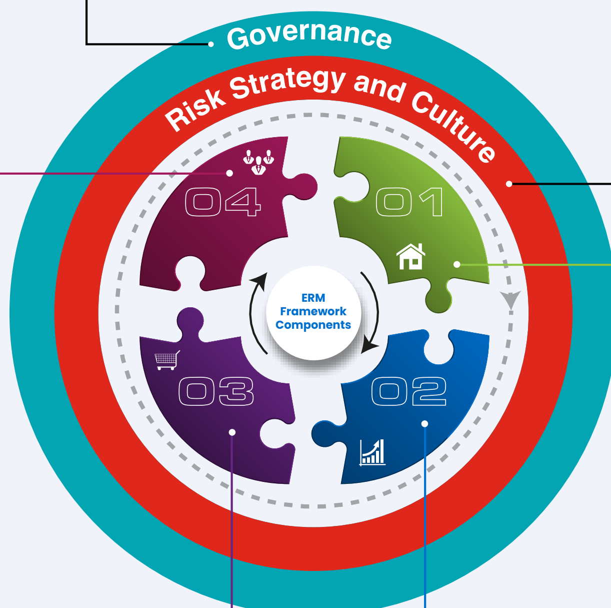
- **Risk from our Operations**: This is the risk of direct or indirect losses that arise from inadequate or failed internal processes, people and systems, or external events, including changes in the regulatory environment.
- **Strategic risk**: This is the risk that may arise from poor business decisions, substandard execution of the decisions, inadequate resource allocation or failure to respond well to changes in the business environment.

The Elements of Our ERM Framework

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

- Clear delegation of authority with accountability and empowerment.
- Identified lines of defence in risk and compliance management and audit.
- Comprehensive and up-to-date risk policies.

- Risk considerations are central to the strategic planning process.
- Organization-wide understanding of risk appetite and tolerance.
- Embedded risk-culture of shared attitudes, values and goals.
- Clear accountability and responsibility.



Monitoring and Reporting

- Efficient but executive risk monitoring through KRIs.
- Coordinated and efficient MI reporting to executives.
- Monitoring and reporting platforms.

Identification

- Identification and prioritization of all key risks.
- Structured approach to ensure comprehensive coverage and consistency across enterprise allowing for firm wide aggregation.

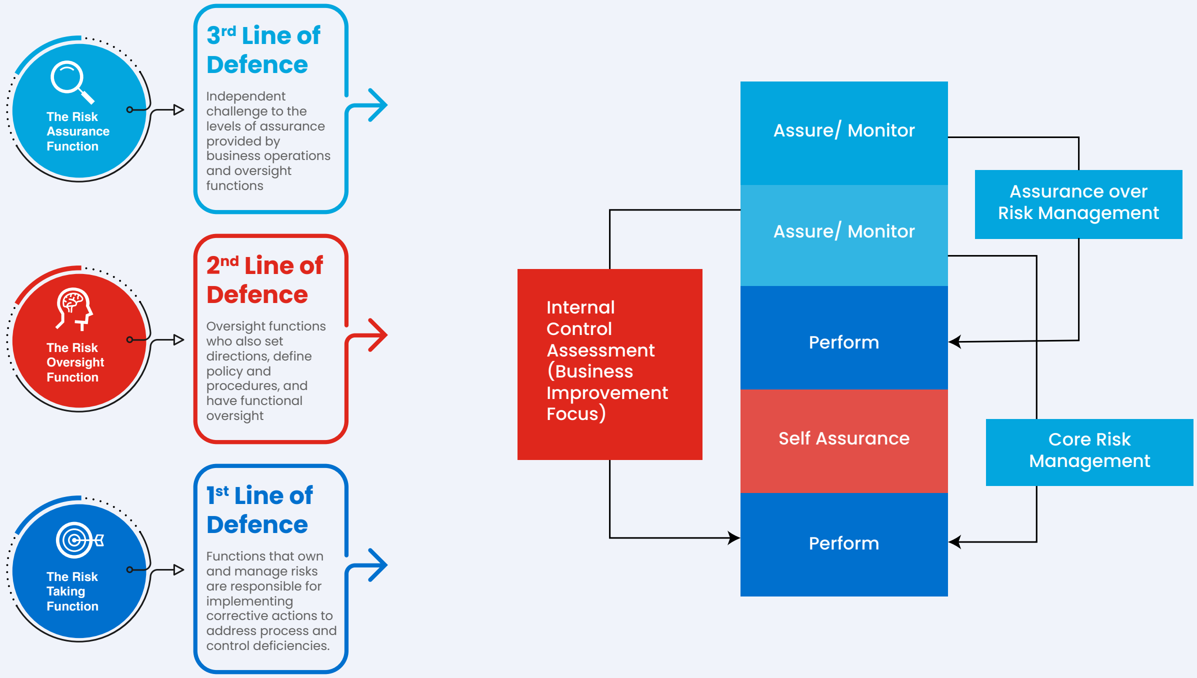
Mitigation

- Mitigation actions thoroughly evaluated to determine cost vs benefit.
- Prioritized coverage of key risks (e.g senior level responsibility for group impacting risks, pre-defined contingency plans for all identified key risk.

Quantification

- Evaluation of identified risks to produce data and information that can be used in deciding a response to corresponding risks.

How we share Our Risk Management Responsibilities



The First Line of Defence - Executive Management

The Risk-Taking Function

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

They are responsible for:

- Managing day-to-day risk exposures by using appropriate procedures, internal controls and adhering to Group-wide specific policies.
- The effectiveness of risk management and risk outcomes and for allocating resources to execute risk management activities.
- Tracking risk events and losses, identifying issues and implementing remedial actions to address these issues, and reporting and escalating material risks and issues to the relevant governing bodies as appropriate.

The Second Line of Defence - The Risk Management Function

The Risk Oversight Function

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

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

The Third Line of Defence - The Internal Audit Function

The Risk Assurance Function

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

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

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

Overview of Our Principal Risks

The types of risk to which the Group is exposed, described in the table below, have not changed significantly over the year.

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

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

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

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

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

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

Focus: COVID -19 Risk Management Response

The COVID-19 pandemic has continued to pose significant risk across the globe and despite the effort by Governments to extensively vaccinate the masses, the pandemic has posed a different challenge of new variants within short intervals.

The risk therefore remains uncertain including its associated short to medium term effects. The Britam Group therefore continues to monitor this risk and enhance the capability of supporting business continuity while protecting its customers and staff.

Prior to and during the COVID-19 pandemic we have taken active risk management actions to protect our capital position, ensure continuous service to our customers and manage our risk exposures, as set out below:

Risk Type	Risk Mitigation
Life Insurance Risks Impacted because of increased mortality and morbidity as a result of COVID-19	**Individual Life Protection –** Mostly reinsured and we have strict underwriting criteria that limits our exposure to cohorts of the population at highest risk of COVID-19. **Group Life Protection –** Potential greater net exposure, however we have taken pricing actions to limit our exposure from new business. The impact of COVID-19 on our annuity products has been limited over 2021. However, we will continue to closely monitor the impact on the future longevity experience of our portfolio.
General Insurance Risks Primarily impacted as a result of business interruption and travel disruption consequential to government action to contain the COVID-19 virus spread	**Business interruption** – Standard commercial policy wording does not provide business interruption cover specifically for COVID-19. **Travel –** COVID-19 wording has been clarified to eliminate ambiguity, pricing adjusted to ensure risk is appropriately priced and further reinsurance cover has been purchased.
Credit and Market Risks Impacted as financial markets have reacted to the potential economic impact of government actions to manage the pandemic	As a result of the significant financial market impact of COVID-19, particularly to credit and equity markets and interest rates, we took a number of actions to reduce our exposure to credit, equity and interest rate risk across all our markets. Actions include asset disposals and reallocations and reducing new business sales in certain markets and products.

Risk Type	Risk Mitigation
Operational Risks Impacted by government lockdown measures to reduce the COVID-19 virus spread	**Customer service –** Continued service, despite increased absenteeism and childcare commitments, maintained through IT-enabled home-working and increased customer digital interaction. **Cyber-crime –** Programme of employee and customer communication and guidance undertaken in response to use of COVID-19 as a pretext for phishing activity, leading to pension and investment fraud, as well as exaggerated and fraudulent claims. New risks relating to extensive home-working – We have adapted our processes and controls to address heightened risks including cyber, data loss and occupational health to ensure these remain at an acceptable level.

Principal Emerging Risks faced in 2021

Funding Risk

- In 2021, Britam Holdings PLC recognized that the Asset management subsidiary had a significant mismatch between the assets and liabilities in one of its funds. The mismatch was mainly a result of the underperformance of the property portfolio in which the fund had invested.
- As part of the Board's fiduciary duty to the clients, a decision was made to cushion the clients against the financial losses using the available capital.
- The Group has put in place additional remedial actions to de-risk the fund through exiting the property class and increasing the proportion of the risk-free assets within the fund.

Significant Organizational Changes

- Britam Holdings PLC carried out a raft of changes that targeted a lean management team as well as an organizational structure that is aligned to the Customer Centric Strategy.
- Further the Company experienced changes in the Executive Management including the position of the Group Managing Director.
- Such changes are associated with uncertainty across various stakeholders including: customers, investors, staff and regulators. To mitigate against the possible risks, the Board put in place a robust succession plan, communication plan as well as a comprehensive risk assessment and mitigations at each stage of the restructuring exercise.

Britam
With you every step of the way

BRITAM HOLDINGS PLC
FINANCIAL STATEMENTS 2021

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 2021, 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 11 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 72,124,000 (2020: Loss after tax of Shs 9,111,539,000) has been added to the accumulated losses.

The Directors do not recommend the payment of a dividend (2020: Nil).

ENHANCED BUSINESS REVIEW

Financial Performance

The Group has maintained its revenue growth with its gross earned premium growing by 13 percent to Shs 31.8 billion. The Kenya Insurance entities recorded an impressive growth in Gross earned premiums of 17 percent to Shs 23.7 billion from 20.3 billion and generated a profit before tax of Shs 2.4 billion. The regional units continue to increase their contribution to the Group’s performance and profitability. The international general insurance business achieved a 3.3 percent growth in Gross earned premium to Shs 8 billion. This represents 26 percent of the Group’s overall Gross earned premium. In terms of profitability, the international business generated a profit before tax of Shs 562 million.

Overall, the Group reported a profit before tax of Shs 1.0 billion compared to a loss before tax of Shs 9.7 billion in 2020. Group’s total income grew by 33 percent to Shs 40.2 billion compared to Shs 30.2 billion in 2020.

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.

The Environment (Continued)

To that end, all relevant employees are required to adopt the relevant environmental and social risk assessment tools across our investment and insurance activities. We ensure risks are properly addressed and that material breaches are reported. We are committed to ensuring compliance with the environmental and social criteria stipulated by our providers of capital.

Human Capital

The Group's greatest strength and the reason for its market leadership is its human capital, with the number of employees over 800 in 2021 and 2020, 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 scorecards have been aligned to the Group strategy's specific initiatives.

Corporate Social Responsibility

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

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

Future Outlook

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

DIRECTORS

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

Name	Position
Mr. Kuria Muchiru (i)	Chairman/ Independent Non-Executive Director
Dr. Peter K. Munga	Non-Executive Director
Mr. Jimnah M. Mbaru	Non-Executive Director
Mr. Mohamed S. Karama (ii)	Independent Non-Executive Director
Ms. Caroline J. Kigen	Independent Non-Executive Director
Ms. Marianne Loner	Non-Executive Director
Mr. George Odo/AfricInvest III SPV 1	Non-Executive Director
Mr. Christopher Minter	Non-Executive Director
Ms. Josephine Ossiya	Independent Non-Executive Director
Mr. Edouard Schmid (iii)	Non-Executive Director
Mr. Walter Andrews Hollas (iv)	Former Chairman
Dr. Benson I. Wairegi (v)	Retired Group Managing Director
Mr.Tavaziva Madzinga (vi)	Former Group Managing Director

REPORT OF THE DIRECTORS (Continued)

i. Mr. Kuria Muchiru was appointed to the Board on 5 August 2021 and as the Chairman of the Board of Directors on 17 December 2021.
ii. Mr. Mohamed Karama was appointed as the acting Chairman of the Board on 1 February 2021 until 17 December 2021 upon appointment of a substantive Chairman of the Board.
iii. Mr. Edouard Schmid was appointed to the Board on 5 August 2021.
iv. Mr. Walter Andrews Hollas retired as the Chairman of the Board and Director, having attained the age of seventy (70) years in compliance with the Board Charter requirements on 1 February 2021.
v. Dr. Benson I. Wairegi resigned from the Board on 28 May 2021. He had served as the Group Managing Director from 1995 to his retirement on 31 December 2020.
vi. Mr. Tavaziva Madzinga resigned from the Board on 14 January 2022. He had been appointed the Group Managing Director on 1 February 2021 and as Director of the Board on 17 February 2021.

DISCLOSURES TO AUDITOR

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

(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.

TERMS OF APPOINTMENT OF AUDITOR

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

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

BY ORDER OF THE BOARD

Winnifred Nyagoha Jumba
Company and Board Secretary

29 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

The financial statements were approved by the Board of Directors on 29 March 2022 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Ms. Caroline Kigen
Director

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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Britam Holdings PLC (the Company) and its subsidiaries (together, the Group) set out on pages 92 to 226, which comprise the consolidated statement of financial position at 31 December 2021 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 2021, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of Britam Holdings PLC give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated 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
Valuation of insurance contract liabilities	
As described in notes 40 and 42 of the financial statements, the Group's insurance contract liabilities comprise long-term policyholder liabilities, outstanding claims and incurred but not reported (IBNR) claims.	Assessed management's processes and controls for estimating insurance contract liabilities including oversight from those charged with governance.
The valuation of insurance contract liabilities involves significant judgement in estimating the expected future cash outflows on maturity of policies and surrenders. Specifically, the actuarial assumptions and methodologies involve judgement about future events. The valuation results are also dependent on the quality, integrity and accuracy of the data used.	Evaluated the objectivity, independence and expertise of the external independent valuation specialists.
For the long-term policyholder liabilities, the actuarial assumptions comprise both economic and non-economic inputs into the valuation. Economic assumptions such as discount rates, investment returns and inflation rates are benchmarked to available market information. Non-economic assumptions such as mortality rates, future expenses, investment returns, discount rates and lapse rates, are projected based on past experience.	Validated a sample of the claims paid during the year and claims outstanding at year end to supporting documentation and compared the claim payments in 2021 to the prior reserves as applicable.
For general insurance, the key assumptions employed in the reserving calculations include: loss ratios, estimates of the frequency and severity of claims. Claims incurred but not reported (IBNR) are determined by projecting ultimate claim losses based on current loss rates or claim experience. Changes in the assumptions and methodology used can result in material impact to the valuation of IBNR reserve.	Performed a reconciliation of the claims data used for the audit and data used by the appointed actuary to calculate incurred but not reported claims (IBNR).
This is considered a Key Audit Matter since changes in the assumptions and methodology can result in a material variation in the liability to be recognised at year end.	Together with our internal actuarial experts validated the reasonableness of the economic assumptions to market observable data and non-economic assumptions to the Group's past experience.
	Reviewed the sensitivity analysis of the key assumptions applied in the valuation of insurance contract liabilities in a bid to identify the most sensitive assumption applied.
	Checked the consistency of the reserving methods and assumptions against prior years.
	Assessed the adequacy of the disclosures in the financial statements.

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

Key audit matters (continued)

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

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

Other information

The other information comprises 5 Year financial highlights, Chairman's statement, Group Managing Director's statement, Financial review, Statement of corporate governance, Directors' remuneration report, Enterprise risk management report, Strategy report, Report of the Directors and Statement of Directors' Responsibilities 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 International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's 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 82 to 85 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 65 to 69 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practising certificate No. 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
	Notes	2021	2020
		Shs'000	Shs'000
Revenue			
Gross earned premiums	4	31,839,032	28,199,619
Less: reinsurance premium ceded	4	(6,823,395)	(5,053,986)
Net earned premiums	**4**	**25,015,637**	**23,145,633**
Fund management fees	4	684,858	621,540
Net loss from investment properties	5	(206,410)	(1,470,336)
Interest and dividend income	6	10,872,447	9,397,384
Net realised losses on financial assets at fair value through profit or loss	7	(7,495)	(71,156)
Net unrealised fair value gains/(losses) on financial assets	8	1,807,167	(2,466,634)
Commissions earned	9	1,459,547	1,218,404
Other income/(loss)	10	602,224	(221,887)
Total income		**40,227,975**	**30,152,948**
Expenses			
Insurance claims and loss adjustment expenses	11	22,693,657	21,080,743
Less: Amount recoverable from reinsurers	11	(4,853,231)	(2,431,371)
Net insurance benefits and claims		**17,840,426**	**18,649,372**
Interest payments/increase in unit value	12	5,230,998	2,759,170
Operating and other expenses	13 (i)	11,327,916	13,455,260
Finance costs	14 (i)	413,989	361,547
Commissions expense	15	4,117,100	3,802,160
Total expenses		**38,930,429**	**39,027,509**
Profit/(loss) before share of the (loss) of associate		**1,297,546**	**(8,874,561)**
Share of loss of associate accounted for using the equity method	24 (i)	(286,085)	(823,049)
Profit/(loss) before income tax		**1,011,461**	**(9,697,610)**
Income tax (expense)/credit	25 (a)	(939,337)	586,071
Profit/(loss) for the year		**72,124**	**(9,111,539)**
Profit/(loss) attributable to:			
- Owners of the parent		46,222	(9,146,743)
- Non-controlling interests	26 (iii)	25,902	35,204
Earnings per share for profit/(loss) attributable to the owners of the parent			
- Basic and diluted (Shs per share)	19	0.02	(3.62)

The notes on pages 101 to 226 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	Notes	2021	2020
		Shs'000	Shs'000
Profit/(loss) for the year		**72,124**	**(9,111,539)**
Other comprehensive (loss)/income items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of land and buildings	25	75,323	(338,148)
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income	25	1,838,032	(2,056,183)
Gain on disposal of financial assets at fair value through other comprehensive income	25	94,200	-
Re-measurement of the net defined benefit asset	25	(14,838)	(42,230)
Total items that will not be reclassified to profit or loss		**1,992,717**	**(2,436,561)**
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income from the associate accounted for using the equity method	25	(1,099)	30,546
Exchange differences on translation of foreign operations	25	(47,057)	(161,568)
Total items that may be subsequently reclassified to profit or loss		**(48,156)**	**(131,022)**
Total other comprehensive income/(loss)		**1,944,561**	**(2,567,583)**
Total comprehensive income/(loss) for the year		**2,016,685**	**(11,679,122)**
Attributable to:			
- Owners of the parent		1,990,783	(11,714,326)
- Non-controlling interests	26 (iii)	25,902	35,204

Items in the statement above are disclosed net of tax.

The notes on pages 101 to 226 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Notes	Shs'000	Shs'000
CAPITAL EMPLOYED			
Share capital	16	252,344	252,344
Share premium	16	13,237,451	13,237,451
Other reserves	17	16,394,912	13,352,432
Accumulated losses	18	(10,943,574)	(9,891,877)
Shareholders' funds		**18,941,133**	**16,950,350**
Non-controlling interests	26 (iii)	142,384	116,482
Total equity		**19,083,517**	**17,066,832**
Assets			
Property and equipment	21	1,256,407	902,296
Intangible assets	22	1,416,165	1,874,081
Right of use asset	23 (i)	319,716	566,560
Investment in associate	24 (i)	1,366,027	1,481,603
Goodwill	26 (i)	1,416,635	1,416,635
Deferred income tax	36	505,441	536,534
Retirement benefit asset	48	160,406	134,226
Investment properties	27 (i)	16,597,058	16,443,490
Financial assets at fair value through other comprehensive income	28	6,716,098	4,940,442
Financial assets at fair value through profit or loss	29	89,699,147	76,777,040
Government securities and corporate bonds at amortised cost	30	9,040,206	10,501,818
Mortgage loans and receivables	31	1,135,847	1,156,003
Loans and receivables to policyholders	32	2,296,455	1,875,314
Receivables arising out of reinsurance arrangements	33 (i)	1,036,605	772,340
Receivables arising out of direct insurance arrangements	33 (iii)	1,846,973	1,924,733
Reinsurers' share of insurance liabilities	34	7,551,390	4,940,852
Deferred acquisition costs	35	664,686	707,750
Other receivables	37	2,200,042	1,957,847
Current income tax	25 (b)	517,344	461,833
Restricted cash	38 (ii)	185,203	93,074
Cash and cash equivalents	38 (i)	7,499,485	7,498,000
Total assets		**153,427,336**	**136,962,471**
Liabilities			
Deferred income tax	36	3,267,126	2,337,628
Insurance contract liabilities	39	48,945,243	42,514,867
Payable under deposit administration contracts	43	52,832,047	48,736,148
Liabilities under investment contracts	44	4,276,660	3,285,010
Unearned premiums	45	6,962,963	6,862,364
Lease liability	23 (ii)	441,126	690,003
Payables arising from reinsurance arrangements	33 (ii)	1,659,096	1,609,954
Borrowings	14 (i)	4,227,825	4,854,923
Provisions and other payables	46	11,697,635	8,978,247
Current income tax	25 (b)	34,098	26,495
Total liabilities		**134,343,819**	**119,895,639**
Net assets		**19,083,517**	**17,066,832**

The notes on pages 101 to 226 are an integral part of these financial statements.

The financial statements on pages 92 to 100 were authorised and approved for issue by the Board of Directors on 29 March 2022 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Ms. Caroline Kigen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Year ended 31 December 2020	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Shareholder funds	Non-controlling interests	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Opening balance		**252,344**	**13,237,451**	**17,112,694**	**(1,306,941)**	**29,295,548**	**81,278**	**29,376,826**
Comprehensive income								
Profit/(loss) for the year		-	-	(962,838)	(8,183,905)	(9,146,743)	35,204	(9,111,539)
Other comprehensive loss, net of tax		-	-	(2,567,583)	-	(2,567,583)	-	(2,567,583)
Total comprehensive loss for the year		**-**	**-**	**(3,530,421)**	**(8,183,905)**	**(11,714,326)**	**35,204**	**(11,679,122)**
Transfer from other reserves	17	-	-	(229,841)	229,841	-	-	-
2019 dividend paid	-	-	-	-	(630,872)	(630,872)	-	(630,872)
Total transactions with owners of the parent recognised directly in equity		**-**	**-**	**(229,841)**	**(401,031)**	**(630,872)**	**-**	**(630,872)**
At end of year		**252,344**	**13,237,451**	**13,352,432**	**(9,891,877)**	**16,950,350**	**116,482**	**17,066,832**

The notes on pages 101 to 226 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended	
		2021	2020
	Notes	Shs'000	Shs'000
Cash flows from operating activities			
Cash generated from operations	**47**	**1,602,478**	**(1,065,832)**
Interest paid on lease liability	23 (ii)	(92,426)	(120,970)
Income tax paid		(246,521)	(447,388)
Net cash generated from operating activities		**1,263,531**	**(1,634,190)**
Investing activities			
Purchase of property and equipment	21	(128,534)	(119,254)
Purchase of intangible assets	22	(101,568)	(136,637)
Net cash used in investing activities		**(230,102)**	**(255,891)**
Cash flows from financing activities			
Dividends paid		-	(630,872)
Proceeds from borrowings	14 (i)	-	4,675,000
Repayment of bank loan	14 (i)	(525,000)	(1,876,274)
Interest paid	14 (i)	(334,411)	(150,682)
Payment of the principal portion of the lease liability	23 (ii)	(172,533)	(204,402)
Net cash used in financing activities		**(1,031,944)**	**1,812,770**
Increase in cash and cash equivalents		1,485	(77,311)
Cash and cash equivalents at start of year		7,498,000	7,575,311
Cash and cash equivalents at end of year	**38 (i)**	**7,499,485**	**7,498,000**

The notes on pages 101 to 226 are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
	Notes	2021	2020
		Shs'000	Shs'000
Income			
Net (loss)/profit from investment in property funds	5	(139,896)	139,085
Interest and dividend income	6	206,379	1,008,413
Net realised fair value losses	7	(5,554)	(3,648)
Net unrealised fair value gains/(losses)	8	1,318,424	(2,795,654)
Other loss	10	(18,496)	(17,931)
Total income		**1,360,857**	**(1,669,735)**
Expenses			
Operating and other expenses	13 (i)	2,841,234	6,120,034
Finance costs	14 (i)	367,162	345,437
Total expenses		**3,208,396**	**6,465,471**
Loss before share of the associate		(1,847,539)	(8,135,206)
Share of loss of the associate accounted for using the equity method	24 (i)	(115,158)	(331,302)
Loss before income tax		**(1,962,697)**	**(8,466,508)**
Income tax expense	25 (a)	-	(53,028)
Loss for the year		**(1,962,697)**	**(8,519,536)**
Other comprehensive income/(loss) items, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income	28	1,314,099	(1,507,994)
Gain on disposal of financial assets at fair value through other comprehensive income		94,200	-
Total items that will not be reclassified subsequently to profit or loss		**1,408,299**	**(1,507,994)**
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive (loss)/income from the associate accounted for using the equity method	24 (i)	(41)	14,981
Total items that may be subsequently reclassified to profit or loss		**(41)**	**14,981**
Total other comprehensive income/(loss)		**1,408,258**	**(1,493,013)**
Total comprehensive income/(loss) for the year		**(554,439)**	**(10,012,549)**

The notes on pages 101 to 226 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2021	2020
		Shs'000	Shs'000
CAPITAL EMPLOYED			
Share capital	16	252,344	252,344
Share premium	16	13,237,451	13,237,451
Other reserves	17	4,135,049	2,726,791
Retained earnings	18	(9,346,331)	(7,383,634)
Shareholders' funds		**8,278,513**	**8,832,952**
REPRESENTED BY:			
Assets			
Property and equipment	21	156,733	180,552
Intangible assets	22	43,274	69,663
Right of use asset	23 (i)	67,178	153,360
Investment in associate	24 (i)	549,910	596,437
Investment in subsidiary companies	26 (ii)	6,017,008	6,023,460
Investment in property funds	27 (ii)	2,088,895	2,228,791
Quoted ordinary shares at fair value through other comprehensive income	28	4,278,933	3,251,752
Financial assets at fair value through profit or loss	29	4,124,052	3,882,098
Government securities and corporate bonds at amortised cost	30	988,944	-
Receivables from related parties	51 (i)	286,090	507,955
Other receivables	37	355,475	182,189
Current income tax recoverable		40,652	17,495
Cash and cash equivalents	38 (i)	192,619	1,221,025
Total assets		**19,189,763**	**18,314,777**
Liabilities			
Lease Liability	23 (ii)	105,428	208,434
Borrowings	14 (i)	3,238,075	3,775,923
Amounts due to related parties	51 (i)	89,051	68,811
Provisions and other payables	46	7,478,696	5,428,657
Total liabilities		**10,911,250**	**9,481,825**
Net assets		**8,278,513**	**8,832,952**

The notes on pages 101 to 226 are an integral part of these financial statements.

The financial statements on pages 92 to 100 were authorised and approved for issue by the Board of Directors on 29 March 2022 and signed on its behalf by:

Mr. Kuria Muchiru
Chairman

Ms. Caroline Kigen
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021	Notes	Share capital	Share Premium	Other reserves	Retained earnings	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		**252,344**	**13,237,451**	**2,726,791**	**(7,383,634)**	**8,832,952**
Total comprehensive income						
Loss for the year		-	-	-	(1,962,697)	(1,962,697)
Share of associate's other comprehensive income		-	-	(41)	-	(41)
Fair value loss on financial assets at fair value through other comprehensive income	28	-	-	1,314,099	-	1,314,099
Gains on disposal of financial assets at fair value through other comprehensive income		-	-	94,200	-	94,200
Total comprehensive loss for the year		**-**	**-**	**1,408,258**	**(1,962,697)**	**(554,439)**
At end of year		**252,344**	**13,237,451**	**4,135,049**	**(9,346,331)**	**8,278,513**

Year ended 31 December 2020	Notes	Share capital	Share Premium	Other reserves	Retained earnings	Total Equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year		**252,344**	**13,237,451**	**4,219,804**	**1,766,774**	**19,476,373**
Total comprehensive income						
Loss for the year		-	-	-	(8,519,536)	(8,519,536)
Share of associate's other comprehensive income		-	-	14,981	-	14,981
Fair value loss on financial assets at fair value through other comprehensive income	28	-	-	(1,507,994)	-	(1,507,994)
Total comprehensive loss for the year		**-**	**-**	**(1,493,013)**	**(8,519,536)**	**(10,012,549)**
Transactions with owners						
2019 dividends paid		-	-	-	(630,872)	(630,872)
At end of year		**252,344**	**13,237,451**	**2,726,791**	**(7,383,634)**	**8,832,952**

The notes on pages 101 to 226 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	2021 Shs'000	2020 Shs'000
Operating activities			
Cash used in operations	47	(636,000)	(997,360)
Interest paid on lease liability	23 (ii)	(25,021)	(37,005)
Income tax paid		(13,538)	(70,523)
Net cash used in operating activities		**(674,559)**	**(1,104,888)**
Investing activities			
Purchase of property and equipment	21	(13,060)	(26,167)
Purchase of intangible assets	22	-	(1,167)
Increase in investment in subsidiaries			
Purchase of property funds	27 (ii)	-	(1,540,000)
Proceeds from disposal of investment in property funds	27 (ii)	-	66,624
Proceeds of disposal of quoted shares at fair value through other comprehensive income		381,118	-
Purchase of unit trusts	29 (iii)	(3,565)	(5,232)
Proceeds from sale of unit trusts		17,248	-
Purchase of corporate bonds	30 (ii)	(1,019,288)	(1,291,800)
Proceeds from disposal of government securities at fair value through profit or loss		995,013	590,707
Dividends received from Subsidiaries	6	15,511	711,000
Interest received		186,558	382,458
Net cash generated from investing activities		**559,535**	**(1,113,577)**
Cash flows from financing activities			
Dividends paid		-	(630,872)
Bank loan received	14 (i)	-	4,675,000
Bank loan repaid	14 (i)	(525,000)	(1,876,274)
Interest paid	14 (i)	(334,411)	(150,682)
Payment of the principal portion of lease liability	23 (i)	(53,971)	(35,835)
Net cash used in financing activities		**(913,382)**	**1,981,337**
Net increase in cash and cash equivalents		(1,028,406)	(237,128)
Cash and cash equivalents at start of year		1,221,025	1,458,153
Cash and cash equivalents at end of year	**38 (i)**	**192,619**	**1,221,025**

The notes on pages 101 to 226 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 Centre
Junction of Mara and Ragati Roads
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 eleven subsidiaries across the various businesses as listed below:-

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

- Asset Managers:
  - Britam Asset Managers (Kenya) Limited
  - Britam Asset Managers (Uganda) Limited

- Property companies:
  - Britam Properties (Kenya) Limited

The Group also has a 48.22% stake in HF Group PLC in Kenya, which is accounted for as an associate.

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

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

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

2. Summary of significant accounting policies (Continued)

(b) Accounting standards and disclosures

(i) Adoption of new and revised standards

During the current year, the Group has adopted the new and revised standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. The adoption of these new and revised standards has not resulted in material changes to the Group's accounting policies. Information on the new and revised accounting standards effective in the current year and their impact to the consolidated and separate financial statements is detailed in Note 54 (i).

(ii) New and revised standards effective in future periods

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

(c) Consolidation

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of subsidiaries is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, 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 2021.

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

2. Summary of significant accounting policies (Continued)

(c) Consolidation (Continued)

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

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

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investments in associate companies

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

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

2. Summary of significant accounting policies (Continued)

(c) Consolidation (Continued)

(v) Property partnerships

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

(d) Insurance contracts

(i) Classification

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

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

Long term insurance business

Includes insurance business of all or any of the following classes, namely, ordinary life, Group life, credit life, Annuities, Unit-linked products and pension and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for term dependent upon human life.

Short term/general insurance business

This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Aviation insurance, Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above.

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks. Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class. It also includes business of effecting and carrying out contracts of insurance against risk of persons insured incurring medical expenses.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business, damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

2. Summary of significant accounting policies (Continued)

(d) Insurance contracts (Continued)

(ii) Recognition and measurement

Premium income

For long term insurance business, premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

For general insurance business, premiums are deferred and recognised as income in line with the insurance risk of the contracts in force less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date, and is computed using the 365ths method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims

For long term insurance business, claims are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid.

The liabilities are recalculated at each financial reporting date using the appropriate assumptions.

For general insurance business, claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the financial reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported (“IBNR”). Outstanding claims are not discounted.

Commissions payable and deferred acquisition costs (“DAC”)

Commissions payable are recognised in the period in which relevant premiums are written. A proportion of commissions’ payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss as part of claims incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(d) Insurance contracts (Continued)

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsures (receivables arising out of reinsurance arrangements), as well as longer term receivables (reinsurers' share of insurance liabilities) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Reinsurance receivables arise from claims already paid that will be recovered from the reinsurers. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets. These processes are described in Note 2 (m) (iv).

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets. These processes are described in Note 2 (m) (iv).

Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(e) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The consolidated financial statements are presented in 'Kenyan Shillings (Shs) rounded to the nearest thousand, which is the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(e) Functional currency and translation of foreign currencies (Continued)

(ii) Transactions and balances

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

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

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

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

(iii) Hyper-inflation

One of the subsidiaries of the Company (Britam Insurance Company Limited (South Sudan)) operates in a hyper-inflationary economy. This has been assessed in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies. The information in the current and comparative periods for the subsidiary are restated to the currency units at the end of the current reporting period to reflect the change in purchasing power. The financial statements for the subsidiary are prepared in a current cost method. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the South Sudan Bureau of Statistics office. The base year used is 2015 and the factors used to restate the financial statements at 31 December 2021 are a conversion factor of 4,026 (2020:4,639) to one USD and a CPI of 0.87 (2020:1.58).

(iv) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2. Summary of significant accounting policies (Continued)

(f) Segment reporting

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

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

(g) Income

(i) Commissions

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

(ii) Rendering of services

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

These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services. In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a contract liability and recognised over the life of the contract on a straight-line basis; and
- Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within 'Interest and dividend income' (Note 6) in the profit or loss. For interest-bearing financial instruments measured at amortised cost, interest income is computed using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2. Summary of significant accounting policies (Continued)

(g) Income (Continued)

(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. Rental income is stated net of rental expenses incurred.

(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.

(h) Investment contracts

The Group issues investment contracts without fixed terms (unit-linked) and investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes

Investment contracts without fixed terms are financial liabilities whose fair value is dependent on the fair value of underlying financial assets (these contracts are also known as unit-linked investment contracts) and are designated at inception as at fair value through profit or loss. The Group designates these investment contracts to be measured at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The best evidence of the fair value of these financial liabilities at initial recognition is the transaction price (i.e. the fair value received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises fair value gains or losses on day 1. The Group has not recognised any profit on initial measurement of these investment contracts because the difference is attributed to the prepayment liability recognised for the future investment management services that the Group will render to each contract holder.

The Group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. The fair value of financial liabilities for investment contracts without fixed terms is determined using the current unit values in which the contractual benefits are denominated. These unit values reflect the fair values of the financial assets contained within the Group's unitised investment funds linked to the financial liability. The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the financial reporting date by the unit value for the same date.

When the investment contract has an embedded put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable. For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognised as income or expense in the statement of profit or loss.

2. Summary of significant accounting policies (Continued)

(i) Property and equipment

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

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

Land and work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives and charged to profit or loss, as follows:

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

Property and equipment are reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amounts and are taken into account in determining operating profit. Buildings are revalued on an annual basis with the change credited/debited to revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserves.

On disposal of revalued assets, amounts in the revaluation reserve relating to that asset may be transferred to retained earnings.

(j) Intangible assets

(i) Computer software

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to use or sell the software product;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

2. Summary of significant accounting policies (Continued)

(j) Intangible assets (Continued)

(i) Computer software (Continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The amortisation process commences when the asset is deemed to be in the location and condition for it to be capable of operating in the manner intended by management. Computer software development costs recognised as assets are amortised over their estimated 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 are expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense through statement of profit or loss and is not subsequently reversed.

(k) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Any noted reversals are recognised through statement of profit or loss.

(l) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and which are not occupied by the Group are classified as investment property. Investment property is treated as a long term investment and is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in investment income in profit or loss. Land held under operating lease is classified and accounted for as investment property if and only if the property meets the definition of an investment property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Properties under construction with projected use as investment properties are valued at projected fair values taking into account current market conditions, outstanding investment costs and a risk loading according to the progress of the project.

2. Summary of significant accounting policies (Continued)

(m) Financial instruments

The Group's financial assets are classified and measured as follows; at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The classification of the assets to the three categories is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Classification of financial assets

Classification of financial assets at amortised cost

The Group measures a financial asset at amortised cost if both of the following conditions are met:

- The financial asset is held within the Group with an objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group holds the following assets at amortised costs; part of its government securities portfolio, its corporate bonds portfolio, direct insurance and reinsurance receivables, other receivables, mortgage loans, loans and receivables to policyholders, investment in liquid funds, deposits with financial institutions, cash and bank balances and other receivables.

Classification of financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within the Group with an objective to both collect contractual cash flows and sell the financial asset; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  The Group holds none of its debt instruments portfolio in this category.

  The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that are not held for trading to be held at fair value through other comprehensive income. Part of the Group's equity securities which are considered strategic investments are held in this category.

Classification of financial assets at fair value through profit or loss

The Group measures financial assets at fair value through profit or loss unless as a financial asset is measured at amortised cost or at fair value through other comprehensive income.

The Group may at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. A majority of the Group's financial liabilities are measured at fair value and hence holding the assets on a different bases creates an accounting mismatch.

The Group holds the following assets in this category; part of its government securities portfolio, part of its quoted ordinary shares portfolio and the unit trusts.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(ii) Classification of financial liabilities

The Group classifies financial liabilities in two categories; at amortised cost and at fair value through profit or loss.

Classification of financial liabilities at amortised cost

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies.
- Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 – Business Combinations applies.

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

Classification of financial borrowings at fair value through profit or loss

The Group, at initial recognition irrevocably designates a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either: It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A Group of financial liabilities or financial assets is managed and its performance i.e. evaluated on a fair value basis, in accordance with documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

The Group holds its liabilities under investment contracts in this category.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(ii) Classification of financial liabilities (Continued)

The table below show how financial assets and liabilities are classified:

GROUP

At 31 December 2021	Notes	At amortised cost Shs' 000	At fair value through profit or loss Shs' 000	At fair value through other comprehensive income Shs' 000	Total Shs' 000
Financial assets					
Quoted ordinary shares	28, 29	-	10,547,549	6,716,098	17,263,647
Unquoted ordinary shares	29	-	46,617	-	46,617
Government securities	29, 30	9,040,206	74,050,579	-	83,090,785
Unit trusts	29 (iii)	-	5,054,402	-	5,054,402
Other receivables	37	2,200,042	-	-	2,200,042
Investment in liquid funds	38 (i)	11,367	-	-	11,367
Mortgage loans and receivables	31	1,135,847	-	-	1,135,847
Loans and receivables to policyholders	32	2,296,455	-	-	2,296,455
Receivables arising out of reinsurance arrangements	33 (i)	1,036,605	-	-	1,036,605
Receivables arising out of direct insurance arrangements	33 (iii)	1,846,973	-	-	1,846,973
Restricted cash	38 (ii)	185,203	-	-	185,203
Deposits with financial institutions	38 (i)	5,947,575	-	-	5,947,575
Cash and bank balances	38 (i)	1,677,335	-	-	1,677,335
Total financial assets		**25,377,608**	**89,699,147**	**6,716,098**	**121,792,853**
Financial liabilities					
Payable under deposit administration contracts	43	52,832,047	-	-	52,832,047
Liabilities under investment contracts	44	-	4,276,660	-	4,276,660
Borrowings	14 (i)	4,227,825	-	-	4,227,825
Payables arising from reinsurance arrangements	33 (ii)	1,659,096	-	-	1,659,096
Provisions and other payables	46	11,697,635	-	-	11,697,635
Total financial liabilities		**70,416,603**	**4,276,660**	**-**	**74,693,263**
COMPANY					
Financial assets					
Quoted ordinary shares	28, 29	-	4,084,099	4,278,933	8,363,032
Investment in property funds	27 (ii)	-	2,088,895	-	2,088,895
Other receivables	37	355,475	-	-	355,475
Amounts due from related parties	51 (i)	286,090	-	-	286,090
Deposits with financial institutions	38 (i)	170,012	-	-	170,012
Cash and bank balances	38 (i)	22,616	-	-	22,616
Total financial assets		**834,193**	**6,172,994**	**4,278,933**	**11,286,120**
Financial liabilities					
Borrowings	14 (i)	3,238,075	-	-	3,238,075
Amounts due to related parties	51 (i)	89,051	-	-	89,051
Provisions and other payables	46	7,478,696	-	-	7,478,696
Total financial assets		**10,805,822**	**-**	**-**	**10,805,822**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(ii) Classification of financial liabilities (Continued)

GROUP

At 31 December 2020		At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Notes	Shs' 000	Shs' 000	Shs' 000	Shs' 000
Financial assets					
Quoted ordinary shares	28, 29	-	8,106,120	4,940,442	13,046,562
Unquoted ordinary shares	29	-	10,298	-	10,298
Government securities	29, 30	10,501,818	64,901,370	-	75,403,188
Corporate bonds	30	-	-	-	-
Unit trusts	29 (iii)	-	3,759,252	-	3,759,252
Other receivables	37	1,957,847	-	-	1,957,847
Investment in liquid funds	38 (i)	-	-	-	-
Mortgage loans and receivables	31	1,156,003	-	-	1,156,003
Loans and receivables to policyholders	32	1,875,314	-	-	1,875,314
Receivables arising out of reinsurance arrangements	33 (i)	772,340	-	-	772,340
Receivables arising out of direct insurance arrangements	33 (iii)	1,924,733	-	-	1,924,733
Restricted cash	38 (ii)	93,074	-	-	93,074
Deposits with financial institutions	38 (i)	6,166,469	-	-	6,166,469
Cash and bank balances	38 (i)	1,465,571	-	-	1,465,571
Total financial assets		**25,913,169**	**76,777,040**	**4,940,442**	**107,630,651**
Financial liabilities					
Payable under deposit administration contracts	43	48,736,148	-	-	48,736,148
Liabilities under investment contracts	44	-	3,285,010	-	3,285,010
Borrowings	14 (i)	4,854,923	-	-	4,854,923
Payables arising from reinsurance arrangements	33 (ii)	1,609,954	-	-	1,609,954
Provisions and other payables	46	8,978,247	-	-	8,978,247
Total financial liabilities		**64,179,272**	**3,285,010**	**-**	**67,464,282**
COMPANY					
Financial assets					
Quoted ordinary shares	28, 29	-	2,829,838	3,251,752	6,081,590
Investment in property funds	27 (ii)	-	2,228,791	-	2,228,791
Other receivables	37	182,189	-	-	182,189
Amounts due from related parties	51 (i)	507,955	-	-	507,955
Deposits with financial institutions	38 (i)	1,202,183	-	-	1,202,183
Cash and bank balances	38 (i)	23,308	-	-	23,308
Total financial assets		**1,915,635**	**5,058,629**	**3,251,752**	**10,226,016**
Financial liabilities					
Borrowings	14 (i)	3,775,923	-	-	3,775,923
Amounts due to related parties	51 (i)	68,811	-	-	68,811
Provisions and other payables	46	5,428,657	-	-	5,428,657
Total financial assets		**9,273,391**	**-**	**-**	**9,273,391**

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(iii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present unrealised and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

(iv) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, receivables arising out of direct insurance arrangement, receivables arising out of reinsurance arrangements and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value Through Profit or Loss (FVTPL):

- Government securities at amortized cost;
- Corporate bonds at amortised cost;
- Mortgage loans;
- Policy loans;
- Secured loans;
- Cash at bank;
- Deposits from financial institutions;
- Receivables from related parties;
- Receivables arising from direct insurance and reinsurance arrangements; and
  Other receivables.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date, or
- Full lifetime ECL, i.e. lifetime ECL that results 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 significant 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(iv) Impairment of financial assets (continued)

(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.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the debtor is unlikely to pay its obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. More details are provided in Note 52 (b).

The Group considers the following as constituting an event of default:

Financial asset	Default event
Cash an Deposits with financial institutions	• Contractual cash flows default • Debt restructure/Debt covenant breach • Bank closure • Bank Run • Filing of bankruptcy • Bank takeover by Regulator • Bank insolvency
Corporate Debt	• Contractual cash flows default • Debt covenant breach • Closure of institution • Filing of bankruptcy
Government Securities	• Significant fall in tax collection rates • Significant natural disaster events • Default warning from Brenton Woods Institutions • Junk rating of sovereign debt • Debt Restructure events
Receivables – Related parties, Premium Debtors and Reinsurance Debtors	• Contractual cash flows default
Other Receivables including Outstanding Dividends, Advances to Agents and Staff.	• Filing of bankruptcy • Significant natural disaster events • Loss of source of income

2. Summary of significant accounting policies (Continued)

(m) Financial instruments (Continued)

(iv) Impairment of financial assets (continued)

(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:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. Summary of significant accounting policies (Continued)

(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.

(o) Renegotiated loans

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

(p) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(q) Employee benefits

The Group originally established a contributory final salary defined benefit plan covering substantially all its employees, including agents. The plan was funded under a single Trust, and the principal asset held by the Trustees was a deposit administration policy issued by the Group. Members now contribute 7.5% of pensionable earnings.

Effective January 1, 2006, the Group established a defined contribution section as a supplementary scheme to the existing plan. Existing members were given the irrevocable option of either (a) remaining in the defined benefit section and continuing to accrue benefits, or (b) participating in the defined contribution section with effect from January 1, 2006, and relinquishing prior defined benefit entitlement in return for a "conversion value" transferred from the defined benefit section into the defined contribution section. In October 2010, the two sections were separated into two independent plans, each with its own Trust Deed and Rules, and each holding a separate deposit administration policy issued by the Group. The actuarial results presented relate only to the defined benefit plan

The defined benefit plan provides a retirement benefit on attaining age 60 based on 2% of final average pensionable earnings for each year of service while a member of the plan. Similarly-calculated benefits are provided on withdrawal, death in service and disability. Group contributions to the plan are normally determined as those required to provide all promised benefits over the long term.

Plan liabilities and costs are established by independent actuaries using the Projected Unit Credit Method. The plan is fully valued at least every two years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(q) Employee benefits (Continued)

Actuarial gains and losses re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period to which they apply.

The significant risks to which the Group is exposed through the operation of its defined benefit plan are asset mismatching risk, funding risk and pensioner longevity risk.

Asset mismatching occurs because investment earnings on the plan's principal asset derive from the declared rate on the deposit administration policy; this rate is declared annually by the Group based on the investment performance for the year of the pooled funds supporting its deposit administration portfolio. The liabilities are long-term in nature, comprising the expected future outflow of benefits, and the discount rate used to value them is based on the yield on low-risk or risk-free bonds for a term commensurate with their duration (10 to 11 years). Consequently, as long-term yields rise and fall, the present value of the liabilities will fall and rise, but the change in value of the assets will only reflect the one-year declared rate.

Pensioner longevity risk reflects the fact that the liabilities for pensions in payment are based on assumptions as to the future mortality of present and future pensioners and their contingent beneficiaries. A longer emerging life expectancy than that implied by the mortality tables currently in use will create a plan deficit over time. The plan's pensioner population is too small to develop plan-specific mortality assumptions.

The Group provides:

- Annual paid leave, the cost of which is expensed as earned.
- Incentive bonus: Staff are entitled to a bonus which is based on pre-set performance parameters on an annual basis. The full cost of the bonus is expensed in the year in which it is earned.

(r) Income tax

(i) Current income tax

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

2. Summary of significant accounting policies (Continued)

(r) Income tax (Continued)

(ii) Deferred income tax (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the carrying value of the borrowings is recognised in profit or loss over the period of the borrowings.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared.

(u) Share capital

Ordinary shares are classified as share capital in equity. Any amounts received over and above the par value of the shares is classified as share premium in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

(v) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(a) Recognition of a lease

At the commencement date, the Group shall recognise a right-of-use asset and a lease liability.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of real estate the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. Summary of significant accounting policies (Continued)

(v) Leases (Continued)

(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.

(iii) 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.

(iv) 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.

2. Summary of significant accounting policies (Continued)

(v) Leases (Continued)

(v) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases whose term is less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) The Group as the lessor – Investment properties leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or security deposits for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

The Group does not have any finance leases as a lessee under IAS 17 or IFRS 16.

(w) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(x) Earnings per share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:

(i) profit or loss from continuing operations attributable to the parent entity; and

(ii) profit or loss attributable to the parent entity

are the amounts in (i) and (ii) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

3. Critical accounting estimates, judgements and assumptions

In the preparation of the financial statements, management and Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

a) Accounting estimates

Valuation of insurance contract liabilities

The value of the insurance contract liabilities have been valued based on various models.

For long term insurance contract liabilities, assumptions have been made for various items including mortality, interest and inflation rates. The details of these are set out in Note 42 (i).

For short term insurance contract liabilities, details are set out in Note 40.

Valuation of financial assets

The fair value of financial instruments that are unquoted (not traded in an active market) is determined by using valuation techniques. The Group uses management judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the statement of financial position date. The details of these are set out in Note 52 (f).

Fair valuation of investment properties and property funds.

The fair value model has been applied in accounting for investment property. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 December 2020 and 31 December 2021 using either the market approach or the income approach. The current valuation of the investment properties is based on the property's highest and best use.

Whether land and building meet criteria to be classified as investment property is as disclosed in Note 2 (n).

Impairment of financial assets

Management assesses the carrying value of the Group's assets on an annual basis.

- Significant increase of credit risk: As explained in Note 2 m (iv), ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to Note 2 m (iv) and Note 52 (b) for more details.
- Establishing Groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 4 (b) for details of the characteristics considered in this judgment. The Group monitors the appropriateness of the credit risk characteristics on an on-going basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

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 Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 4 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 52 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from collateral and integral credit enhancements. See Note 52 (b) for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

Retirement benefit liability

The present value of the retirement benefit obligations attributable to the defined benefits scheme depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities. The assumptions used in determining the net cost (income) for pensions are disclosed in Note 49.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amount of the goodwill and the key assumptions made are set out in Note 26 (i).

Impairment of associate

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the statement of profit or loss. Significant estimates relate to the determination of the projected cash flows and the discount rate.

In the current year the results of the impairment assessment tests performed on the investment in the associate resulted in an impairment reversal as detailed in Note 24 (iii).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Critical accounting estimates, judgements and assumptions (Continued)

a) Accounting estimates (Continued)

Lease term in lease contracts

Critical estimates are made by management in determining lease terms in lease contracts. Specifically in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

Impairment of non-financial assets

Critical estimates are made by management in assessment of impairment for non-financial assets. Significant estimates relate to the determination of the projected cash flows and the discount rate.

Income taxes

Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The company recognises 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.

Consolidation of property funds

Judgement is required in the assessment of whether the Group has control, joint control or significant influence over property partnership. Control is assessed in terms of the variability of returns from the Group's involvement in the funds, the ability to use power to affect those returns and the significance of the Group's investment in the funds. Based on the assessment of control or significant influence over these funds, the Group has concluded that it does not control the property funds.

Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers or other consultants/experts estimates a provision based on past precedents.

(b) Critical judgements in applying the entity's accounting policies

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

- The classification of financial assets and liabilities;
- Whether assets are impaired; and
- Recoverability of deferred tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Premium income and fund management fees

The gross revenue of the Group can be analysed between the main classes of business as shown below:

Group

	2021			2020		
	Gross revenue	Reinsurance ceded	Net revenue	Gross revenue	Reinsurance ceded	Net revenue
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance business – premium						
Long term insurance business						
- Ordinary life	10,425,537	(13,968)	10,411,569	10,214,496	(11,507)	10,202,989
- Group life	3,769,641	(945,244)	2,824,397	2,157,815	(323,120)	1,834,695
Total long term business	**14,195,178**	**(959,212)**	**13,235,966**	**12,372,311**	**(334,627)**	**12,037,684**
Short term insurance business						
- Engineering	1,140,077	(998,459)	141,618	1,007,030	(775,184)	231,846
- Fire	1,844,099	(1,262,230)	581,869	1,778,053	(1,171,953)	606,100
- Motor	4,443,424	(303,979)	4,139,445	4,690,194	(383,077)	4,307,117
- Personal accident and medical	5,862,501	(1,148,629)	4,713,872	5,237,824	(1,249,091)	3,988,733
- Micro insurance	1,086,369	(7,934)	1,078,435	884,376	(1,881)	882,495
- Other classes	3,267,384	(2,142,952)	1,124,432	2,229,831	(1,138,173)	1,091,658
Total short term business	**17,643,854**	**(5,864,183)**	**11,779,671**	**15,827,308**	**(4,719,359)**	**11,107,949**
Total insurance revenue	**31,839,032**	**(6,823,395)**	**25,015,637**	**28,199,619**	**(5,053,986)**	**23,145,633**
Asset management and property management business						
- Unit trust funds	268,375	-	268,375	155,560	-	155,560
- Discretionary and wealth management	364,378	-	364,378	419,651	-	419,651
- Alternative investments	52,105	-	52,105	46,329	-	46,329
Total asset and property management business	**684,858**	**-**	**684,858**	**621,540**	**-**	**621,540**
Total	**32,523,890**	**(6,823,395)**	**25,700,495**	**28,821,159**	**(5,053,986)**	**23,767,173**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Net (loss)/income from investment property

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Gross rental income	230,607	160,129	-	-
Less: Investment property operating expenses	(10,214)	(12,262)	-	-
Net rental income	**220,393**	**147,867**	**-**	**-**
Fair value loss on investment properties (Note 27 (i))	(426,803)	(1,618,203)	-	-
Fair value (loss)/gain on investment in property funds (Note 27 (ii))	-	-	(139,896)	139,085
Net (loss)/income from investment property	**(206,410)**	**(1,470,336)**	**(139,896)**	**139,085**

6. Interest and dividend income

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Interest from government securities at amortised cost	1,246,904	1,687,928	100,658	-
Interest from corporate bonds at amortised cost	9	59,274	-	-
Interest from deposits with financial institutions	438,012	527,503	19,177	74,693
Mortgage loan interest income	409,782	332,549	-	-
Interest from intercompany balances	-	-	2,574	86,788
Interest computed using effective interest method	**2,094,707**	**2,607,254**	**122,409**	**161,481**
Interest from government securities at fair value through profit or loss	8,525,044	6,460,597	64,893	129,298
Interest from investments in liquid funds	113,234	143,320	3,566	6,634
Dividend from subsidiaries	-	-	15,511	711,000
Dividends from quoted ordinary shares at fair value through profit or loss	139,462	186,213	-	-
Total interest and dividend income	**10,872,447**	**9,397,384**	**206,379**	**1,008,413**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Realised (loss)/gain on government securities at fair value through profit or loss	(41,452)	121,375	(5,791)	(3,648)
Realised gain/(loss) on quoted ordinary shares at fair value through profit or loss	36,803	(149,391)	-	-
Realised (loss)/gain on unit trusts	(2,846)	(43,140)	237	-
Total net realised losses	**(7,495)**	**(71,156)**	**(5,554)**	**(3,648)**

8. Net unrealised fair value gains/(losses) on financial assets

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Fair value gain/(loss) on quoted ordinary shares fair value through profit or loss (Note 29 (i))	2,297,143	(2,300,423)	1,254,261	(1,312,329)
Fair value gains on unit trusts (Note 29 (iii))	306,134	62,814	1,943	3,373
Fair value (loss)/gains on government securities at fair value through profit or loss (Note 29 (iv))	(968,171)	373,710	_	9,695
Fair value gains/(loss) on financial assets through profit or loss	**1,635,106**	**(1,863,899)**	**1,256,204**	**(1,299,261)**
Impairment of investment in associate (Note 24 (i)	172,061	(602,735)	68,672	(239,036)
Impairment of investment in subsidiaries (Note 26 (ii)	-		(6,452)	(1,257,357)
Total net unrealised fair value (losses) / gains	**1,807,167**	**(2,466,634)**	**1,318,424**	**(2,795,654)**

9. Commissions earned

	Group	
	2021	2020
	Shs'000	Shs'000
Long term insurance business	169,077	113,350
Short term insurance business	1,290,470	1,105,054
Total commissions earned	**1,459,547**	**1,218,404**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Other income/(loss)

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Fee income				
- arising on long term insurance contracts	42,618	699	-	-
- arising on short term insurance contracts	48,135	62,361	-	-
Net foreign exchange (losses)/gains	(17,137)	-	-	-
Gain on disposal of property and equipment	14,368	1,474	-	97
Non-monetary loss	321,494	(273,766)	-	-
Miscellaneous income	192,746	(12,655)	(18,496)	(18,028)
Total other income	**602,224**	**(221,887)**	**(18,496)**	**(17,931)**

11. Insurance claims and loss adjustment expenses

Group

	2021			2020		
	Long-term business	Short-term business	Total	Long-term business	Short-term business	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance contracts with fixed and guaranteed terms						
- death, maturity and surrender benefits	5,533,522	-	5,533,522	4,072,948	-	4,072,948
- bonuses	2,196,223	-	2,196,223	1,908,057	-	1,908,057
Change in actuarial value of policy holders' liabilities (Note 42 (ii))	3,315,561	-	3,315,561	6,640,681	-	6,640,681
Claims payable by principal class of business:						
- Engineering	-	1,180,648	1,180,648	-	522,529	522,529
- Fire	-	1,298,868	1,298,868	-	654,433	654,433
- Motor	-	3,573,036	3,573,036	-	3,259,874	3,259,874
- Personal accident and medical	-	3,853,122	3,853,122	-	2,668,072	2,668,072
- Micro insurance	-	697,352	697,352	-	481,873	481,873
- Other classes	-	1,045,325	1,045,325	-	872,276	872,276
Total insurance claims and loss adjustment expenses	**11,045,306**	**11,648,351**	**22,693,657**	**12,621,686**	**8,459,057**	**21,080,743**
Less: reinsurers' share	(845,668)	(4,007,563)	(4,853,231)	(100,109)	(2,331,262)	(2,431,371)
Total long term and short term	**10,199,638**	**7,640,788**	**17,840,426**	**12,521,577**	**6,127,795**	**18,649,372**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Interest payments/increase in unit value

This represents current year interest due to holders of deposit administration contracts and fair value gains or losses on contracts with unit linked policyholders, as shown in Notes 43 and 44. They are investment linked contracts since they are calculated based on the performance of the underlying investment contracts. They are not insurance contracts since the insurer is not obliged to pay any other amount apart from the value of the underlying investments.

	Group	
	2021	2020
	Shs'000	Shs'000
Interest on deposit administration contracts (Note 43)	4,778,125	2,734,636
Fair value gain on investment contracts (Note 44)	452,873	24,534
Total interest payments / increase in unit value	**5,230,998**	**2,759,170**

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

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Staff costs (Note 13 (ii))	4,316,630	3,533,338	188,073	225,569
Sales, marketing and brand management	1,450,143	1,426,908	7,377	9,273
General office management expenses	777,619	624,329	192,573	12,456
Information technology (ICT) costs	564,235	504,742	20,289	23,375
Amortisation of intangible assets (Note 22)	427,898	433,847	26,389	26,678
Professional fees	596,255	375,663	70,132	54,136
Depreciation on property and equipment (Note 21)	185,331	209,720	36,879	35,019
Premium tax, levies and duty	216,505	206,802	-	-
Depreciation on right of use asset (Note 23 (i))	173,958	255,469	48,290	60,921
Office rent and service charge	141,251	189,122	3,989	16,697
Provision for expected credit losses	209,592	187,008	156,978	352,058
Directors' emoluments (Note 51 (iv))	112,226	98,227	39,694	30,297
Directors' expenses	64,750	95,834	46,191	61,700
Repairs and maintenance costs	23,536	31,322	197	445
Training and development	21,253	31,264	317	2,059
Auditor's remuneration	46,733	44,980	3,866	2,666
Provision for investment losses	2,000,000	5,206,685	2,000,000	5,206,685
Total operating and other expenses	**11,327,916**	**13,455,260**	**2,841,234**	**6,120,034**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. (i) Operating and other expenses (by nature) (Continued)

(ii) Staff costs

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Staff costs include the following:				
Salaries and wages	3,252,054	3,315,288	105,192	219,829
Voluntary Early Retirement Expenses	863,240	-	78,772	-
Retirement benefits costs				
- Defined contribution scheme	140,222	167,312	4,025	5,676
- Defined benefit scheme (Note 48)	(23,229)	(25,844)	-	-
- Social security benefits costs	84,343	76,582	84	64
Total staff costs	**4,316,630**	**3,533,338**	**188,073**	**225,569**

The number of persons employed by the Group at the year-end was 845 (2020: 929).

14. (i) Borrowings

The total borrowings include a bank loan of Shs 2,727,521,000 (2020: Shs 3,265,369,000) at a fixed interest rate of 10.25% per annum and other borrowings of Shs 1,500,304,000 (2020: Shs 1,589,554,000) at variable interest rates. 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 quoted ordinary shares valued at Shs 8,281,750,000 (2020: Shs 5,774,821,052). The balance of the undrawn short-term facility is Shs 1,350,000,000 at 31 December 2021 (2020: 825,000,000). Other borrowings relate to amount borrowed by Britam Properties (Kenya) Limited for use in purchasing land which is carried as an investment property. Other borrowings earned interest at variable interest rates ranging from 15%. The security for the other borrowings is the investment property purchased.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. (i) Borrowings (Continued)

The borrowings are carried at amortised cost and their fair value approximates their carrying amounts. Here below is a table showing the breakdown of the borrowings:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Balance at 1 January				
- Bank loan	3,175,000	376,274	3,175,000	376,274
- Other borrowings	1,589,554	1,589,554	510,554	485,654
Additions				
- Bank loan	-	4,675,000	-	4,675,000
- Other borrowings	-	-	-	24,900
Accrued Interest				
- Bank loan	77,521	90,369	77,521	90,369
Repayments				
- Bank loan	(525,000)	(1,876,274)	(525,000)	(1,876,274)
- Other borrowings	(89,250)	-	-	-
Balance at 31 December	**4,227,825**	**4,854,923**	**3,238,075**	**3,775,923**
Interest paid				
- Bank loan	334,411	150,682	334,411	150,682
Total Interest paid	**334,411**	**150,682**	**334,411**	**150,682**

The table below shows the breakdown of the finance costs:

Finance costs

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Bank loans	321,563	240,577	321,563	240,577
Other borrowings	-	-	-	24,900
Interest on related party balance	-	-	20,578	42,955
Interest expense on lease liability (Note 23 (ii))	92,426	120,970	25,021	37,005
Total finance cost	**413,989**	**361,547**	**367,162**	**345,437**

The weighted average effective interest rate on borrowings as 31 December 2021 was 10.25% (2020: 12%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. (ii) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods:

	Group	
	2021	2020
	Shs'000	Shs'000
Cash and cash equivalents (Note 38 (i))	7,499,485	7,498,000
Liquid investments (Note 29)	89,699,147	76,777,040
Borrowings (Note 14 (i))	(4,227,825)	(4,854,923)
Lease liabilities (Note 23 (ii))	(441,126)	(690,003)
Net debt	**92,529,681**	**78,730,114**
Cash and liquid investments	97,198,632	84,275,040
Gross debt – fixed interest rates	(4,668,951)	(5,544,926)
Net debt	**92,529,681**	**78,730,114**

	Liabilities from financing activities			Other assets		
	Borrowings	Leases	Sub-total	Cash equivalents	Liquid investments	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Net debt at 1 January 2020	**(2,352,716)**	**(844,046)**	**(3,196,762)**	**7,575,311**	**57,751,830**	**62,130,379**
Cash flows	(2,502,207)	325,372	(2,176,835)	(77,311)	19,025,210	16,771,064
Leases - additions	-	(62,055)	(62,055)	-	-	(62,055)
Other	-	(109,274)	(109,274)	-	-	(109,274)
Net debt at 31 December 2020	**(4,854,923)**	**(690,003)**	**(5,544,926)**	**7,498,000**	**76,777,040**	**78,730,114**
Cash flows	627,098	264,959	892,057	1,485	12,922,107	13,815,649
Leases - additions	-	(58,091)	(58,091)			(58,091)
Others	-	42,009	42,009			42,009
Net debt at 31 December 2021	**(4,227,825)**	**(441,126)**	**4,668,951)**	**7,499,485**	**89,699,147**	**92,529,681**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Commissions expense

	Group	
	2021	2020
	Shs'000	Shs'000
Long term insurance business		
- Ordinary life	1,136,786	1,223,808
- Group life	266,868	148,716
- Deposit administration	75,956	77,361
Total long term insurance business	**1,479,610**	**1,449,885**
Short term insurance business		
- Engineering	171,002	197,499
- Fire	397,850	307,576
- Marine	90,747	106,473
- Motor	453,161	475,147
- Personal accident and medical	858,058	787,949
- Micro insurance	107,729	89,608
- Theft	58,935	63,362
- Others	317,582	147,358
Total short term insurance business	**2,455,064**	**2,174,972**
Asset management business		
- Unit trust funds	76,205	43,001
- Discretionary & Wealth management	106,221	134,302
Total asset management business	**182,426**	**177,303**
Total commissions payable	**4,117,100**	**3,802,160**

16. Share capital - Company

Group and Company	Number of shares	Ordinary shares	Share premium	Total
	Thousands	Shs'000	Shs'000	Shs'000
1 January 2020, 31 December 2020 and 31 December 2021	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 (2020: 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 2021 (2020: 2,523 million with par value of 10 cents per share). All shares issued are fully paid and carry equal rights.

17. Other reserves

Other reserves include;

- **Fair value reserves:** arising from revaluation of financial assets carried at fair value through other comprehensive income. They are not distributable reserves.
- **Currency translation reserves:** arise from currency translation for the different countries in which the Group operates in. They are not distributable reserves.
- **Revaluation reserves:** arises on revaluation of the building that is part of the Group's property and equipment. This reserve is not distributable.
- **General reserves:** represent undistributed retained earnings for the long term business 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Other reserves (Continued)

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 2021	**8,184,032**	**(243,401)**	**(1,144,980)**	**6,556,781**	**13,352,432**
Revaluation gain on building (Note 25)	-	75,323	-	-	75,323
Revaluation gains on quoted ordinary shares at fair value through other comprehensive income (Note 25)	1,314,099	-	-	523,933	1,838,032
Gain on disposal of financial assets at fair value through comprehensive income (Note 25)	94,200	-		-	94,200
Share of associate other comprehensive income (Note 25)	-	-	-	(1,099)	(1,099)
Re-measurement of the net defined benefit asset (Note 25)	-	-	-	(14,838)	(14,838)
Surplus for life business	-	-	-	1,329,434	1,329,434
Transfer to retained earnings (Note 18)	-	-	-	(231,515)	(231,515)
Currency translation gains (Note 25)	-	-	(47,057)	-	(47,057)
At 31 December 2021	**9,592,331**	**(168,078)**	**(1,192,037)**	**8,162,696**	**16,394,912**
At 1 January 2020	**9,692,026**	**94,747**	**(983,412)**	**8,309,333**	**17,112,694**
Revaluation deficit on buildings (Note 21)	-	(338,148)	-	-	(338,148)
Revaluation gains on quoted ordinary shares at fair value through other comprehensive income (Note 25)	(1,507,994)	-	-	(548,189)	(2,056,183)
Share of associate other comprehensive income (Note 25)	-	-	-	30,546	30,546
Re-measurement of the net defined benefit asset (Note 25)	-	-	-	(42,230)	(42,230)
Surplus for life business	-	-	-	(962,838)	(962,838)
Transfer to retained earnings (Note 18)	-	-	-	(300,000)	(300,000)
Transfer from retained earnings (Note 18)	-	-	-	70,159	70,159
Currency translation losses (Note 25)	-	-	(161,568)	-	(161,568)
At 31 December 2020	**8,184,032**	**(243,401)**	**(1,144,980)**	**6,556,781**	**13,352,432**

Company	Other reserves
	Shs '000
At 1 January 2021	**2,726,791**
Revaluation gain on quoted ordinary shares at fair value through other comprehensive income (Note 28)	1,314,099
Gain on disposal of financial assets at fair value through comprehensive income (Note 25)	94,200
Share of associate other comprehensive income (Note 24)	(41)
At 31 December 2021	**4,135,049**
At 1 January 2020	**4,219,804**
Revaluation losses on quoted ordinary shares at fair value through other comprehensive income (Note 28)	(1,507,994)
Share of associate other comprehensive income (Note 24)	14,981
At 31 December 2020	**2,726,791**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Accumulated losses

	Group	Company
	Shs '000	Shs '000
At 1 January 2021	**(9,891,877)**	**(7,383,634)**
Loss for the year	(1,283,212)	(1,962,697)
Transfer from general reserve (Note 17)	231,515	-
At 31 December 2021	**(10,943,574)**	**(9,346,331)**
At 1 January 2020	**(1,306,941)**	**1,766,774**
Loss for the year	(8,183,905)	(8,519,536)
Transfer to general reserve (Note 17)	(70,159)	-
Transfer from general reserve (Note 17)	300,000	-
Dividend paid	(630,872)	(630,872)
At 31 December 2020	**(9,891,877)**	**(7,383,634)**

19. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 31 December 2021 or 31 December 2020.

	2021	2020
Profit/(loss) attributed to equity holders (Shs' thousands)	46,222	(9,146,743)
Weighted number of ordinary shares in issue (thousands)	2,523,487	2,523,487
Basic and diluted earnings per share (Shs)	**0.02**	**(3.62)**

20. Dividends per share

Proposed dividends are not recognised until they have been declared at an annual general meeting. No dividends were paid during the year (2020: Nil). The Directors do not recommend any dividends in respect of the year ended 31 December 2021 (2020: Nil).

Payment of dividends is subject to withholding tax at the rate of either 5% or 10%, depending on the residence of the individual shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment

Group	Land and Buildings	Leasehold improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2021						
Cost or valuation						
1 January 2021	**257,844**	**834,378**	**150,521**	**1,154,272**	**934,382**	**3,331,397**
Additions		60,266	13,464	40,265	14,539	128,534
Disposals	-	-	(6,169)	(3,034)	(2,242)	(11,445)
Transfer from investment property (Note 27 (i))	299,026	-	-	-	-	299,026
Transfer from Intangible assets (Note 22)	-	9,805	-	-	-	9,805
Revaluation gain (Note 25)	77,459	-	-	-	-	77,459
Translation differences	49,136	(10,560)	(28,960)	(3,133)	3,302	9,785
At 31 December 2021	**683,465**	**893,889**	**128,856**	**1,188,370**	**949,981**	**3,844,561**
Depreciation						
1 January 2021	**1,078**	**557,554**	**110,835**	**941,636**	**817,998**	**2,429,101**
Charge for the year	16,608	63,004	13,386	52,502	39,831	185,331
Disposal	-	-	(6,081)	(1,165)	(1,174)	(8,420)
Translation differences	(5)	1,612	(27,220)	3,658	4,097	(17,858)
At 31 December 2021	**17,681**	**622,170**	**90,920**	**996,631**	**860,752**	**2,588,154**
Net book value						
At 31 December 2021	**665,784**	**271,719**	**37,936**	**191,739**	**89,229**	**1,256,407**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment (continued)

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
2020						
Cost or valuation						
1 January 2020	**415,238**	**777,412**	**123,679**	**1,166,943**	**846,306**	**3,329,578**
Additions	-	45,681	22,950	18,947	31,676	119,254
Disposals	-	(2,462)	-	(2,946)	(554)	(5,962)
Transfer from Intangible assets (Note 22)	-	-	-	1,463	-	1,463
Revaluation loss	(338,148)	-	-	-	-	(338,148)
Transfer from Investment Property (Note 27)	179,788	-	-	(52,909)	52,909	179,788
Translation differences	966	13,747	3,892	22,774	4,045	45,424
At 31 December 2020	**257,844**	**834,378**	**150,521**	**1,154,272**	**934,382**	**3,331,397**
Depreciation						
1 January 2020	**459**	**493,279**	**96,950**	**892,894**	**711,246**	**2,194,828**
Charge for the year	615	53,541	13,819	87,985	53,760	209,720
Reclassifications	-	-	-	(51,397)	51,397	-
Disposal	-	-	-	(2,686)	(554)	(3,240)
Translation differences	4	10,734	66	14,840	2,149	27,793
At 31 December 2020	**1,078**	**557,554**	**110,835**	**941,636**	**817,998**	**2,429,101**
Net book value						
At 31 December 2020	**256,766**	**276,824**	**39,686**	**212,636**	**116,384**	**902,296**

In the opinion of the Directors, there is no impairment of property and equipment. The valuation of land and buildings was carried out by independent, registered professional valuers, Advent Valuers Limited at 31 December 2021. The revaluation gain of Shs 77,459,000 (2020: loss of Shs 338,148,000) was credited to other comprehensive income. The amount is shown in `other reserves' in shareholders' equity (Note 17) which are not distributable. The fair values arising from the open market valuation of land and buildings are categorised as Level 3 in the fair value hierarchy.

There are no restrictions on the property and equipment and none had been pledged as collateral. Property and equipment are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment (continued)

Company	Leasehold Improvements	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2021					
Cost or valuation					
At 1 January 2021	145,406	44,015	73,831	31,701	294,953
Additions	-	-	12,783	277	13,060
At 31 December 2021	**145,406**	**44,015**	**86,614**	**31,978**	**308,013**
Depreciation					
At 1 January 2021	34,131	27,301	35,929	17,040	114,401
Charge for the year	14,772	3,729	13,496	4,882	36,879
At 31 December 2021	**48,903**	**31,030**	**49,425**	**21,922**	**151,280**
Net book value					
At 31 December 2021	**96,503**	**12,985**	**37,189**	**10,056**	**156,733**

2020

	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost or valuation					
At 1 January 2020	145,406	25,370	69,573	28,437	268,786
Additions	-	18,645	4,258	3,264	26,167
At 31 December 2020	**145,406**	**44,015**	**73,831**	**31,701**	**294,953**
Depreciation					
At 1 January 2020	19,662	25,370	22,072	12,278	79,382
Charge for the year	14,469	1,931	13,857	4,762	35,019
At 31 December 2020	**34,131**	**27,301**	**35,929**	**17,040**	**114,401**
Net book value					
At 31 December 2020	**111,275**	**16,714**	**37,902**	**14,661**	**180,552**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Property and equipment (continued)

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

	Group	
	2021	2020
	Shs'000	Shs'000
Cost	392,095	392,095
Transfers	299,026	-
Accumulated depreciation	(371,488)	(345,614)
Net book value	**319,633**	**46,481**

All property and equipment (P&E) are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Intangible assets

	Group			Company		
	Computer software costs	Internally generated software development costs	Total	Computer software costs	Internally generated software development costs	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost						
At 1 January 2020	**3,613,679**	**-**	**3,613,679**	**190,360**	**-**	**190,360**
Additions	72,361	(11,646)	60,715	-	-	-
Capitalised	51,080	85,557	136,637	1,167	-	1,167
Write down	-	(13,426)	(13,426)	-	-	-
Transfer to Property, Plant and Equipment (Note 21)	(1,463)	-	(1,463)			
Translation differences	34,573	1,265	35,838	-	-	-
At 31 December 2020	**3,770,230**	**61,750**	**3,831,980**	**191,527**	**-**	**191,527**
At 1 January 2021	**3,770,230**	**61,750**	**3,831,980**	**191,527**	**-**	**191,527**
Additions	53,702	47,866	101,568			
Capitalised	3,108	(3,108)	-	-	-	-
Write down	106	(87,983)	(87,877)	-	-	-
Transfer to Property, Plant and Equipment (Note 21)	(9,805)	-	(9,805)	-	-	-
Translation differences	(42,030)	1,533	(40,497)	-	-	-
At 31 December 2021	**3,775,311**	**20,058**	**3,795,369**	**191,527**	**-**	**191,527**
Accumulated amortisation and impairment						
At 1 January 2020	**1,513,759**	**-**	**1,513,759**	**95,186**	**-**	**95,186**
Amortisation charge	433,847	-	433,847	26,678	-	26,678
Translation differences	10,293	-	10,293	-	-	-
At 31 December 2020	**1,957,899**	**-**	**1,957,899**	**121,864**	**-**	**121,864**
Amortisation charge	427,898	-	427,898	26,389	-	26,389
Translation differences	(6,593)	-	(6,593)	-	-	-
At 31 December 2021	**2,379,204**	**-**	**2,379,204**	**148,253**	**-**	**148,253**
Net book value						
At 31 December 2020	**1,812,331**	**61,750**	**1,874,081**	**69,663**	**-**	**69,663**
At 31 December 2021	**1,396,107**	**20,058**	**1,416,165**	**43,274**	**-**	**43,274**

There are no restrictions on intangible assets and none had been pledged as collateral.

Intangible assets are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Leases

The Group leases various assets, mainly offices. These lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension/termination options.

(i) Amounts recognised in the balance sheet

(i) Right of use assets

The movement in the right of use asset over the year was as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	**566,560**	**752,613**	**153,360**	**167,938**
Additions	57,984	65,176	-	-
Depreciation charge for the year (Note 13 (i))	(173,958)	(255,469)	(48,290)	(60,921)
Remeasurement of lease liabilities	(130,870)	4,240	(37,892)	46,343
At 31 December	**319,716**	**566,560**	**67,178**	**153,360**

The right of use asset is a non-current asset.

(ii) Lease liabilities

The movement in the lease liabilities over the year was as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	**690,003**	**844,046**	**208,434**	**208,294**
Additions	58,091	62,055	-	-
Interest on lease liabilities (Note 14)	92,426	120,970	25,021	37,005
Lease payments	(264,959)	(325,372)	(78,992)	(72,840)
Remeasurement of lease liabilities	(134,435)	(11,696)	(49,035)	35,975
At 31 December	**441,126**	**690,003**	**105,428**	**208,434**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Leases (Continued)

(i) Amounts recognised in the balance sheet

(ii) Lease liabilities

The split in the lease liabilities was as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Current	264,959	325,372	78,992	72,840
Non-current	176,167	364,631	26,436	135,594
At 31 December	**441,126**	**690,003**	**105,428**	**208,434**

The total cash outflow for leases in the year was:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Interest paid on lease liabilities (Note 14)	92,426	120,970	25,021	37,005
Payments of principal portion of the lease liability	172,533	204,402	53,971	35,835
At 31 December	**264,959**	**325,372**	**78,992**	**72,840**

(ii) Amounts recognised in the profit or loss account

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation on right of use assets (Note 13 (i))	173,958	255,469	48,290	60,921
Interest on lease liabilities (Note 14)	92,426	120,970	25,021	37,005
Expenses relating to short-term leases	6,173	85	-	-
Expenses relating to leases of low-value assets that are not shown above as short-term leases	6,275	-	-	-
At 31 December	**278,832**	**376,524**	**73,311**	**97,926**

23. Leases (Continued)

(ii) Amounts recognised in the profit or loss account

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.

	2021	2020
Operating Leases under IFRS 16	**Shs'000**	**Shs'000**
Within 1 year	72,479	92,295
Between 1 and 2 years	57,489	82,664
Between 2 and 3 years	60,352	32,894
Between 3 and 4 years	64,376	35,443
Between 4 and 5 years	55,543	34,116
Later than 5 years	58,784	28,573
At 31 December	**369,023**	**305,985**

24. Investment in associate – Group and Company

(i) Details of the investment

The investment in associate at 31 December 2021 represents an equity interest of 48.22% (2020: 48.22%) of the ordinary shares of HF Group PLC. HF Group PLC is the leading mortgage provider bank and a premier property developer that is a market leader in offering of integrated solutions for the property and real estate investment, housing and property developments in Kenya. HF Group PLC place of business and country of incorporation is Kenya. HF Group PLC is a strategic partner of the Group, providing access to new customers and distribution channels for the insurance business and experience in property development.

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

		% of ownership interest			
		Group		Company	
Name of entity	**Place of business/country of incorporation**	**2021**	**2020**	**2021**	**2020**
HF Group PLC	Kenya	48.22%	48.22%	19.41%	19.41%

24. Investment in associate – Group and Company (Continued)

(i) Details of the investment (Continued)

The movement in investment in associate is as follows:

	Group		Company	
	2021	2020	2021	2020
	HF Group	HF Group	HF Group	HF Group
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January	**1,481,603**	**2,870,170**	**596,437**	**1,151,794**
Share of associate's loss for the year	(286,085)	(823,049)	(115,158)	(331,302)
Share of associate's other comprehensive (loss)/income	(1,552)	37,217	(41)	14,981
Impairment (Note 8)	172,061	(602,735)	68,672	(239,036)
At 31 December	**1,366,027**	**1,481,603**	**549,910**	**596,437**

At 31 December 2021, the fair value of the Group's interest in HF Group PLC which is listed on the Nairobi Securities Exchange (NSE), was Shs 723,362,000 (2020: Shs 615,785,000) when computed using the NSE share price of Shs 3.90 (2020: Shs 3.32) per share.

(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**

24. Investment in associate – Group and Company (Continued)

(iii) Impairment assessment

For the purposes of impairment assessment, the HF Group is considered as the Cash Generating Unit (CGU).

In the current year, management made an assessment of the investment in associate and concluded that there was no additional impairment at 31 December 2021 (2020: impairment loss of Shs 602,735,000). Consistent with previous years, the investment in associate was carried at the recoverable amount based on the computed value in use of Shs 1,366,027,000 (2020: Shs 1,481,604,000). This resulted in impairment reversal of Shs 172,061,000 during the year. The impairment reversal indicators that were generally considered are the improvements in 2021 performance compared to 2020, increase in the listed market prices and the turnaround strategy which the associate has been implementing with positive results.

The value in use was computed as the present value of the future cash flows expected using an after-tax discount rate of 31.53% (2020: 20.3%) determined as the Company's weighted average cost of capital. A terminal growth rate of 5% (2020: 5%) was used. The equity risk premium applied was 9.7%. This resulted to an impairment loss reversal of Shs 172,061,000 as at 31 December 2021 (2020: impairment loss of Shs 602,735,000). The impairment loss reversal is included in the 'unrealized fair value (gains)/ losses' line in the statement of profit or loss. In the view of the directors, the assumptions used are appropriate and the resultant carrying value is reasonable.

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.

(iv) Classifications as held for sale

The directors of Britam Holdings PLC approved the commencement of the process of seeking viable options to optimize the value of the Group's investment in HF Group PLC. The investment was originally acquired as a strategic investment in line with the Group's property development strategy. Options under consideration include reaching out to strategic partners with the requisite capacity to fast track and support the process of turning around HF Group and support the Britam Group to realize optimal value from the investment.

The directors approved the appointment of a transaction advisor to engage various interested parties with a viable option expected to be realized within the next twelve months. Pending the outcome of the process and any requisite regulatory approvals, the asset is presented as an 'investments in associate' in the statement of financial position.

The investment in associate classified as held for sale during the reporting period was measured at the lower of its carrying amount and estimated fair value less estimated costs to sell at the time of the reclassification. The fair value of the investment was determined using the estimated valuation independently prepared by the transaction advisor. This is a level 3 measurement as per the fair value hierarchy.

The directors of Britam Holdings PLC continue to review the performance of the investment and the progress of the above processes.

24. Investment in associate – Group and Company (Continued)

(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 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 in associate after positive shift	Change in the fair value of the investment in associate after negative shift
			Shs'000	Shs'000
Average projected cash flows	1,166,090	5%	75,322	(75,322)
Pre-tax discount rate	31.53%	1%	(30,052)	32,407
Terminal growth rate	5%	1%	40,594	(37,644)

(vi) Summarised financial information for associate

Summarised statement of profit or loss and other comprehensive income

	2021	2020
	Shs'000	Shs'000
Interest income	3,958,725	4,249,307
Interest expense	(2,095,238)	(2,399,249)
Impairment losses on mortgage and advances	(274,270)	(405,069)
Other income	502,493	528,668
Other expenses	(2,967,463)	(3,749,539)
Loss before income tax	**(875,753)**	**(1,775,882)**
Income tax	282,462	69,019
Loss after tax	**(593,291)**	**(1,706,863)**
Other comprehensive income, net of tax	(209)	77,182
Total comprehensive loss for the year	**(593,500)**	**(1,629,681)**

24. Investment in associate – Group and Company (Continued)

(vi) Summarised financial information for associate (Continued)

Summarised statement of financial position

	2021	2020
	Shs'000	Shs'000
Total assets	52,903,518	55,445,249
Total liabilities	44,967,198	46,883,461
Net assets	7,936,320	8,561,788
Customer deposits	37,714,914	39,944,490
Loans and advances	34,692,625	36,796,964

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	HF Group	HF Group	HF Group
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Opening net assets 1 January	**8,612,538**	**10,242,220**	**8,612,538**	**10,242,220**
Loss for the year	(593,291)	(1,706,863)	(593,291)	(1,706,863)
Other comprehensive income	(209)	77,181	(209)	77,181
Other adjustments	(82,718)	-	(82,718)	-
Closing net assets	**7,936,320**	**8,612,538**	**7,936,320**	**8,612,538**
Interest in associate Group 48.22% (2020: 48.22%) Company 19.41% (2020: 19.41%)	3,866,780	4,153,334	1,540,440	1,671,974
Goodwill (Note 24 (ii))	1,629,813	1,629,813	595,569	595,569
Provision for impairment	(4,150,839)	(4,322,900)	(1,606,768)	(1,675,440)
Other adjustments	20,273	21,356	20,669	4,334
Carrying value	**1,366,027**	**1,481,603**	**549,910**	**596,437**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Investment in associate – Group and Company (Continued)

Summarised statement of cash flows for HF Group

	2021	2020
	Shs'000	Shs'000
Net cash flows generated from operating activities	(201,410)	1,131,259
Net cash flows used in investing activities	(190,989)	(105,379)
Net cash flows used in financing activities	521,043	(2,304,954)
Net decrease in cash and cash equivalents	**128,644**	**(1,279,074)**

25. Income tax

(a) Income tax expense/(credit)

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Current income tax	198,613	309,982	-	53,028
Deferred tax (Note 36)	740,724	(896,053)	-	-
Income tax expense/(credit)	**939,337**	**(586,071)**	**-**	**53,028**

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	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Profit/(loss) before income tax	**1,011,461**	**(9,697,610)**	**(1,962,697)**	**(8,466,508)**
Tax calculated at a tax rate of 30% (2020: 25%)	303,438	(2,424,402)	(588,809)	(2,116,627)
Effect of tax rate changes	-	(484,880)	-	(423,325)
Add/(less):				
- Tax effect of income not subject to tax	(158,809)	(59,206)	(172,857)	514,217
- Under provision in prior year	(15,421)	49,773	-	26,694
- Deferred tax not recognised (Note 36)	701,261	2,254,477	680,516	2,032,248
- Tax effect of expenses not deductible for tax purposes	108,868	78,167	81,150	19,821
Income tax expenses/(credit)	**939,337**	**(586,071)**	**-**	**53,028**

25. Income tax (Continued)

The tax laws (amendment) Act, 2020 was enacted on 25 April 2020. Amongst other COVID-19 instigated tax changes corporation tax reduced to 25% from 30% and applied for the financial year of income 2020. On December 22, 2020 the corporation tax rate was reverted to the pre COVID-19 tax rate of 30% effective 1 January 2021.

Britam Insurance Company Limited (South Sudan) does not pay corporate tax at 30%. The applicable taxes are excise tax and state taxes at the rate of 6.5% and 8.5% respectively on all premiums written.

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

	2021			2020		
	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	(47,057)	-	(47,057)	(161,568)	-	(161,568)
Re-measurement of the net defined benefit asset (Note 48)	(21,197)	6,359	(14,838)	(60,478)	18,248	(42,230)
Share of other comprehensive income from associates	(1,552)	453	(1,099)	37,217	(6,671)	30,546
Gain on disposal of financial asset at fair value through OCI	94,200	-	94,200	-	-	-
Fair value deficit on						
- Building (Note 21)	77,459	(2,136)	75,323	(338,148)	-	(338,148)
- Financial assets at fair value through other comprehensive income (Note 28)	2,062,574	(224,542)	1,838,032	(2,291,121)	234,938	(2,056,183)
Other comprehensive income	**2,164,427**	**(219,867)**	**1,944,561**	**(2,814,098)**	**246,515**	**(2,567,583)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Income tax (Continued)

(b) Current tax recoverable

Movement in the tax recoverable account is as follows:

	Group	
	2021	2020
	Shs'000	Shs'000
At 1 January	435,338	297,932
Taxation charge for the year	(198,613)	(309,982)
Tax paid	246,521	447,388
At end of year	**483,246**	**435,338**

	Group	
Split as follows;	2021	2020
	Shs'000	Shs'000
Current income tax recoverable	517,344	461,833
Current income tax payable	(34,098)	(26,495)
Net assets	**483,246**	**435,338**

26 (i) Goodwill on business combinations

The goodwill arose on the acquisition of Real Insurance Group (now Britam General Insurance Company (Kenya) Limited, Britam Insurance Company (Tanzania) Limited and Britam - Companhia De Seguros De Mozambique S.A.) which was concluded in 2015.

	2021	2020
	Shs'000	Shs'000
Britam General Insurance Company (Kenya) Limited	913,717	918,885
Britam Insurance Company (Tanzania) Limited	258,577	253,409
Britam - Companhia De Seguros De Mozambique S.A.	244,341	244,341
Total goodwill	**1,416,635**	**1,416,635**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (i) Goodwill on business combinations (Continued)

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% (2020: 18% and 31%) depending on the circumstances of the entity and terminal rate of 2.5% (2020: 2.5%).

The recoverable amount calculated based on the value in use exceeded carrying value by Shs 5,234,626,000 (2020: Shs 9,938,296,000). A fall in the terminal rate of above 100% (2020: 100%) or a rise in the discount rate of above 100% (2020: 100%) would remove the remaining headroom.

From the assessment carried out at the end of the year, no impairment was deemed necessary as at 31 December 2021 (2020: Nil).

Goodwill on acquisition is a non-current asset.

26. (ii) Investment in subsidiary companies

The Company had the following subsidiaries as at 31 December

	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directly held	Proportion of ordinary shares directly/ indirectly held	Proportion of shares held by non-controlling interests	
			2021	2020	2021	2020
Britam Life Assurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-
Britam General Insurance Company (Kenya) Limited	Kenya	Insurance	100%	100%	-	-
Britam Asset Managers (Kenya) Limited	Kenya	Fund Management	100%	100%	-	-
Britam Properties (Kenya) Limited	Kenya	Property Development	100%	100%	-	-
Britam Insurance Company (Uganda) Limited	Uganda	Insurance	100%	100%	-	-
Britam Insurance Company Limited (South Sudan)	South Sudan	Insurance	100%	100%	-	-
Britam Insurance Company (Rwanda) Limited	Rwanda	Insurance	100%	100%	-	-
Britam - Companhia De Seguros De Mozambique S.A.	Mozambique	Insurance	98%	98%	2%	2%
Britam Insurance Company (Tanzania) Limited	Tanzania	Insurance	55%	55%	45%	45%
Britam Insurance Company Limited (Malawi)	Malawi	Insurance	100%	100%	-	-
Britam Asset Managers (Uganda) Limited	Uganda	Fund Management	100%	100%	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (ii) Investment in subsidiary companies (Continued)

The Company had the following subsidiaries at 31 December:

	Gross Amount		Impairment		Net Amount	
	2021	2020	2021	2020	2021	2020
Britam Life Assurance (Kenya) Limited	180,000	180,000	-	-	180,000	180,000
Britam Asset Managers (Kenya) Limited	-	80,000	-	80,000	-	-
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	868,795	-	(179,572)	689,223	689,223
Britam General Insurance (Kenya) Limited	3,111,261	3,783,482	-	(672,221)	3,111,261	3,111,261
Britam Insurance Company Limited (Malawi)	459,458	461,539	-	(2,081)	459,458	459,458
Britam Insurance (Tanzania) Limited	253,409	308,598	-	(55,189)	253,409	253,409
Britam - Companhia De Seguros De Mozambique S.A.	313,535	531,729	-	(218,194)	313,535	313,535
Britam Properties (Kenya) Limited	-	50,000	-	(50,000)	-	-
Britam Asset Managers (Uganda) Limited	124,863	124,863	(6,452)	-	118,411	124,863
Total at Company level	**6,023,460**	**7,280,717**	**(6,452)**	**(1,257,257)**	**6,017,008**	**6,023,460**
Britam Properties (Uganda) Limited*			-	-	-	102,776
Britam Tower LLP	7,192,693	6,912,856	-	-	7,192,693	6,912,856
Total	**13,216,153**	**14,193,573**	**(6,452)**	**1,257,257**	**13,209,701**	**13,039,092**

*In 2021 this subsidiary was amalgamated with Britam Insurance Company (Uganda) Limited.

Summarised financial information has been presented below for Britam Insurance (Tanzania) Limited, a subsidiary with significant non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (ii) Investment in subsidiary companies (Continued)

Summarised statement of profit or loss and other comprehensive income

	Britam Insurance (Tanzania) Limited as at 31 December	
	2021	2020
	Shs'000	Shs'000
Revenue	1,040,727	1,084,667
Profit before income tax	86,808	115,285
Income tax (expense)/credit	(30,405)	(40,646)
Currency translation gain/(loss)	38,396	(60,319)
Total comprehensive income	**94,799**	**14,320**

Summarised statement of financial position

	2021	2020
	Shs'000	Shs'000
Current		
Assets	2,494,344	2,197,112
Liabilities	**(2,184,344)**	**(1,985,015)**
Total current net assets	**310,000**	**212,097**
Non-current		
Assets	98,654	101,759
Total non-current net assets	**98,654**	**101,759**
Net assets	**408,654**	**313,856**

Summarised statement of cash flows

	2021	2020
	Shs'000	Shs'000
Cash generated from operations	129,776	141,877
Income tax paid	(11,946)	(10,837)
Net cash generated from operating activities	117,830	131,040
Net cash used in investing activities	113,622	15,454
Net cash used in financing activities	(19,005)	(17,213)
Net increase cash and cash equivalents	**194,889**	**129,281**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. (iii) Non-controlling interest (NCI)

Year ended 31 December 2021	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Total Shs '000
Proportion of shares held by non-controlling interests	2%	45%	
Total non-controlling interest at start of year	4,415	112,067	116,482
Profit after tax attributable to non-controlling interests	521	25,381	25,902
Total non-controlling interests at year end	**4,936**	**137,448**	**142,384**

Year ended 31 December 2020	Britam - Companhia De Seguros De Mozambique S.A.	Britam Insurance (Tanzania) Limited	Total Shs '000
Proportion of shares held by non-controlling interests	2%	45%	
Total non-controlling interest at the start of the year	2,799	78,479	81,278
Profit after tax attributable to non-controlling interests	1,616	33,588	35,204
Total non-controlling interests at year end	**4,415**	**112,067**	**116,482**

27. (i) Investment properties

	Group	
	2021	2020
	Shs'000	Shs'000
At start of year	**16,443,490**	**16,414,496**
Transfer to Property and Equipment (Note 21)	(299,026)	(179,788)
Additions during the year	975,827	2,268,579
Derecognition of capital investment	(96,430)	(441,594)
Fair value loss (Note 5)	(426,803)	(1,618,203)
At end of year	**16,597,058**	**16,443,490**

The Group's investment properties were revalued at 31 December 2021 by FAPCL, Lloyd Masika, Advent Valuers and Knight Frank, and 2020 by Gimco Limited, registered professional valuers. The fair value of the investment properties is determined using either the market approach or the income approach (discounted cash flows). The fair values arising from the valuation of investment property is categorised as level 2 or 3 depending on the valuation basis in the fair value hierarchy.

An investment in property is classified as a non-current asset. The table below sets out information about significant unobservable inputs used at year end in measuring investment properties valued using the discounted cash flows approach:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. (i) Investment properties (Continued)

Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Estimates for unobservable inputs
Valued using the Discounted Cash Flow (DCF) method. Net income is determined by considering gross income less operating expenditure. The discount rate is determined with reference to the current market conditions.	Tenancy is based on projected occupancy of the property.	Increase in the discount and vacancy rate will decrease the fair value of the properties. Similar increases/ decreases in tenancy will increase/decrease the market value of the property.	Discount rate; 12% Incremental Occupancy: 5% Rent Escalation – 7.5% Capitalization rate – 8.33%

Sensitivity analysis

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the fair value of the investment property
			Shs '000
Discount rate	12%	0.5%	242,845
Exit value multiple	8x	1x	(362,279)

27. (ii) Investment in property funds

	Company	
	2021	2020
	Shs'000	Shs'000
At start of year	**2,228,791**	**616,330**
Additions	-	1,540,000
Disposals	-	(66,624)
Fair value (loss)/gain (Note 5)	(139,896)	139,085
At end of year	**2,088,895**	**2,228,791**

The Company's investment in property funds were revalued at 31 December 2021 by Advent Valuers Limited who are registered professional valuers. The fair value of the investment property funds is determined using the market approach. The fair values arising from the valuation of investment in property funds is categorised as level 2 or 3 in the fair value hierarchy.

Investment in property funds are classified as a non-current asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Financial assets at fair value through other comprehensive income

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	**4,940,442**	**7,231,563**	**3,251,752**	**4,759,746**
Disposal	(286,918)	-	(286,918)	-
Fair value gains/(losses) (Note 25)	2,062,574	(2,291,121)	1,314,099	(1,507,994)
At end of year	**6,716,098**	**4,940,442**	**4,278,933**	**3,251,752**

Quoted ordinary shares at fair value through other comprehensive income are classified as current assets.

29. Financial assets at fair value through profit or loss

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Quoted ordinary shares (Note 29 (i))	10,547,549	8,106,120	4,084,099	2,829,838
Unquoted ordinary shares (Note 29 (ii))	46,617	10,298	-	-
Unit trusts (Note 29 (iii))	5,054,402	3,759,252	39,953	51,456
Government securities (Note 29 (iv))	74,050,579	64,901,370	-	1,000,804
Total	**89,699,147**	**76,777,040**	**4,124,052**	**3,882,098**

(i) Quoted ordinary shares

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	**8,106,120**	**11,587,595**	**2,829,838**	**4,142,167**
Additions	406,490	708,364	-	-
Disposals	(262,204)	(1,889,416)	-	-
Fair value gains/(losses) (Note 8)	2,297,143	(2,300,423)	1,254,261	(1,312,329)
At end of year	**10,547,549**	**8,106,120**	**4,084,099**	**2,829,838**

Quoted ordinary shares at fair value through profit or loss are classified as current assets.

29. Financial assets at fair value through profit or loss (Continued)

(ii) Unquoted ordinary shares

	Group	
	2021	2020
	Shs'000	Shs'000
At start of year	**10,297**	**9,649**
Additions	35,806	-
Translation differences	514	649
At end of year	**46,617**	**10,298**

Unquoted ordinary shares at fair value through profit or loss are classified as current assets. Please see Note 52(f) for their fair value hierarchy.

(iii) Unit trusts

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
At start of year	**3,759,252**	**3,396,349**	**51,456**	**42,851**
Additions	1,189,110	624,159	3,565	5,232
Disposals	(200,094)	(324,070)	(17,011)	-
Fair value gains (Note 8)	306,134	62,814	1,943	3,373
At end of year	**5,054,402**	**3,759,252**	**39,953**	**51,456**

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Financial assets at fair value through profit or loss (Continued)

(iv) Government securities

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Treasury bills and bonds maturing				
- Within 1 year	2,549,105	3,033,619	-	1,000,804
- In 1 – 5 years	2,096,207	5,861,032	-	-
- After 5 years	69,405,267	56,006,719	-	-
Total	**74,050,579**	**64,901,370**	**-**	**1,000,804**
Treasury bills and bonds movement				
- At start of the year	64,901,370	42,758,237	1,000,804	293,704
- Additions	20,318,047	30,566,798	-	1,291,800
- Fair value gains (Note 8)	(968,171)	373,710	-	9,695
- Disposals and maturities	(10,200,667)	(8,797,375)	(1,000,804)	(594,395)
At end of year	**74,050,579**	**64,901,370**	**-**	**1,000,804**

30. Government securities and corporate bonds at amortised cost

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs '000	Shs'000
Government securities	8,051,262	10,501,818	-	-
Corporate bonds	988,944	-	988,944	-
Total	**9,040,206**	**10,501,818**	**988,944**	**-**
(i) Government securities				
Treasury bills and bonds maturing				
- Within 1 year	2,089,166	3,010,690	-	-
- In 1 – 5 years	1,946,192	3,217,446	-	-
- After 5 years	4,017,693	4,276,025	-	-
Total	**8,053,051**	**10,504,161**	**-**	**-**
At start of year	10,504,161	15,058,408	-	-
Amortization	49,833	18,932		
Additions	719,174	501,680	-	-
Maturities	(3,220,116)	(5,074,859)	-	-
At end of year	8,053,052	10,504,161	-	-
Less: Provision expected credit losses	(1,790)	(2,343)	-	-
Net amount at end of year	**8,051,262**	**10,501,818**	**-**	**-**
Movement in provision for expected credit losses				
At 1 January	2,343	494	-	-
Decrease in the year	(553)	1,849	-	-
At 31 December	**1,790**	**2,343**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Government securities and corporate bonds at amortised cost (Continued)

(ii) Corporate bonds

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs '000	Shs '000
Corporate bonds movement				
- Within 1 year	-	700	-	-
- After 5 years	1,019,988	-	1,019,288	
Total	**1,019,988**	**700**	**1,019,288**	**-**
At start of year	700	681,386	-	-
Amortisation	-	10,085	-	-
Additions	1,019,288	-	1,019,288	-
Maturities	-	(690,771)	-	-
At end of year	**1,019,988**	**700**	**1,019,288**	**-**
Less: Provision for expected credit losses	(31,044)	(700)	(30,344)	
Net amount at end of year	**988,944**	**-**	**988,944**	
Movement in provision for expected credit losses:				
At 1 January	700	59,277	-	-
Increase/(decrease)	30,344	(58,577)	30,944	-
At 31 December	**31,044**	**700**	**30,944**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. Mortgage loans

	Group	
	2021	2020
	Shs'000	Shs'000
Gross loans at start of year	**1,197,350**	**1,216,958**
Loans advanced	182,661	151,263
Interest charged	79,849	114,752
Loan repayments	(266,520)	(285,623)
Total loan amount at end of year	**1,193,340**	**1,197,350**
Less: Provision for expected credit losses	(57,493)	(41,347)
Net loan amount at end of year	**1,135,847**	**1,156,003**
Movement in provision for expected credit losses:		
At 1 January	41,347	45,262
Decrease	16,146	(3,915)
At 31 December	**57,493**	**41,347**
Lending commitments:		
Mortgage loans approved by investment committee but not disbursed as at 31 December	35,130	28,919
Mortgage loans maturity profile		
- Within 1 year	113,381	31,568
- In 1 – 5 years	136,482	225,935
- After 5 years	943,477	939,847
At end of year	**1,193,340**	**1,197,350**

Mortgages to staff are fully secured on the mortgage properties and are charged interest at 6% (2020: 6%). The difference between the staff rate and market rate is treated as a company cost and expensed as incurred. Mortgage loans to Directors are disclosed in Note 52 (iii).

32. Loans and receivables to policyholders

	Group	
	2021	2020
	Shs'000	Shs'000
At start of year	**1,875,314**	**1,511,273**
Loans advanced during the year	2,217,208	1,311,976
Loan repayments	(2,086,109)	(1,115,599)
Accrued interest	290,042	167,664
At end of year	**2,296,455**	**1,875,314**

Loans and receivable to policyholders are current assets.

33. Receivables and payables arising out of reinsurance and direct insurance arrangements - Group

(i) Receivables arising out of reinsurance arrangements

	Group	
	2021	2020
	Shs'000	Shs'000
At start of year	**1,208,540**	**882,616**
Movement	185,291	325,924
At end of year	**1,393,831**	**1,208,540**
1 – 60 days	768,397	327,540
61– 90 days	40,922	75,395
91 - 180 days	103,463	130,007
Over 180 days	479,037	675,598
Impaired	2,012	-
Gross	**1,393,831**	**1,208,540**
Provision for expected credit losses	**(357,226)**	**(436,200)**
Net	**1,036,605**	**772,340**
Movements in the provision for expected credit losses		
At 1 January	436,200	379,894
(Decrease)/Increase	(78,974)	56,306
At 31 December	**357,226**	**436,200**

(ii) Payables arising out of reinsurance arrangements

At start of year	1,609,954	1,319,214
Movement	49,142	290,740
At end of year	**1,659,096**	**1,609,954**

33. Receivables and payables arising out of reinsurance and direct insurance arrangements - Group (Continued)

(iii) Receivables arising out of direct insurance arrangements

	Group	
	2021	2020
	Shs'000	Shs'000
Gross receivables	2,375,774	2,584,634
Provision for impairment	(528,801)	(659,901)
Net receivables	**1,846,973**	**1,924,733**
Movements in the provision for expected credit losses :		
At 1 January	659,901	563,093
(Decrease)/Increase	(131,100)	96,808
At 31 December	**528,801**	**659,901**
Ageing profile		
1 – 60 days	1,248,870	1,128,940
61 – 90 days	535,075	547,176
91 - 180 days	591,829	908,518
Total	**2,375,774**	**2,584,634**

34. Reinsurers' share of insurance liabilities

Reinsurers' share of:		
- notified claims outstanding – long term	680,779	155,625
- notified claims outstanding – short term (Note 41)	3,859,971	2,146,749
- unearned premium (Note 45)	2,287,507	1,971,794
- claims incurred but not reported (Note 41)	723,133	666,684
At end of year	**7,551,390**	**4,940,852**

Amounts due from reinsures in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the statement of financial position. Reinsurers' share of insurance liabilities is classified as a non-current asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. Deferred acquisition costs

	2021	2020
	Shs'000	Shs'000
At start of year	**707,750**	**525,997**
Net movement in the year	(43,064)	181,753
At end of year	**664,686**	**707,750**

Deferred acquisition costs represent a proportion of acquisition costs that relates to policies that are in force at year-end. The basis of deferral is explained in Note 2(d) (ii). Deferred acquisition costs are classified as current assets.

36. Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2020: 30%). Movements in temporary difference components such as existing taxable losses, provisions and property and equipment depreciation have had varying impacts on deferred tax asset and deferred tax liability. The make-up of the deferred tax liabilities balances, movement in the deferred income tax account and the composition of the unrecognised deferred income tax asset is as follows:

Group	31 December 2021	2021 Movement	31 December 2020	2020 Movement	31 December 2019
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and Equipment:					
- on historical cost basis (buildings)	(30,557)	41,957	(72,514)	28,898	(101,412)
Provisions	2,865,324	658,112	2,207,212	1,752,525	454,687
Tax losses brought forward:	1,462,286	(63,914)	1,526,200	236,780	1,289,420
IFRS 16 impact	-	-	-	(18,548)	18,548
Less: Deferred tax asset not recognised:					
- Britam Properties Kenya Limited	(265,539)	(9,242)	(256,297)	(223,135)	(33,162)
- Britam Asset Managers (Kenya) Limited	(79,109)	(45,631)	(33,478)	(33,478)	-
- Britam Insurance Co. Rwanda Limited	-	67,606	(67,606)	34,383	(101,989)
- Britam Holdings PLC	(3,447,499)	(680,516)	(2,766,983)	(2,032,248)	(734,735)
Life fund surplus	(3,266,591)	(928,963)	(2,337,628)	1,397,391	(3,735,019)
Net deferred income tax liability	**(2,761,685)**	**(960,591)**	**(1,801,094)**	**1,142,568**	**(2,943,662)**
Reconciliation:					
Income statement					
Credit (Note 25)	-	-	-	896,053	-
Charge (Note 25)	-	(740,724)	-	-	-
Other comprehensive income (Note 25)	-	(219,867)	-	246,515	-
Total	**-**	**(960,591)**		**1,142,568**	
Statement of financial position					
Deferred income tax asset	505,441	(31,093)	536,534	(241,016)	777,550
Deferred income tax liability	(3,267,126)	(929,498)	(2,337,628)	1,383,584	(3,721,212)
Net deferred income tax liability	**(2,761,685)**	**(960,591)**	**(1,801,094)**	**1,142,568**	**(2,943,662)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. Deferred income tax (Continued)

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 forseeable future. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

	31 December	2021 Movement	31 December	2020 Movement	31 December
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Property and Equipment:					
- on historical cost basis	12,233	8,767	3,466	17,827	(14,361)
Provisions	2,360,384	639,096	1,721,288	1,716,956	4,332
Tax losses brought forward	1,074,881	32,653	1,042,228	309,572	732,656
IFRS 9 provisions through equity	-	-	-	(12,107)	12,107
Deferred tax asset not recognised	(3,447,498)	(680,516)	(2,766,982)	(2,032,248)	(734,734)
Net deferred income tax liability	**-**	**-**	**-**	**-**	**-**

37. Other receivables

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Staff and agents loans	169,683	153,197	-	-
Car loans and premium financing loans	213,032	207,360	-	-
Accrued income	31,803	23,977	-	-
Dues from managed funds	33,145	13,085	-	-
Refundable deposits	32,475	40,490	-	-
VAT on rental income	513,606	274,755	-	-
Due from Motor Pool	25,511	37,656	-	-
Prepayments	69,552	149,080	2,449	2,023
Other receivables	1,358,995	1,280,243	466,447	247,352
Total	**2,447,802**	**2,179,843**	**468,896**	**249,375**
Less: Provision for expected credit losses	(247,760)	(221,996)	(113,421)	(67,186)
Net amount at end of year	**2,200,042**	**1,957,847**	**355,475**	**182,189**
Movement in provision for expected credit losses:				
At 1 January	**221,879**	**195,555**	**67,187**	**-**
Increase	25,881	26,441	46,234	67,187
At 31 December	**247,760**	**221,996**	**113,421**	**67,187**

There are no individually significant items under other assets category. All other receivables are classified as current. The carrying value of other receivables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. (i) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Deposits with financial institutions	5,947,575	6,166,469	170,012	1,202,183
Investment in liquid funds	11,367	-	-	-
Cash and bank balances	1,677,335	1,465,571	22,616	23,308
Cash and cash equivalents	7,636,277	7,632,040	192,628	1,225,491
Less: Provision for expected credit losses	(136,792)	(134,040)	(9)	(4,466)
Net amount at end of year	**7,499,485**	**7,498,000**	**192,619**	**1,221,025**
Movement in provision for expected credit losses:				
At 1 January	**134,040**	**155,634**	**4,466**	**1,809**
Increase/(Decrease)	2,752	(21,594)	(4,457)	2,657
At 31 December	**136,792**	**134,040**	**9**	**4,466**

Investments in liquid funds are investments in the wealth management funds product by Britam Asset Managers Limited. The wealth management funds product, represents investments in deposits with financial institutions and is therefore liquid in nature. The Group entities on occasions invest in the fund, in the short term (maximum 3 months at a time) with the option to renew.

The weighted average effective interest rate on short-term bank deposits as 31 December 2021 was 7.33% (2020: 9.50%).

38. (ii) Restricted cash

	Group	
	2021	2020
	Shs'000	Shs'000
Restricted cash	185,203	93,074

Cash and cash equivalents of Shs 185,203,000 (2020: Shs 93,074,000) represents restricted cash in Britam Insurance Company Limited (South Sudan). Under Section 9(i) of the Bank of South Sudan Act, Britam South Sudan is required to maintain a security deposit with the Bank of South Sudan equivalent to at least 10% of the prescribed minimum paid up capital.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. Insurance contract liabilities

	Group	
	2021	2020
	Shs'000	Shs'000
Long term insurance contracts		
- claims reported and claims handling expenses	930,232	700,805
- actuarial value of long term liabilities (Note 42 (ii))	36,437,136	33,121,575
Total – long term	**37,367,368**	**33,822,380**
Short term insurance contracts		
- claims reported and claims handling expenses (Note 41)	8,331,737	5,359,538
- claims incurred but not reported (Note 41)	3,246,138	3,332,949
Total – short term (Notes 41)	**11,577,875**	**8,692,487**
Total gross insurance liabilities	**48,945,243**	**42,514,867**

Insurance contract liabilities are classified as non-current liabilities.

Liability adequacy tests were performed on the adequacy of the contract liabilities and the results are satisfactory.

40. Short-term insurance contracts liabilities

The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims.

The table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year ends.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. Short-term insurance contracts liabilities (Continued)

Year ended 31 December 2021

Accident year	2017 and prior	2018	2019	2020	2021	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims costs:						
- at end of accident year	3,256,274	5,210,356	5,120,495	5,801,649	8,629,513	28,018,287
- one year later	4,780,500	5,479,595	6,112,971	7,464,488	-	23,837,554
- two years later	4,821,138	6,039,564	6,643,557	-	-	17,504,259
- three years later	4,827,762	6,283,165	-	-	-	11,110,927
- four years later	5,128,231	-	-	-	-	5,128,231
Current estimate of cumulative claims	**5,128,231**	**6,283,165**	**6,643,557**	**7,464,488**	**8,629,513**	**34,148,954**
Add: Incurred but not Reported	579,567	158,565	193,846	344,964	1,969,196	3,246,138
Add: Liability in respect of prior years	1,090,745	-	-	-	-	1,090,745
Less: Cumulative payments to date	(4,552,068)	(5,584,389)	(5,633,130)	(5,595,157)	(5,543,218)	(26,907,962)
Liability included in the statement of financial position	**2,246,475**	**857,341**	**1,204,273**	**2,214,295**	**5,055,491**	**11,577,875**

Year ended 31 December 2020

Accident year	2016 and prior	2017	2018	2019	2020	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims costs:						
- at end of accident year	3,127,067	3,209,124	5,263,996	5,144,215	6,222,322	22,966,724
- one year later	3,606,283	4,785,081	5,551,442	6,212,490	-	20,155,296
- two years later	4,087,402	4,832,681	6,167,114	-	-	15,087,197
- three years later	4,290,796	4,869,582	-	-	-	9,160,378
- four years later	4,324,386	-	-	-	-	4,324,386
Current estimate of cumulative claims	**4,324,386**	**4,869,582**	**6,167,114**	**6,212,490**	**6,222,322**	**27,795,894**
Add: Incurred but not Reported	138,809	350,781	369,338	585,238	1,888,783	3,332,949
Add: Liability in respect of prior years	993,584	-	-	-	-	993,584
Less: Cumulative payments to date	**(4,072,222)**	**(4,401,219)**	**(5,490,275)**	**(5,320,438)**	**(4,145,786)**	**(23,429,940)**
Liability included in the statement of financial position	**1,384,557**	**819,144**	**1,046,177**	**1,477,290**	**3,965,319**	**8,692,487**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. Movements in insurance liabilities and reinsurance assets - Group

Short term insurance business	2021 Gross	2021 Rein-surance	2021 Net	2020 Gross	2020 Rein-surance	2020 Net
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Notified claims	5,359,538	(2,146,749)	3,212,789	3,796,365	(1,535,274)	2,261,091
Incurred but not reported	3,332,949	(666,684)	2,666,265	3,031,447	(576,822)	2,454,625
Total at beginning of year	**8,692,487**	**(2,813,433)**	**5,879,054**	**6,827,812**	**(2,112,096)**	**4,715,716**
Cash paid for claims settled in year	(8,733,433)	1,849,371	(6,884,062)	(6,728,131)	1,756,697	(4,971,434)
Increase in liabilities:						
- arising from current year claims	10,394,683	(2,494,879)	7,899,804	7,981,215	(2,223,847)	5,757,368
- arising from prior year claims	1,224,138	(1,124,163)	99,975	611,591	(234,187)	377,404
Total at end of year	**11,577,875**	**(4,583,104)**	**6,994,771**	**8,692,487**	**(2,813,433)**	**5,879,054**
Notified claims	8,331,737	(3,859,971)	4,471,766	5,359,538	(2,146,749)	3,212,789
Incurred but not reported	3,246,138	(723,133)	2,523,005	3,332,949	(666,684)	2,666,265
Total at the end of year	**11,577,875**	**(4,583,104)**	**6,994,771**	**8,692,487**	**(2,813,433)**	**5,879,054**

42. (i) Long term insurance contract liabilities – Group

The Group valued its long-term insurance business liabilities using the Gross Premium Valuation (GPV) methodology in compliance with the requirements of the Insurance Act as amended by the Finance Act 2016 and as required by the Insurance Regulatory Authority (IRA). The GPV methodology is widely used and is deemed a best practice as it results in more accurate, market consistent reserves.

The actuarial value of long-term liabilities has increased by Shs 3,315,561,000 (2020: Shs 6,640,681,000) while that of outstanding claims and claims handling expenses has increased by Shs 229,427,000 (2020: Shs 225,109,000).

Movements in insurance liabilities and reinsurance assets are shown in Note 41. Insurance contract liabilities are classified as non-current liabilities.

Long term insurance contract liabilities

The company determines its liabilities under long term insurance contracts based on the prescribed valuation basis (GPV Regime) in the Insurance Act. This basis contains prudent margins for adverse experience in mortality, expenses, withdrawals and investment return.

The liabilities are calculated in-house by the Actuarial department and reviewed for adequacy by the Appointed Actuary (QED Actuaries & Consultants (Pty) Ltd).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. (i) Long term insurance contract liabilities – Group (Continued)

Valuation assumptions

The valuation was carried out at 31 December 2021. 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; 90% of the AKI KE 01/03 for both conventional life and annuities business (90% of AKI KE 01/03 in 2020).

b) Interest rate

The Insurance Regulations (IRA issued) prescribes a 10% risk margin to the risk-free yield curve as the investment return assumption and for discounting the cash flows (benefits & expenses less premiums and investment income).

c) Persistency, expenses, expense inflation and tax

The prescribed GPV basis explicitly allows for the Best Estimate Persistency, Expenses, Expense Inflation and Prescribed Tax assumptions to be used. There are additional prescribed risk margins loaded onto the Best Estimate Assumptions as per regulations.

Sensitivity analysis

The sensitivity of the GPV results to certain key assumptions has been tested by calculating the effect of assumptions not being met. The results of the sensitivity analysis (in Shs'000) are summarized below:

	2021	2021	2020	2020
	Shs'000	% Change	Shs'000	% Change
Main basis	93,545,840	0.0%	85,146,635	0.0%
Expenses plus 10%	93,938,249	0.4%	85,812,344	0.8%
Mortality and other claim experience plus 20%	93,612,531	0.1%	85,339,172	0.2%
Interest rate less 2%	98,190,037	5.0%	90,026,356	5.7%
Withdrawals plus 20%	93,034,913	-0.5%	84,682,152	-0.5%

The valuation results are sensitive to the underlying assumptions. If these assumptions are not realised in practice, the surplus in the life fund will differ from expected.

Over the two periods, sensitivities for the different assumptions are largely similar. Variability of future interest rates will have the largest impact on the valuation results. These variabilities will particularly impact Individual Life and Annuities. These classes of business have long term cash-flows with durations of 13 to 15 years that are subject to discounting for the purpose of valuations.

It should be noted that the sensitivity calculations have been done independently. This means that interactions between various factors have not been considered. For instance, in the event of withdrawals increasing, it is likely that per policy expenses will also increase. Thus, when considering various scenarios, one needs to use an interplay of the above figures. This has not been allowed for in the above analysis.

A liability adequacy test has been performed at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. (i) Long term insurance contract liabilities – Group (Continued)

Sensitivity analysis (Continued)

Adequacy of IBNR reserves/AvE: A review was performed on the claims that emerged during the year ended 31 December 2021, to determine the sufficiency of the claim reserves (i.e. OCR plus IBNR) set aside on 31 December 2020.

The table below compares the claims that were expected to emerge in financial year 2021, based on the December 2020 reserves, and the actual claims that emerged in financial year 2021.

Amounts in Shs'000	Total IBNR	Expected	Actual	(Shortfall)/ Surplus on Total IBNR	(Shortfall)/ Surplus on Expected IBNR
Credit Life Business	242,090	211,266	213,374	28,716	(2,108)
Group Life Business	155,386	139,843	118,584	36,802	21,259

Group Life business had a surplus on Expected IBNR after excluding a large claim of Shs 76 million, which is not within the limits of the expected claims experience. This indicates that the IBNR assumptions contain sufficient margins of prudence. It also indicates that the IBNR reserve is adequate to cover fluctuations in claims experience. The projection assumptions as at December 2020 were revised based on 2021 claims experience.

Credit Life had a 1% shortfall on the expected IBNR. The projection assumptions as at December 2020 were revised based on 2021 claims experience.

Credit Life had a shortfall as a result of four claims above Shs 7 million which occurred in Q3 and Q4 2019 but were reported in 2020. In total, these amount to Shs 42 million and their exclusion reduces the deficit significantly. In the face of the current uncertain economic and business environment, projection assumptions were strengthened; resulting in a more prudent reserving basis compared to December 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. (i) Long term insurance contract liabilities – Group (Continued)

GPV valuation margins and capital charges

The table below provides details of the GPV valuation margins and capital charges:

Assumption	Valuation Margins on Best Estimate Liabilities	Capital Charges on Best Estimate Liabilities
Mortality	10% increase in mortality for life assurances	6% increase of base mortality rates.
Longevity	10% decrease in mortality for life assurances and annuities	7% decrease of base mortality rates.
Morbidity/Disability	10% increase in inception rates 5% decrease in recovery rates	40% increase in base inception rates in the first year. 15% increase in base inception rates in subsequent years. 10% decrease in morbidity/ disability recovery rates.
Lapses	25% (increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	15% increase in lapse rates for new business. 5% increase in lapse rates for in force business.
Interest rate	10% decrease	18% decrease.
Surrenders	10% (increase or decrease in surrender rate depending on which alternative gives rise to an increase in the liability of the policy concerned)	N/A
Expenses & Expense Inflation	10% increase on base expenses 10% increase of the base escalation rate	5% increase in best estimate assumption for expenses. 1% increase in best estimate assumption for inflation.
Catastrophe	N/A	An absolute increase in the rate of policyholders dying over the following year of 1.5 per mile.
Group/Umbrella Pension Savings Plans	N/A	1.0% increase in fund value.
Deposit Administration	N/A	1.0% increase in fund value.
Group Life	N/A	10% increase on premium reserves. 8% increase on claims reserves.
Group Credit	N/A	12% increase on premium reserves. 10% increase on claims reserves.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. (ii) Actuarial value of long term liabilities - Group

	2021			2020		
	Ordinary Life	Group life	Total	Ordinary life	Group life	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of year as stated	**29,773,603**	**3,347,972**	**33,121,575**	**23,668,201**	**2,812,693**	**26,480,894**
Policyholder bonuses and interest	(2,920,454)	(1,284,639)	(4,205,093)	(2,498,105)	(1,144,481)	(3,642,586)
Surrenders and annuity payments	(2,688,236)	-	(2,688,236)	(2,238,311)	-	(2,238,311)
Change in the period (net)	5,490,456	1,157,918	6,648,374	8,352,005	163,277	8,515,282
New business	1,905,611	1,654,905	3,560,516	2,489,815	1,516,481	4,006,296
Change in Actuarial Reserves	**1,787,377**	**1,528,184**	**3,315,561**	**6,105,404**	**535,277**	**6,640,681**
At end of year	**31,560,980**	**4,876,156**	**36,437,136**	**29,773,605**	**3,347,970**	**33,121,575**

The change in the period relates to changes in assumptions, both economic and non-economic assumptions.

43. Payables under deposit administration contracts

Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to the end of the reporting period. Interest was declared and credited to the customer accounts at a weighted average rate of 10% for the Deposit Administration fund and the Income Draw Down Fund (IDD). In 2020, the declared interest rate was 6% for the DA and 9% for the IDD fund.

	Group	
	2021	2020
	Shs'000	Shs'000
At start of year	**48,736,148**	**42,515,955**
Pension fund deposits received	10,344,921	9,875,521
Surrender and annuities paid	(11,027,147)	(6,389,964)
Interest payable to policyholders (Note 12)	4,778,125	2,734,636
At end of year	**52,832,047**	**48,736,148**

Payables under deposit administration contracts are classified as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. Liabilities under investment contracts

The benefits offered under these contracts are based on the return of a portfolio of equities and debt securities. The maturity value of the financial liabilities is determined by the fair value of the linked assets. There will be no difference between the carrying amount and the maturity amount at maturity date.

	Group	
	2021	2020
	Shs'000	Shs'000
At start of the year	**3,285,010**	**3,002,142**
Investment contracts premium received in the year	1,354,031	1,065,338
Liabilities released for payments:	(815,254)	(807,004)
Fair value gain on investments (Note 12)	452,873	24,534
At end of year	**4,276,660**	**3,285,010**

Liabilities under investment contracts are classified as non-current liabilities.

45. Unearned premiums - Group

	2021			2020		
	Insurer's share	Reinsurers' share	Gross	Insurer's share	Reinsurers' share	Gross
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At beginning of year	4,890,570	1,971,794	6,862,364	3,832,851	1,526,723	5,359,574
Increase in the year (net)	(215,114)	315,713	100,599	1,057,719	445,071	1,502,790
At end of year	**4,675,456**	**2,287,507**	**6,962,963**	**4,890,570**	**1,971,794**	**6,862,364**

Unearned premiums are classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. Provisions and other payables

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Accrued expenses	1,493,443	1,041,387	218,967	156,532
Premiums paid in advance	209,977	213,506	-	-
Accrued dividends payable	20,711	24,078	20,711	23,528
Trade payables	415,672	385,411	-	-
Government taxes & statutory deductions	359,627	562,356	32,333	41,912
Other liabilities	1,991,520	1,544,824	-	-
Provision for investment losses	7,206,685	5,206,685	7,206,685	5,206,685
Total provisions and other payables	**11,697,635**	**8,978,247**	**7,478,696**	**5,428,657**

There are no individually significant items under other liabilities category.

The Holding Company has made an additional provision of Shs 2.0 billion (2020: Shs 5.2 billion), bringing the total provision on investment loss to Shs 7.2 billion which is the estimated present obligation of the financial support to resolve an asset-liability mismatch in the Wealth Management Fund LLP, occasioned from the Fund's operations. Wealth Management Fund LLP is a Fund managed by Britam Asset Managers (Kenya) Limited which is a fully owned subsidiary of Britam Holdings PLC. The Holdings Company is committed to support the Fund to fulfill its obligations as they fall due through management oversight of the Fund's operations and the agreed recovery plan.

The asset-liability provision mismatch was computed as the present value of the future cash outflows expected using a discount rate of 18% (2020: 18%) determined as the Company's cost of capital. A fund growth rate of 10% (2020: 10%) was used. In the view of the directors, the assumptions used are appropriate and the resultant provision is reasonable.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the provision to changes in the principal assumptions is:

Assumption	Assumption value as per valuation	Reasonable possible shift	Change in the provision after positive shift	Change in the provision after negative shift
			Shs'000	Shs'000
Fund growth rate	10%	2%	(431)	427
Discount rate	18%	2%	(10,433)	10,734

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Cash generated from/ (used in) operations

Reconciliation of profit before tax to cash generated from/ (used in) operations:

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Profit before income tax	**1,011,461**	**(9,697,610)**	**(1,962,697)**	**(8,466,508)**
Adjustments for:				
Depreciation of leasehold improvements and equipment (Note 21)	185,331	209,720	36,879	35,019
Depreciation of right of use asset (Note 23 (i)	173,958	255,469	48,290	60,921
Amortisation of intangible assets (Note 22)	427,898	433,847	26,389	26,678
Net income/(loss) from investment properties (Note 5)	206,410	1,470,336	139,896	(139,085)
Derecognition of capital investment (Note 27 (i))	96,430	441,594	-	-
Interest and dividend income (Note 6)	(10,872,447)	(9,397,384)	(206,379)	(1,008,413)
Net realised gain on financial assets (Note 7)	7,495	71,156	5,554	3,648
Net fair value (loss)/gain on financial assets at fair value through profit or loss (Note 8)	(1,807,167)	2,466,634	(1,318,424)	2,795,654
Lease remeasurement	-	-	(11,143)	-
Translation differences	(321,494)	273,766	-	-
Share of loss of the associate	286,085	823,049	115,158	331,302
Finance costs (Note 14)	413,989	361,547	367,162	345,437
Gain on disposal of fixed assets	(14,368)	(1,474)	-	-
Provision for expected credit losses on cash & cash equivalents (Note 38 (i))	(2,752)	21,594	4,458	2,657
Purchase of investment property (Note 27 (i))	(975,827)	(2,268,579)	-	-
Purchase of quoted shares at fair value through profit or loss (Note 29 (i))	(406,490)	(708,364)	-	-
Proceeds of disposal of quoted ordinary shares at fair value through profit or loss	299,007	1,740,026	-	-
Purchase of unquoted shares (Note 29 (ii))	(35,806)	-	-	-
Purchase of unit trusts (Note 29 (iii))	(1,189,110)	(624,159)	-	-
Proceeds of disposal of quoted shares at fair value through other comprehensive income	381,118	-	-	-
Proceeds from disposal of unit trusts	197,248	280,929	-	-
Purchase of government securities at fair value through profit or loss (Note 29 (iv))	(20,318,047)	(30,566,798)	-	-
Proceeds from disposal of government securities at fair value through profit or loss	10,159,214	8,918,750	-	-
Purchase government securities held at amortised cost (Note 30 (i))	(719,174)	(501,680)	-	-
Maturities of government securities at amortised cost (Note 30 (i))	3,220,116	5,074,859	-	-
Purchase of corporate bonds at amortised cost (Note 30 (ii))	(1,019,288)	-	-	-
Maturities of corporate bonds at amortised cost (Note 30 (ii))	-	690,771	-	-
Mortgage loans advanced (Note 31)	(182,661)	(151,263)	-	-
Mortgage loans repayments (Note 31)	266,520	285,623	-	-
Policy loans advanced (Note 32)	(2,217,208)	(1,311,976)	-	-
Policy loans repayments (Note 32)	2,086,109	1,115,599	-	-
Dividends received from equity investments at fair value through profit or loss (Note 6)	139,462	186,213	-	-
Rent and interest received	10,867,728	8,089,917	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Cash generated from/ (used in) operations (Continued)

Reconciliation of profit before tax to cash generated from/ (used in) operations

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Changes in:			**-**	**-**
- Receivables arising out of direct insurance arrangements	77,760	(235,243)	-	-
- Receivables from related party	-	-	221,864	318,036
- Re-insurers' share of insurance liabilities	(2,610,538)	(1,198,596)	-	-
- Receivables arising out of reinsurance arrangements	(264,265)	(269,618)	-	-
- Unearned premiums	100,598	1,504,600	-	-
- Retirement benefit asset	(26,180)	33,812	-	-
- Provisions and other payables	2,698,885	6,092,075	2,050,040	5,314,296
- Deferred acquisition costs	43,064	(181,753)		
- Other receivables	(265,742)	(333,677)	(173,286)	(134,010)
- Payable to related party	-	-	20,239	(482,992)
- Insurance contract liabilities	6,460,596	8,730,465	-	-
- Liabilities under investment contracts	991,648	282,866	-	-
- Payable under deposit administration contracts	4,095,899	6,220,193	-	-
- Payables arising out of reinsurance arrangements	49,142	290,740	-	-
- Payables arising out of direct insurance arrangements	-	28,658	-	-
- Restricted cash	(92,129)	(12,466)	-	-
Cash generated from/(used in) operations	**1,602,478**	**(1,065,832)**	**(636,000)**	**(997,360)**

48. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. Retirement benefit asset - Group (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. Retirement benefit asset - Group (Continued)

The amounts recognised in the statement of financial position are determined as follows: -

	2021	2020
	Shs'000	Shs'000
Present value of funded obligations	(500,167)	(578,501)
Fair value of plan assets	710,590	770,577
Asset ceiling adjustment (10% of Present Value of funded obligations)	(50,017)	(57,850)
Asset in the statement of financial position	**160,406**	**134,226**

The movement in the defined benefit obligation over the year was as follows:

	2021	2020
	Shs'000	Shs'000
At 1 January	**578,501**	**560,512**
Current service cost	-	611
Interest cost	62,699	66,333
Impact of change in financial assumptions	967	-
Experience adjustments	11,813	10,734
Benefits paid	(153,813)	(59,689)
At 31 December	**500,167**	**578,501**

The movement in the fair value of the plan assets is as follows:

	2021	2020
	Shs'000	Shs'000
At 1 January	**770,577**	**784,602**
Interest income	88,083	94,293
Re-measurements:		
Return on plan assets	(16,249)	(47,795)
Employer contributions	24,147	673
Employee contributions	218	492
Expenses paid	(2,373)	(1,998)
Benefits paid	(153,813)	(59,690)
At 31 December	**710,590**	**770,577**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. Retirement benefit asset - Group (Continued)

The amounts recognised in the statement of profit or loss for the year are as follows:

	2021	2020
	Shs'000	Shs'000
Current service cost	-	610
Interest income	(25,384)	(27,960)
Contributions received from members	(218)	(492)
Expenses paid	2,373	1,998
Total included in employee benefit expense (Note 10)	**(23,229)**	**(25,844)**

The amounts recognised in other comprehensive income for the year are as follows:

	2021	2020
	Shs'000	Shs'000
Loss on pension benefit obligations	(12,781)	(10,735)
Loss on pension benefit assets	(16,249)	(47,795)
Asset ceiling adjustment (10% of present value of funded obligations)	7,833	(1,799)
Amounts recognised through other comprehensive income	**(21,197)**	**(60,329)**

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	12.50%	12.50%
Future salary increases	N/A	3.00%
Future pension increases	0.00%	0.00%

The sensitivity of the present value of funded obligations to changes in the principal assumptions are:
Effect of:

	Increase	Decrease
Discount rate-100 basis points (+or-1.00% per annum)	(5.31%)	5.52%
Future salary increases-100 basis points (+or-1.00% per annum)	N/A	N/A
Future pension increases+50 basis points (+or-0.50% per annum)	2.92%	2.90%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. Weighted average effective interest rates

The following table summarises the weighted average effective interest rates at the year-end on the principal interest-bearing investments:

	Group	
	2021	**2020**
Mortgage loans	8.41%	8.41%
Policy loans	14.5%	14.5%
Government securities	12.49%	12.55%
Deposits with financial institutions	7.33%	6.53%

Deposits with financial institutions have an average maturity of 3 months (2020: 3 months).

50. Commitments

(i) Capital commitments

The Group's capital commitments were as follows:

	Group	
	2021	**2020**
	Shs'000	**Shs'000**
Investment properties	975,927	935,769
Investment in information technology software	156,552	276,960

(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 2021 and 2019 in Tanzania. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. 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
Britam General Insurance Company (Kenya)	2015	2016	Non-life insurance business	Insurance Regulatory Authority
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 (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	Property development	Not applicable
Britam Asset Managers (Uganda) Limited	2012	2017	Fund management services	Capital Markets Authority, Uganda

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Related party transactions and balances (Continued)

(i) Transactions with subsidiaries (Continued)

a) Transactions in the normal course & 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% 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.

Due to related parties – Company

	2021	2020
	Shs'000	Shs'000
Britam Life Assurance Company (Kenya) Limited	76,969	62,217
Britam General Insurance Company (Kenya) Limited	-	6,594
Britam South Sudan Company Limited	12,082	-
Total	**89,051**	**68,811**

Due from related parties – Company

	2021	2020
Britam Asset Managers (Kenya) Limited	5,725	6,957
Britam Asset Managers Company (Uganda) Limited	1,467	5,768
Britam General Insurance Company (Kenya) Limited	4,119	-
Britam Insurance Company (Uganda) Limited	3,754	15,669
Britam Insurance Company Limited (South Sudan)	-	70,851
Britam Insurance Company (Rwanda) Limited	13,090	11,589
Britam Properties Limited	328,192	276,821
Britam Companhia De Seguros De Mozambique S.A.	113,648	92,312
Britam Insurance Company Limited (Malawi)	13,448	172,197
Britam Insurance (Tanzania) Limited	169,749	138,035
Total	**653,192**	**790,199**
Less: Provision for expected credit losses	(367,102	(282,244)
Total	**286,090**	**507,955**
Movement in provision expected credit losses		
At 1 January	282,244	29
Increase	84,858	282,215
At 31 December	**367,102**	**282,244**

The related party receivables and payables are carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Related party transactions and balances (Continued)

(i) Transactions with subsidiaries (Continued)

Company	2021	2020
	Shs'000	Shs'000
Dividends received from HF Group PLC	-	-
Dividends received from Equity Group Holdings PLC	-	-
Dividends received from subsidiaries	15,511	711,000
Total	**15,511**	**711,000**

(ii) Transactions with related banks

a) Investment information

The Group has invested in 255,514,742 (2020: 255,514,742) (Company 2021: 158,540,750 and 2020: 166,390,750) ordinary shares of Equity Group Holdings PLC (EGH) valued at Shs 13,351,571,000 (2020 Shs 9,339,064,000) (Company 2021: Shs 8,363,032,000 and 2020: Shs 6,081,582,000). Fair value gain relating to the disposal of the EGH shares totalled to Shs 94,200,000. Fair value gain on revaluation of the EGH shares totalled to Shs 4,006,020,000 (2020 loss of Shs 4,272,972,000).

The Group also holds 48.22% (2020: 48.22%) of the ordinary shares of HF Group PLC which is accounted for as an associate as disclosed in Note 24. Details relating to the Group's share of profits and share of other comprehensive income have been disclosed in that note.

b) Business relationships

Various Group entities transact business with HF Bank (a wholly owned subsidiary of HF Group PLC) and Equity Bank Limited (a wholly owned subsidiary of Equity Group Holdings PLC).

	2021	2020
	Shs'000	Shs'000
Gross earned premiums		
Equity Bank Limited	3,062,645	2,444,247
HF Bank	240,871	250,022
Net claims incurred		
Equity Bank Limited	1,167,745	1,004,574
HF Bank	57,028	64,890

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Related party transactions and balances (Continued)

(ii) Transactions with related banks (Continued)

c) Outstanding balances

The table below discloses the net balances due from Equity Bank and HF Bank resulting from the business transacted and Tier II Capital loan advanced:

	2021	2020
	Shs'000	Shs'000
Equity Bank Limited	1,248	433,609
HF Bank	5,613	5,692
HF Bank (Tier II Capital Loan)	1,019,288	-
Total	**1,026,149**	**439,301**

d) Banking relationships

The Group carries out normal banking transactions with Equity Bank Limited (a wholly owned subsidiary of Equity Group Holdings PLC) and HF Bank (a wholly owned subsidiary of HF Group PLC) which are related parties. The balances held at 31 December were as below:

	2021	2020
	Shs'000	Shs'000
Equity Bank Limited	1,053,870	292,517
HF Bank	164,356	283,281
Total	**1,218,226**	**575,798**

(iii) Mortgage loans to Directors of the Group

	2021	2020
	Shs'000	Shs'000
Loans to Directors		
At start of year	**114,228**	**168,487**
Loans advanced during the year	43,283	-
Interest charge for the year	11,615	13,478
Loan repayments	(74,752)	(67,737)
At end of year	**94,374**	**114,228**

Mortgage loans are given to both executive and non- executive Directors. The loans are fully secured and attract interest at 6% per annum (2020: 6% per annum) for executive Directors and at 14.5% per annum (2020: 14.5% per annum) for non-executive Directors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51. Related party transactions and balances (Continued)

(iv) Directors' emoluments

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Directors' fees	108,446	94,447	35,914	26,517
Directors' other remuneration	3,780	3,780	3,780	3,780
Salaries and other benefits	135,205	95,905	135,205	95,905
Total	**247,431**	**194,132**	**174,899**	**126,202**

The above relates to payments made to both executive and non-executive Directors.

(v) Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the entity. The compensation paid or payable to key management for employment services is shown below:

	Group	
	2021	2020
	Shs'000	Shs'000
Salaries and other short-term employment benefits	370,250	494,096
Retirement benefits costs		
- defined contribution scheme	17,152	11,841
- Other benefits	6,589	7,735
Total	**393,991**	**513,672**

(vi) Transactions with other related parties

The Group has also invested Shs 5,054,402,000 (2020: Shs 3,759,252,000) in the various British-American unit trust funds.

(vii) Loans from shareholders

There were no loans from shareholders outstanding at 31 December 2021 (2020: Nil).

52. Risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including underwriting risk, liquidity risk, credit risk and the effects of changes in debt and equity market prices, foreign exchange risk and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Group's risk management policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Further, the internal audit function helps to monitor that these policies are followed.

(a) Insurance risk - Group

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The following tables disclose the concentration of insurance risk by the class of business in which the contract holder operates analysed by the maximum insured loss limit included in the terms of the policy (gross and net of reinsurance).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(a) Insurance risk - Group (Continued)

Year ended 31 December 2021

Maximum insured loss Class of business		Shs Millions	0 – 15	15 - 250	Over 250	Total
			Shs'000	Shs'000	Shs'000	Shs'000
General Insurance business – Sum assured	Motor	Gross	95,802,096	30,414,395	119,679,284	245,895,775
		Net	48,040,774	29,601,010	117,273,980	194,915,764
	Fire	Gross	23,139,085	161,155,609	1,664,708,168	1,849,002,862
		Net	21,750,131	149,944,603	247,379,880	419,074,614
	Personal accident	Gross	5,209,621	35,664,319	278,099,808	318,973,748
		Net	3,726,616	28,293,607	164,776,366	196,796,589
	Other	Gross	31,575,007	136,776,970	1,135,549,621	1,303,901,598
		Net	30,803,180	79,033,540	136,419,597	246,256,317
Long term business	Ordinary life	Gross	219,834,160	4,104,653	-	223,938,813
		Net	206,998,020	1,255,000	-	208,253,020
	Group life	Gross	310,369,955	40,007,738	516,807,908	867,185,601
		Net	304,674,899	16,677,146	243,572,996	564,925,041
Total		**Gross**	**685,929,924**	**408,123,684**	**3,714,844,789**	**4,808,898,397**
		Net	**615,993,620**	**304,804,906**	**909,422,819**	**1,830,221,345**

Year ended 31 December 2020

Maximum insured loss Class of business		Shs Millions	0 – 15	15 - 250	Over 250	Total
			Shs'000	Shs'000	Shs'000	Shs'000
General Insurance business – Sum assured	Motor	Gross	727,182,040	16,875,953	30,274,894	774,332,887
		Net	677,220,946	15,896,434	29,128,295	722,245,675
	Fire	Gross	79,229,370	277,231,709	1,517,220,589	1,873,681,668
		Net	48,784,446	216,649,215	243,428,745	508,862,406
	Personal accident	Gross	7,036,755	45,606,649	335,902,787	388,546,191
		Net	5,876,021	31,664,446	118,543,681	156,084,148
	Other	Gross	82,029,258	184,350,090	672,214,706	938,594,054
		Net	68,829,291	112,027,766	83,653,128	264,510,185
Long term business	Ordinary life	Gross	221,907,241	3,259,031	-	225,166,272
		Net	207,223,023	916,000	-	208,139,023
	Group life	Gross	270,066,262	32,389,254	198,468,255	500,923,771
		Net	267,984,918	8,697,926	134,531,769	411,214,613
Total		**Gross**	**1,387,450,926**	**559,712,686**	**2,754,081,231**	**4,701,244,843**
		Net	**1,275,918,645**	**385,851,787**	**609,285,618**	**2,271,056,050**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is an important risk for the Company's business. Management therefore carefully manages the exposure to credit risk by:

- Developing and maintaining processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting, assessment and measurement process that provide it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or Groups of borrowers. Such risks are monitored on a revolving basis and subject to annual or more frequent review. The exposure to any one borrower is further restricted by sub-limits. Actual exposures against limits are monitored regularly. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate, and personal guarantees.

The credit quality of financial assets is assessed by reference to external credit ratings if available or internally generated information about counterparty default rates. None of the Group's credit risk counterparties are rated except the Government of Kenya, the issuer of the Group's government securities which has B+ rating and the reinsurance companies from whom reinsurance balances are due. The Company classifies counterparties without an external credit rating as below:

- Group 1 - new customers/related parties.
- Group 2 - existing customers/related parties with no defaults in the past.
- Group 3 - existing customers/related parties with some defaults in the past.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

Maximum exposure to credit risk before collateral held

Group

Assets	Note	External Credit rating	Internal Credit rating	12-month or lifetime ECL	2021	2020
					Shs'000	Shs'000
Government securities held at amortised cost	30	B+	-	12 months	8,053,052	10,504,161
Corporate bonds held at amortised cost	30 (ii)	B	-	12 months	1,019,988	700
Receivables arising out of reinsurance arrangements	33 (i)	AA-	-	Life time	1,393,831	1,208,540
Unit trusts	29 (iii)	-	Group 2	12 months	5,054,402	3,759,252
Mortgage loans and receivables	31	-	Group 2	12 months	1,193,340	1,197,350
Loans and receivables to policy holders	32	-	Group 2	Nil	2,296,455	1,875,314
Receivables out of direct insurance arrangements	33 (iii)	-	Group 2	Life time	2,375,774	2,584,634
Reinsurers' share of insurance contract liabilities	34	-	Group 2	Life time	7,551,390	4,940,852
Other receivables (excluding prepayments)	37	-	Group 2	Mix of both life time & 12	2,122,772	1,808,767
Deposits with financial institutions	38 (i)	-	Group 2	12 months	5,947,575	6,166,469
Cash and bank balances (excluding cash in hand)	38 (i)	-	Group 2	12 months	1,677,335	1,465,571
Total					**38,685,914**	**35,511,610**

The above table represents a worst case scenario of credit risk exposure to the Group at 31 December 2021 and 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

As shown above, 21% of the total maximum exposure is derived from government securities (2020: 30%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

Mortgage loans are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees. Policy loans are secured by the surrender value of the policies. The fair values of collateral held for mortgages amounted to Shs 2,698,178,000 (2020: Shs 2,748,075,000) while the surrender values of the policies with loans amounted to Shs 8,932,503,000 (2020: Shs 7,946,091,000). 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.

Maximum exposure to credit risk before collateral held

Company

Assets	Notes	External credit rating	Internal Credit rating	12-month or lifetime ECL	2021	2020
					Shs'000	Shs'000
Corporate bonds held at amortised cost	30 (ii)	B	-	12 months	1,019,288	-
Receivables from related parties	51 (i)	-	Group 2	12 months	286,090	507,955
Other receivables (excluding prepayments)	37	-	Group 2	Mix of both life time & 12	466,447	180,166
Deposits with financial institutions	38 (i)	-	Group 2	12 months	170,012	1,202,183
Cash and bank balances (excluding cash in hand)	38 (i)	-	Group 2	12 months	22,616	23,308
Total					**1,964,453**	**1,913,612**

The above table represents a worst case scenario of credit risk exposure to the Company at 31 December 2021 and 2020, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

As shown above, 52% of the total maximum exposure is derived from corporate bonds (2020: 0%). In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

Significant increase in credit risk

As explained in Note 2 m (iv), the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include qualitative and quantitative reasonable and supportable forward looking information as shown in the table below

The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarises per type of asset the range above which an increase in credit quality is determined to be significant, as well as some indicative qualitative indicators assessed.

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Receivables arising from direct and reinsurance arrangements	30 days past due	Company closure, significant decline in the industry which the client operates, listing on credit reference bureau, inability to service debt, loss of income, among others.
Cash at bank and deposits with financial institutions	Downgrade to tie four	Bank closure, bank run, default on debt, credit rating downgrade, material adverse mention or investigation, change in bank tier, negative change in debt ratios, debt covenant breach, regulator actions among others.
Government Securities	Downgrade from investment grade to non-investment grade as per the external ratings	Credit rating downgrade, adverse political instability, military coup / attempt / civil turmoil, hyper inflationary trajectory, external war, significant fall in tax collection rates, significant natural disaster events, warnings from Bretton Woods Institutions, debt restructure, currency devaluation, unemployment rate growth among others.
Corporate Debt	Default in contractual cashflows	Credit rating downgrades, significant adverse political turmoil in country of major operations, significant fall in revenue collection, significant natural disaster events, debt restructure, material Adverse change (Change in business model; significant change in priority staff), significant court process interference on business model, insolvency, government agency takeover, financial covenant breach, material representation inaccuracy or warranty breach, material adverse mention, investigation among others.
Equities - Dividend Income	Default in contractual cashflows	Company closure, default on debt, credit rating downgrade, adverse material mention, change in balance sheet debt composition, debt covenant breach, adverse change in business model, company insolvency among others.
Staff/ Non Staff Loans	Default in contractual cashflows	Listing on credit reference bureau, inability to service debt, loss of income, death, permanent disability, imprisonment, number of months in arrears among others.

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

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.

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.

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 2021 with all other variables held constant, the impact on the ECL would be as below.

Group

Asset Type ('000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	2	(2)
Deposits with financial institutions	1,501	(1,402)
Government Securities at amortized cost	303	(274)
Corporate bonds at amortised cost	2,709	(2,653)
Loans and receivables from related parties	1,190	(1,127)
Mortgage loans receivables	5,749	(5,749)
Total	**11,454**	**(11,207)**

Company

Asset Type ('000)	+10% Change on PD&LGD	-10% Change on PD&LGD
Cash and bank balances	1	(1)
Deposits with financial institutions	445	(446)
Loans and receivables from related parties	546	(545)
Total	**992**	**(992)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from any collateral. The LGD models for secured assets consider collateral valuation.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, The Company's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the exposure that are permitted by the current contractual terms. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- Asset type;
- Intermediary;

The groupings are reviewed on a regular basis to ensure that each Group is comprised of homogenous exposures.

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

Britam uses a scoring methodology to come up with asset ECLs. The table provide details of the key principles applied over each asset class that is in scope.

Financial asset	Description	Key principles applied
Cash and bank balances	Cash assets have been defined as cash in bank, on hand or in other accounts. These excludes liquid deposits held with financial institutions	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Deposits with financial institutions	Deposits with financial institutions are cash transfers to financial institutions for the purposes of a term investment during which the principal can be redeemed with interest earned at the call of the investor. This will exclude any cash in a bank account that is earning interest on existing balances	Britam annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit ratings with a macro economic outlook adjustment.
Corporate debt at amortised cost	This is secured or unsecured short term or long term debt issued by a corporation.	Britam utilizes a scoring methodology while reviewing corporate debt credit risk that evaluates the financial health of the issuer and the issue covenants. These scores are then adjusted with a macroeconomic factor.
Government Securities	This is secured or unsecured short term or long term debt issued by a sovereign Government	Britam utilizes a scoring methodology while reviewing sovereign debt credit risk. The scores are adjusted for credit risk ratings and a macro economic outlook adjustment.
Receivables from direct insurance arrangements	These are receivable that arise out of normal insurance business	Britam uses a simplified approach based on an entity's historical default rates over the expected life of the receivables and is adjusted for forward-looking estimates.
Other receivables	These are all other receivables that are neither investment assets nor insurance receivable	These are each assessed individually based on the unique factors that include the nature, aging, collateral to determine a loss rate adjusted with a macroeconomic factor

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

Impairment and provisioning policies

The Group has determined the level of risk as below

Financial asset	Credit risk attributes
Cash and bank balances Deposits with financial institutions	There has been no significant increase in credit risk as: • All cash is held with financial institutions with low risk of default. • The cash is accessible whenever needed or on maturity of the deposits • There are no adverse economic changes expected to impact the banks' ability to meet the obligations when they fall due
Government securities at amortised cost	There has been no significant increase in credit risk as: • All government paper is with the Government of Kenya with low risk of default • The Government is able to its obligations i.e. coupons and redemptions when they fall due • There are no adverse economic changes expected to impact the ability of the Government to meet its obligations when they fall due
Mortgage loans receivables	There has been no significant increase in credit risk as: • All loans are secured on the mortgaged property 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
Corporate bonds at amortised cost Loans to policyholders	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. Assessed to have a mitigated credit risk as the loans are issued based on the cumulative surrender values of the policies thus no risk of default
Receivables arising out of direct insurance arrangements	These are short term in nature and hence the simplified approach is used.
Receivables arising out of reinsurance arrangements	The reinsurance accounts are contractually cleared on a quarterly basis and incorporate premium payable and commissions and claims recoverable. They are fairly short-term in nature and hence the simplified approach is applied.
Loans and receivables from related parties	Assessed as low credit risk • All related parties are under the control of the same Group with low risk of default • There are no adverse economic changes expected to impact the ability of the Group companies to meet their obligations
Other receivables	Incorporates different counterparties including staff, agents and others all of which are assessed independently. The simplified approach has been applied.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

The following tables explain the changes in the loss allowance in the year:

Simplified approach

The Group applies the simplified approach to compute the loss allowance for the following assets:

- Receivables from direct insurance arrangements.
- Receivables arising out of reinsurance arrangements.
- Other receivables.

	Group	Company
	Lifetime ECL	Lifetime ECL
	Shs'000	Shs'001
At 1 January 2021	**1,318,097**	**353,896**
Increase/(decrease) in loss allowance arising from new financial assets recognised/ (derecognised) in the year (Note 13 (i))	209,592	156,978
At 31 December 2021	**1,527,689**	**510,874**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

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 and policy loans.

	Group				Company			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Shs'000	Shs'001	Shs'000	Shs'000	Shs'000	Shs'001	Shs'000	Shs'000
At 31 December 2020	**26,082**	**28,520**	**127,261**	**181,863**	**4,466**	**-**	**-**	**4,466**
Net staging transfers								
Changes in PDs/LGDs/EADs	31,226	12,039	-	43,265	25,886	-	-	25,886
Net charge to profit or loss in the year	31,226	12,039	-	43,265	25,886	-	-	25,886
At 31 December 2021	**57,308**	**40,559**	**127,261**	**225,128**	**30,352**	**-**	**-**	**30,352**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Group

	Receivables arising out of direct insurance arrangements	Receivables arising out of reinsurance arrangements	Cash and bank balances	Deposits with financial institutions	Government securities at amortised cost	Corporate bonds at amortised cost	Mortgage loans receivable	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000		Shs 000
Balance as at 1 January 2020	**563,093**	**379,894**	**8700**	**146,934**	**494**	**59,277**	**45,262**	**195,555**	**1,399,209**
Changes in PDs/ LGDs/EADs	99,460	56,306	(1,440)	(20,154)	1,849	(58,577)	(496)	110,060	187,008
Net charge to profit or loss in the year	**99,460**	**56,306**	**(1,440)**	**(20,154)**	**1,849**	**(58,577)**	**(496)**	**110,060**	**187,008**
Other movements with no P&L impact:									
Write-offs	(2,652)	-	-	-	-	-	(3,419)	(83,619)	(89,690)
Balance as at 31 December 2020	**659,901**	**436,200**	**7,260**	**126,780**	**2,343**	**700**	**41,347**	**221,996**	**1,496,527**
Changes in PDs/ LGDs/EADs	129,349	(21,284)	8,953	(9,451)	30,075	-	17,121	54,829	209,592
Net charge to profit or loss in the year	**129,349**	**(21,284)**	**8,953**	**(9,451)**	**30,075**	**-**	**17,121**	**54,829**	**209,592**
Balance as at 31 December 2021	**789,250**	**414,916**	**16,213**	**117,329**	**32,418**	**700**	**58,468**	**276,825**	**1,706,119**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(b) Credit risk - Group and Company (Continued)

The reconciliation in the provision for impairment for each of the financial assets is disclosed in the table below.

Company

	Cash and bank balances	Deposits with financial institutions	Government Securities	Loans and receivables from related parties	Other receivables	Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
Balance as at 1 January 2020	**3**	**1,806**	**-**	**29**	**-**	**1,838**
Changes in PDs/LGDs/EADs	5	2,651	-	282,215	67,187	352,058
Net charge to profit or loss in the year	**5**	**2,651**	**-**	**282,215**	**67,187**	**352,058**
Balance as at 31 December 2020	**8**	**4,457**	**-**	**282,244**	**67,187**	**353,896**
Changes in PDs/LGDs/EADs	(6)	(4,452)	30,344	84,847	46,245	156,978
Net charge to profit or loss in the year	**(6)**	**(4,452)**	**30,344**	**84,847**	**46,245**	**156,978**
Balance as at 31 December 2021	**2**	**5**	**30,344**	**367,091**	**113,432**	**510,874**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(c) Liquidity risk

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

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

Group

31 December 2021	Carrying values	0-3 Months	4-12 Months	1-5 Years	Over 5 Years	Total
Liabilities	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Amounts payable under deposit administration contracts	52,832,047	1,744,621	5,233,862	12,311,125	241,764,876	261,054,484
Liabilities under investment Contracts	4,276,660	(343,666)	(731,249)	(92,361)	8,822,949	7,655,673
Creditors arising out of reinsurance arrangements	1,659,096	1,643,049	16,047	-	-	1,659,096
Borrowings:						
- Bank loan	2,650,000	-	2,650,000	-	-	2,650,000
- Other borrowings	1,500,304	-	-	-	1,500,304	1,500,304
Interest payable	77,521	77,521	-	-	-	77,521
Lease liability	441,126	-	-	441,126	-	441,126
Provisions and other payables	11,697,635	-	10,790,950	906,685	-	11,697,635
Total financial liabilities	**75,134,389**	**3,121,525**	**17,959,610**	**13,566,575**	**252,088,129**	**286,735,839**

31 December 2020	Carrying values	0-3 Months	4-12 Months	1-5 Years	Over 5 Years	Total
Liabilities	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Amounts payable under deposit administration contracts	48,736,148	2,199,983	4,399,966	46,446,749	128,626,821	181,673,519
Liabilities under investment contracts	3,285,010	(209,842)	(440,149)	4,253,842	1,511,375	5,115,226
Creditors arising out of reinsurance arrangements	1,609,954	1,609,954	-	-	-	1,609,954
Borrowings:						
- Bank loan	3,175,000	-	3,175,000	-	-	3,175,000
- Other borrowings	996,064	-	996,064	-	-	996,064
Interest payable	683,859	683,859	-	-	-	683,859
Lease liability	690,003	-	-	690,003	-	690,003
Provisions and other payables	8,978,247	3,661,010	-	5,317,237	-	8,978,247
Total financial liabilities	**68,154,285**	**7,944,964**	**8,130,881**	**56,707,831**	**130,138,196**	**202,921,872**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

Company

At 31 December 2021	Carrying Values	0 – 3 Months	4 -12 Months	1-5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities					
Bank loan	2,650,000	-	2,650,000	-	2,650,000
Other borrowings	510,554	-	-	510,554	510,554
Interest payable	77,521	77,521	-		77,521
Lease liability	105,428		-	105,428	105,428
Provisions and other payables	7,478,696	272,012	-	7,206,684	7,478,696
Total financial liabilities	**10,822,199**	**349,533**	**2,650,000**	**7,822,666**	**10,822,199**

At 31 December 2020	Carrying Values	0 – 3 Months	4 -12 Months	1-5 Years	Totals
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Liabilities					
Bank loan	3,175,000	-	3,175,000	-	3,175,000
Other borrowings	510,554	-	510,554	-	510,554
Interest payable	90,369	90,369	-	-	90,369
Lease liability	208,434	-	-	208,434	208,434
Provisions and other payables	5,428,657	111,420	-	5,317,237	5,428,657
Total financial liabilities	**9,413,014**	**201,789**	**3,685,554**	**5,525,671**	**9,413,014**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

The table below shows the liquidity gap assessed on the carrying values

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Carrying values	Carrying values	Carrying values	Carrying values
Liabilities	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Amounts payable under deposit administration contracts	52,832,047	48,736,148	-	-
Liabilities under investment Contracts	4,276,660	3,285,010	-	-
Creditors arising out of reinsurance arrangements	1,659,096	1,609,954	-	-
Borrowings:				
- Bank loan	2,650,000	3,175,000	2,650,000	3,175,000
- Other borrowings	1,500,304	996,064	510,554	510,554
Interest payable	77,521	683,859	77,521	90,369
Lease liability	441,126	690,003	105,428	208,434
Provisions and other payables	11,697,635	8,978,247	7,478,696	5,428,657
Total financial liabilities	**75,134,389**	**68,154,285**	**10,822,199**	**9,413,014**
Assets held for managing liquidity risk				
Cash and cash equivalents	7,499,485	7,498,000	192,615	1,221,025
Financial assets at fair value	89,699,146	76,777,040	4,124,052	3,882,098
Financials assets at amortised costs	8,051,262	10,501,818	-	-
Financial assets at fair value through other comprehensive income	6,716,098	4,940,422	4,278,933	3,251,752
Loans and receivables	8,508,204	7,686,237	690,143	687,810
Total assets	**120,474,195**	**107,403,517**	**9,285,743**	**9,042,685**
Liquidity gap	**45,339,806**	**39,249,232**	**(1,536,456)**	**(370,329)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(d) Market risk

(i) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either at fair value through profit or loss or fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

Management considers a movement of 15% on the Nairobi Securities Exchange (NSE index) reasonable due to the relative stability of the NSE over the years.

At 31 December 2021, if the Nairobi Securities Exchange (NSE) prices had changed by 15% (2020: 15%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated post tax profit for the year would have been Shs 1,288,179,000 (2020: Shs 1,215,579,000) higher/lower, and the equity would have been Shs 2,453,817,000 (2020: Shs 1,215,579,000) higher/lower. The Company's post tax profit for the year would have been Shs. 612,614,000 (2020: Shs 424,475,000) higher/ lower, and the Company's equity would have been Shs. 1,254,454,000 (2020: Shs 424,475,000) higher/lower.

Similarly, a change in the price by 15% (2020: 15%) of equities held at fair value through other comprehensive income would affect the Group's reserves and other shareholder funds for the year by Shs 1,165,637,000 (2020: Shs 741,066,000), these equities would have been Shs 1,165,637,000 (2020: Shs 741,066,000) higher/lower. In the Company a change in the price by 15% (2020: 15%) of equities held at fair value through other comprehensive income would affect the Company's reserves and other shareholder funds for the year Shs 641,840,000 (2020: Shs 487,763,000), these equities would have been Shs 641,840,000 (2020: Shs 487,763,000) higher/lower.

The concentration on equities in general and on specific counters is closely monitored. As at 31 December 2021, the Group held shares in Equity Group Holdings PLC amounting to Shs 13,351,571,000 (2020: Shs 9,339,064,000) or 9% (2020: 7%) of the total assets.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow and interest rate risk as a result of holding interest bearing assets which comprise of quoted corporate bonds, mortgages, staff loans; inter-company loans, investment in liquid funds, government securities, fixed deposits with financial institutions and policy loans are all at fixed rate. Other assets; cash and interest earning bank balances are at floating rate. The Group also has borrowings at fixed rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group manages its cash flow interest rate risk by ensuring that only minimum amounts necessary for running the business operations are kept as cash and bank balances.

At 31 December 2021, 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 3,029,623,000 (2020: Shs 3,643,525,000) 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 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(d) Market risk (Continued)

(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 2021, if the UGX had strengthened/weakened by 5% (2020: 5%) against the Kenya shillings with all other variables held constant, post-tax loss for the Group for the year would have been Shs 8,166,000 (2020: Shs 8,414,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of UGX denominated Net assets.

At 31 December 2021, if the RWF had strengthened/weakened by 5% (2020: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 2,064,000 (2020: Shs 1,795,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of RWF denominated trade receivables and payables.

At 31 December 2021, if the TZS had strengthened/weakened by 5% (2020: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 2,695,000 (2020: Shs 3,556,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of TZS denominated trade receivables and payables.

At 31 December 2021, if the MWK had strengthened/weakened by 5% (2020: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 9,558,000 (2020: Shs 4,953,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MWK denominated trade receivables and payables.

At 31 December 2021, if the MZN had strengthened/weakened by 5% (2020: 5%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 31,352,000 (2020: Shs 31,352,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of MZN denominated trade receivables and payables.

At 31 December 2021, if the SSP had strengthened/weakened by 100% (2020: 100%) against the Kenya shillings with all other variables held constant, post-tax profit for the Group for the year would have been Shs 29,696,000 (2020: Shs 7,153,000) 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 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(d) Market 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.

	2021		2020	
i) Britam General Insurance Company (Kenya) Limited	**Regulatory requirement**	**Maintained by the Company**	**Regulatory requirement**	**Maintained by the Company**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Capital at 31 December	600,000	2,668,000	600,000	2,668,000
Solvency margin	1,550,641	2,282,710	1,580,449	2,523,918

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(e) Capital management (Continued)

		2021		2020	
ii)	Britam Insurance Company (Uganda) Limited	Regulatory requirement	Maintained by the Company	Regulatory requirement	Maintained by the Company
		UGX '000	UGX '000	UGX '000	UGX '000
	Short-term capital	6,000,000	14,360,000	4,000,000	14,360,000
	Solvency margin	8,840,062	23,361,205	7,558,173	20,167,586

		2021		2020	
iii)	Britam Insurance Company Limited (South Sudan)	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

		2021		2020	
iv)	Britam Insurance Company (Rwanda) Limited	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	6,644,441	1,000,000	6,644,441
	Solvency margin	500,000	1,533,290	500,000	1,676,389

		2021		2020	
v)	Britam - Companhia De Seguros De Mozambique S.A.	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	88,598	317,348	74,924	282,695

		2021		2020	
vi)	Britam Insurance (Tanzania) Limited	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	2,290,000	2,289,000
	Solvency margin	3,307,647	3,362,785	184,615	184,615

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(e) Capital management (Continued)

		2021		2020	
vii)	Britam Insurance Company Limited (Malawi)	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	(526,921)	1,524,064	987,601	63,510

Britam Holdings PLC Board has approved a capital injection to enable the company meet regulatory solvency margin.

		2021		2020	
viii)	Britam Life Assurance Company (Kenya) Limited	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	6,131,505	6,956,746	6,073,487	8,260,697

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

		2021		2020	
ix)	Britam Asset Managers (Kenya) Limited	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	80,000	10,000	80,000
	Solvency margin	13,493	60,444	15,923	(13,389)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(f) Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's and Company's assets and liabilities that are measured at fair value at 31 December 2021 and 2020:

Group 2021		Level 1	Level 2	Level 3	Total
Assets	**Note**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Financial assets at fair value through profit or loss					
- Quoted ordinary shares	29	10,547,549	-	-	10,547,549
- Unquoted ordinary shares	29	-	-	46,617	46,617
- Government securities	29	-	74,050,579	-	74,050,579
- Unit trusts	29	-	5,054,402	-	5,054,402
Quoted ordinary shares at fair value through other comprehensive income	28	6,716,098	-	-	6,716,098
Property and equipment – building (Note 21)	21	-	665,784	-	665,784
Investment property	27 (i)	-	16,597,058	-	16,597,058
Total assets		**17,263,647**	**96,367,823**	**46,617**	**113,678,087**
Liabilities					
Payable under deposit administration contracts	43	-	52,832,047	-	52,832,047
Liabilities under investment contracts	44	-	4,276,660	-	4,276,660
Total Liabilities		**-**	**57,108,707**	**-**	**57,108,707**

Group 2020		Level 1	Level 2	Level 3	Total
Assets	**Note**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Financial assets at fair value through profit or loss					
- Quoted ordinary shares	29	8,106,120	-	-	8,106,120
- Unquoted ordinary shares	29	-	-	10,298	10,298
- Government securities	29	-	64,901,370	-	64,901,370
- Unit trusts	29	-	3,759,252	-	3,759,252
Quoted ordinary shares at fair value through other comprehensive income	28	4,940,442	-	-	4,940,442
Property and equipment – building (Note 21)	21	-	256,766	-	256,766
Investment property	27 (i)	-	16,443,490	-	16,443,490
Total assets		**13,046,562**	**85,360,878**	**10,298**	**98,417,738**
Liabilities					
Payable under deposit administration contracts	43	-	48,736,148	-	48,736,148
Liabilities under investment contracts	44	-	3,285,010	-	3,285,010
Total Liabilities		**-**	**52,021,158**	**-**	**52,021,158**

There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(f) Fair value estimation (Continued)

Company 2021		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					
- Quoted ordinary shares	29 (i)	4,084,099	-	-	4,084,099
- Unit trusts	29 (i)	-	39,953	-	39,953
Investment in property funds	27 (ii)	-	-	2,088,895	2,088,895
Quoted ordinary shares at fair value through other comprehensive income	28	4,278,933	-	-	4,278,933
Total assets		**8,363,032**	**39,953**	**2,088,895**	**10,491,880**

Company 2020		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					
- Quoted ordinary shares	29 (i)	2,829,838	-	-	2,829,838
- Unit trusts	29 (i)	-	51,456	-	51,456
Investment in property funds	27 (ii)	-	115,496	2,113,295	2,228,791
Quoted ordinary shares at fair value through other comprehensive income	28	3,251,752	-	-	3,251,752
Total assets		**6,081,590**	**166,952**	**2,113,295**	**8,361,837**

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Instruments included in Level 1 comprise primarily NSE equity investments 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(f) Fair value estimation (Continued)

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 46,617,000 as at 31 December 2021 (2020: 10,298,000). The unlisted equity investment relates to Uganda Re and TanRe that are held by Britam Insurance Company (Uganda) Limited and Britam Insurance Company (Tanzania) Limited respectively carried at cost. These shares are not quoted in an active market and their fair value cannot be reliably measured.

As such, the investment is measured at cost less accumulated impairment. The relationship between the subsidiaries and the investee entities is at arm's length. The subsidiaries do not intend to dispose of this investment in the foreseeable future.

The following table presents the changes in Level 3 instruments for the year ended 31 December.

Level 3 unquoted stock

	Group	
	2021	2020
	Shs '000	Shs '000
At start of year	10,297	9,649
Additions	35,806	-
Translation gain/(loss)	514	649
At end of year	**46,617**	**10,298**

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 2021 and 2020, the fair values approximated their cost. The Group uses its judgment to select a variety of methods such as discounted cash flow analysis and comparable company analysis and make assumptions that are mainly based on market conditions existing at the financial reporting date. The key source of estimation uncertainty is the discount rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

52. Risk management objectives and policies (Continued)

(f) Fair value estimation (Continued)

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

Group	Notes	Fair value Level	2021 Carrying amounts at amortised Shs '000	2021 Fair value Shs '000	2020 Carrying amounts at amortised Shs '000	2020 Fair value Shs '000
Assets						
Government securities	30	Level 2	8,051,262	7,655,477	10,501,818	10,122,535
Corporate bonds	30	Level 2	988,944	988,944	-	-
Mortgage loans and receivables	31	Level 2	1,135,847	1,135,847	1,156,003	1,156,003
Loans and receivables to policy holders	32	Level 2	2,296,455	2,296,455	1,875,314	1,875,314
Other receivables	37	Level 2	2,200,042	2,200,042	1,957,847	1,957,847
Investments in liquid funds	38 (i)	Level 2	11,367	11,367	-	-
Total assets			**14,683,917**	**14,288,132**	**15,490,982**	**15,111,699**
Liabilities						
Borrowings						
- Bank loan	14 (i)	Level 2	2,650,000	2,650,000	3,175,000	3,175,000
- Other borrowings	14 (i)	Level 2	1,500,304	1,500,304	1,500,304	1,500,304
- Interest payable	14 (i)	Level 2	77,521	77,521	683,859	683,859
Provisions and other payables	46	Level 2	11,697,635	11,697,635	8,978,247	8,978,247
Total liabilities			**15,925,460**	**15,925,460**	**14,337,410**	**14,337,410**

The fair value of the Group's other financial assets and liabilities other than government securities approximate the respective carrying amounts due to the generally short periods to contractual repricing or maturity dates. Refer to Note 52(b) for the collateral amounts for mortgage loans and receivables and loans and receivables to policy holders.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group

The Executive Management Committee, which serves as the chief operating decision-maker, has determined the operating segments based on the reports they review and that they use to make strategic decisions. All operating segments used by Executive Management Committee meet the definition of a reportable segment under IFRS 8.

The Group is organised on a business line basis into five operating segments. Lines of business are based on the distinct nature of products being offered and their significance/contribution to the Group's revenue and/or profit. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes.

These segments and their respective operations are as follows:

Long term insurance business

The products of this line of business provide protection to the Group's customers against the risk of death, disability, critical illness and other accidents. All contracts in this segment offer fixed and guaranteed benefits over the contractual term. Revenue from this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets and net fair value gains on financial assets at fair value through profit or loss.

Life insurance offers an extensive range of products that serve the wide array of insurance needs of its customers including unit linked products, education plans, whole life plans and other conventional products. It also provides Group Life and Critical Illness products, Disability Products, Individual Pension Plans, Umbrella Pension Plans and Corporate Pension Plans.

Short term insurance business

The products of this line of business provide protection to customers' assets (particularly their properties, both for personal and commercial business.) All contracts in this segment are over a short contractual term. Revenue in this segment is derived primarily from insurance premiums, investment income, net realised gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Asset management

The asset management products include discretionary/segregated portfolio management services, wealth management services as well as Unit Trust Funds.

Property

The property business is inclusive of purchase and sale of property. It also includes buying of land, developing it and selling it off to third parties or even renting it out.

Most of the contracts are long term in nature. The major sources of income will be from sale of property, rent income and from property revaluation.

Corporate and other

Includes corporate operations, after allocations to operating segments. Corporate operations consist primarily of (1) corporate-level income and expenses; (2) returns from investments not allocated to any operating segments, including debt-financed investment portfolios.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (Continued)

The segment information provided to the Executive Management Committee for the reportable segments for the year ended 31 December 2021 and 2020 is as follows:

a) Profit per segment

2021	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross revenue	14,195,178	17,643,855	783,878	17,688	-	32,640,599
Insurance premium ceded to reinsurers	(959,212)	(5,864,183)	-	-	-	(6,823,395)
Net revenue	13,235,966	11,779,672	783,878	17,688	-	25,817,204
Net income from investment property	(47,199)	7,720	(4,923)	383,639	(139,896)	199,341
Interest and dividend income	8,893,038	1,707,660	8,910	5,575	206,379	10,821,562
Net realised gains on financial assets	336	(2,277)	-	-	(5,554)	(7,495)
Net unrealised fair value gains on financial assets at fair value through profit or loss	619,938	(137,647)	-	-	1,318,424	1,800,715
Commissions earned	169,077	1,290,470	-	-	-	1,459,547
Other operating income	40,993	608,248	4,557	162,466	(18,496)	797,768
Net income	**22,912,149**	**15,253,846**	**792,422**	**569,368**	**1,360,857**	**40,888,642**
Insurance claims and loss adjustment expenses	7,729,745	11,648,351	-	-	-	19,378,096
Insurance claims recovered from reinsurers	(845,668)	(4,007,563)	-	-	-	(4,853,231)
Change in actuarial value of policyholders benefits	3,315,561	-	-	-	-	3,315,561
Net insurance benefits and claims	**10,199,638**	**7,640,788**	**-**	**-**	**-**	**17,840,426**
Interest payments/ increase in unit value	5,230,998	-	-	-	-	5,230,998
Acquisition expenses	1,479,610	2,455,063	182,427	-	-	4,117,100
Finance costs	26,989	35,228	21,895	-	367,162	451,274
Expenses	3,433,210	4,527,486	717,904	162,314	2,841,234	11,682,148
Net expenses	**20,370,445**	**14,658,565**	**922,226**	**162,314**	**3,208,396**	**39,321,946**
Reportable segment (loss)/profit	**2,541,704**	**595,281**	**(129,804)**	**407,054**	**(1,847,539)**	**1,566,696**
Share of profit of associates	(170,927)	-	-	-	(115,158)	(286,085)
Segment (loss)/profit before tax	**2,370,777**	**595,281**	**(129,804)**	**407,054**	**(1,962,697)**	**1,280,611**
Tax expense/(credit)	(711,233)	(216,278)	(10,772)	(1,054)	-	(939,337)
Segment (loss)/profit after tax	**1,659,544**	**379,003**	**(140,576)**	**406,000**	**(1,962,697)**	**341,274**

The reconciliation of the segment profit after tax for all segments to the consolidated income statements is shown in Note 53 (b).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (Continued)

a) Profit per segment (Continued)

2020	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross revenue	12,372,313	15,827,308	711,550	14,411	-	28,925,582
Insurance premium ceded to reinsurers	(334,628)	(4,719,360)	-	-	-	(5,053,988)
Net revenue	12,037,685	11,107,948	711,550	14,411	-	23,871,594
Net income from investment property	(1,955,424)	-	(7,653)	(1,042,388)	139,085	(2,866,380)
Interest and dividend income	7,557,439	1,557,000	46,360	3,536	1,008,412	10,172,747
Net realised gains on financial assets	(103,137)	35,628	-	-	(3,648)	(71,157)
Net unrealised fair value gains on financial assets at fair value through profit or loss	(1,017,051)	88,714	-	-	(2,795,654)	(3,723,991)
Commissions earned	113,350	1,105,054	-	-	-	1,218,404
Other operating income	13,609	(202,842)	6,218	(8,413)	(17,931)	(209,359)
Net income	**16,646,471**	**13,691,502**	**756,475**	**(1,032,854)**	**(1,669,736)**	**28,391,858**
Insurance claims and loss adjustment expenses	5,981,005	8,459,057	-	-	-	14,440,062
Insurance claims recovered from reinsurers	(100,109)	(2,331,262)	-	-	-	(2,431,371)
Change in actuarial value of policyholders benefits	6,640,681	-	-	-	-	6,640,681
Net insurance benefits and claims	**12,521,577**	**6,127,795**	**-**	**-**	**-**	**18,649,372**
Interest payments/ increase in unit value	2,759,170	-	-	-	-	2,759,170
Acquisition expenses	1,449,885	2,174,972	177,303	-	-	3,802,160
Finance costs	112,295	57,568	21,548	9,368	345,437	546,216
Expenses	2,730,593	4,124,766	630,763	217,233	6,120,034	13,823,389
Net expenses	**19,573,520**	**12,485,101**	**829,614**	**226,601**	**6,465,471**	**39,580,307**
Reportable segment (loss)/profit	**(2,927,049)**	**1,206,401**	**(73,139)**	**(1,259,455)**	**(8,135,207)**	**(11,188,449)**
Share of profit of associates	(509,700)	-	-	-	(331,302)	(841,002)
Segment (loss)/profit before tax	**(3,436,749)**	**1,206,401**	**(73,139)**	**(1,259,455)**	**(8,466,509)**	**(12,029,451)**
Tax expense/(credit)	1,051,025	(169,630)	(32,992)	(209,304)	(53,028)	586,071
Segment (loss)/profit after tax	**(2,385,724)**	**1,036,771**	**(106,131)**	**(1,468,759)**	**(8,519,537)**	**(11,443,380)**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (Continued)

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

	2021	2020
	Shs'000	Shs'000
Total profit as per segmental reporting	**341,274**	**(11,443,380)**
Income from intra-segmental adjustments		
Intercompany loan interest income	(36,571)	(150,426)
Rental income from related parties	(78,500)	(84,216)
Management fees from related parties	(116,708)	(104,421)
Dividend income from subsidiaries	(15,511)	(711,000)
Share of Britam Tower LLP net assets in Britam Holdings PLC and Britam Life Assurance Company (Kenya) Limited	(274,600)	1,128,049
Property and equipment revaluation adjustment (on part of building occupied by related parties)	(70,338)	337,799
Britam Insurance Company (Malawi) Limited intercompany income reversed	(188,000)	-
Impairment of subsidiary (Note 26)	6,452	1,257,357
Interest income on Britam Insurance Company (South Sudan) Limited loan to Britam Property Uganda	-	(14,537)
Foreign currency difference on Britam Insurance Company (South Sudan) Limited loan interest to Britam Property Company (Uganda) Limited	-	5,194
Britam Life Assurance Company (Kenya) Limited share of Associate loss adjustment	-	17,953
Interest on loan to Britam Asset Managers (Kenya) Limited	(714)	-
Other income/mark up	(4,909)	(4,934)
Total adjustments on income	**(779,399)**	**1,676,818**
Expenses from intra-segmental adjustments		
Intercompany loan interest expense	36,571	150,426
Mark up charge	4,909	4,934
Subsidiary Loan guarantee	-	24,900
Interest on Britam Asset Managers (Kenya) Limited loan	714	-
Management fees expense from related parties	116,708	104,421
Provision for intercompany balance receivable from Britam Property Company (Kenya) Limited	51,409	276,783
Interest expense on Britam Insurance Company (South Sudan) Limited loan to Britam Property Company (Uganda) Limited	-	9,343
Malawi intercompany income reversed	188,000	-
Provision on intercompany balance	33,438	-
Rental income to related parties	78,500	84,216
Total adjustments on expenses	**510,249**	**655,023**
Profit as per the consolidated income statement	**72,124**	**(9,111,539)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (Continued)

c) Other segment reporting disclosures

2021	Long term insurance business	Short term insurance business	Asset Management	Property	Corporate and other	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation and amortisation	61,878	76,528	4,918	5,128	36,879	185,331
Investments in associates	816,117	-	-	-	549,910	1,366,028
Additions to non-current assets	79,544	99,829	7,544	23,212	13,060	223,189
Total assets	**108,116,246**	**28,933,753**	**963,316**	**8,736,106**	**19,196,212**	**165,945,633**
Total liabilities	**99,794,193**	**22,660,752**	**453,032**	**2,097,928**	**10,911,250**	**135,917,155**
2020						
Depreciation and amortisation	289,573	220,784	69,786	286	61,698	642,127
Investments in associates	885,166	-	-	-	596,437	1,481,603
Additions to non-current assets	106,368	55,303	8,560	2,779	27,334	200,344
Total assets	**96,062,206**	**25,487,642**	**891,903**	**1,660,435**	**12,860,285**	**136,962,474**
Total liabilities	**89,907,739**	**19,493,626**	**247,954**	**2,265,455**	**7,980,865**	**119,895,639**

The amounts provided to the Executive Management Committee with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

d) Income by geographical segments

The entity is domiciled in Kenya. The results of its revenue from external customers are as follows:

	2021	2020
	Shs'000	Shs'000
Kenya	24,381,299	20,959,290
Uganda	2,303,212	1,932,331
South Sudan	1,752,341	2,164,883
Rwanda	586,344	455,284
Tanzania	1,576,492	1,593,018
Malawi	1,207,241	1,150,191
Mozambique	821,484	670,585
Total	**32,628,413**	**28,925,582**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. Segmental information - Group (Continued)

d) Income by geographical segments (Continued)

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.

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

	2021	2020
	Shs'000	Shs'000
Kenya	145,865,090	130,243,722
Uganda	3,580,436	3,328,112
South Sudan	1,449,706	2,372,032
Rwanda	1,078,547	862,614
Tanzania	2,592,998	2,298,871
Malawi	2,246,465	2,002,870
Mozambique	1,613,123	1,308,743
Total	**158,426,365**	**142,416,964**

f) The total of non-current assets

other than financial instruments, deferred tax assets, post-employment benefits and risks arising under insurance contracts are allocated as follows:

	2021	2020
	Shs'000	Shs'000
Kenya	25,348,830	26,609,838
Uganda	473,088	261,926
South Sudan	47,107	280,612
Rwanda	66,349	56,776
Tanzania	98,654	101,759
Malawi	88,554	83,997
Mozambique	42,898	48,634
Total	**26,165,480**	**27,443,542**

54. New and revised Accounting standards

i) New and revised IFRS that are effective for the year ended 31 December 2021

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
Amendment to IFRS 3, 'Business combinations' Definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	No impact to the financials
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."	No impact to the financials
Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1)	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.	No impact to the financials

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. New and revised Accounting standards (Continued)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2021

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
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.	The Group anticipates no impact to its 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. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).	The Group anticipates no impact to its financial statements.
Amendment to IFRS 3, 'Business combinations'	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.	The Group anticipates no impact to its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. New and revised Accounting standards (Continued)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2021 (Continued)

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
Amendments to IAS 16 ‘Property, Plant and Equipment’ on Proceeds before Intended Use	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	The Group anticipates no impact to its financial statements.
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts— Cost of Fulfilling a Contract	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of ‘costs to fulfil a contract’. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	The Group anticipates no impact to its financial statements.
Annual improvements cycle 2018 -2020	These amendments include minor changes to: • IFRS 1, ‘First time adoption of IFRS’ has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent’s transition to IFRS. • IFRS 9, ‘Financial Instruments’ has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of “the 10% test” for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, ‘Leases’, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, ‘Agriculture’ has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.	The Group anticipates no impact to its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

54. New and revised Accounting standards (Continued)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2021 (Continued)

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the Group financial statements
IFRS 17, 'Insurance contracts'	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	Assessment of the impact on the Group financials statement is still ongoing. However, the Group anticipates significant impact to its financial statements.
IFRS 17, 'Insurance contracts' Amendments	In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.	The Group anticipates significant impact to its financial statements.

55. Events after the balance sheet date

There were no material events after the balance sheet date.

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OTHER CORPORATE INFORMATION

NOTICE OF THE 26TH 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 26TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD VIA ELECTRONIC COMMUNICATION ON WEDNESDAY, 8TH JUNE 2022 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 2021, 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 2021.
5. Directors:
   (i) Mr. Mohamed Karama retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer himself for re-election.
   (ii) Ms. Marianne Loner retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer herself for re-election.
   (iii) Mr. Kuria Muchiru who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.
   (iv) Mr. Edouard Schmid who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.
6. In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit & Risk Committee be elected to continue to serve as members of the said committee: -
   (a) Ms. Caroline Kigen
   (b) Ms. Josephine Ossiya
7. Directors' Remuneration:
   (a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2021.
   (b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2021 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

Winnifred Nyagoha Jumba
Company and Board Secretary
P O Box 30375 – 00100
NAIROBI
Date: 13 May 2022

NOTICE OF THE 26TH 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*451# for all networks and follow the various prompts regarding the registration process; or
   (b) Sending an email request to be registered to **britamagm@image.co.ke**; or
   (c) Shareholders with email addresses will receive a registration link via email which they can use to register.

   In order to complete the registration process, Shareholders will need to have their ID/Passport Numbers, which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, Shareholders should dial the following helpline number: +254 709 170 016 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 13 May 2022 at 9:00 a.m. and will close on 6 June 2022 at 11.00 a.m. Shareholders will not be able to register after 6 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 2021.

   The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by one of the following options:
   (i) Sending their written questions by email to agm@britam.com ; or
   (ii) Shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialling the USSD code above and selecting the option (ask Question) on the prompts.
   (iii) To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Britam Towers, 28th Floor or to Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
   (iv) Sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 30375, GPO 00100, Nairobi.
6. Shareholders must provide their full details (full names, Kenyan National Identity/Passport Number/CDSC Account Number) when submitting their questions and clarification.
7. All questions and clarification must reach the Company on or before 6 June 2022 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 7 June 2022. A full list of all questions received and the answers thereto will be published on the Company's website not later than 10 June 2022.
8. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company, but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: **https://www.britam.com**. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street.
9. A proxy must be signed by the appointor or his attorney duly authorised in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorised attorney of such corporation or Government office.

NOTICE OF THE 26TH ANNUAL GENERAL MEETING (Continued)

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 6 June 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 8 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.

By Order of the Board

Winnifred Nyagoha Jumba
Company and Board Secretary
P O Box 30375 – 00100
NAIROBI

TANGAZO LA MKUTANO MKUU WA MWAKA WA 26

KWA WENYEHISA WA BRITAM HOLDINGS PLC

MNAARIFIWA KWAMBA KUFUNGAMANA NA KANUNI ZA KAMPUNI, MKUTANO MKUU WA 26 WA KILA MWAKA WA KAMPUNI UTAFANYIKA KWA NJIA YA MAWASILIANO YA SIMU NA MITANDAO YA KIDIJITALI MNAMO JUMATANO, 8 JUNI, 2022, KUANZIA SAA NNE ZA ASUBUHI ILI KUENDESHA SHUGHULI ZIFUATAZO:

SHUGHULI ZA KAWAIDA

1. Kuwasilisha majina ya wawakilishi wa wenyehisa wanaoruhusiwa kisheria kuhudhuria na kupiga kura katika mkutano lakini wakakosa nafasi ya kufika, na kuthibitisha kuna idadi ya watu inayohitajika ili mkutano ufanyike.
2. Kusoma ilani ya kuitisha mkutano mkuu wa mwaka.
3. Kupokea, kutathmini, na ikikubaliwa, kuidhinisha taarifa za jumla za hesabu zilizokaguliwa za mwaka uliomalizika 31 Desemba, 2021, pamoja na taarifa za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuarifu kwamba wakurugenzi hawatapendekeza malipo ya mgawo wa faida ya mwaka uliomalizika 31 Desemba, 2021.
5. Kuchagua wakurugenzi wanaostaafu kwa zamu:
   (i) Bw. Mohamed Karama anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni na ingawa anastahili, hajitolei kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   (ii) Bi. Marianne Loner anastaafu kwa zamu kwa mujibu wa Vifungu 91 na 92 vya Kanuni za Kampuni na ingawa anastahili, hajitolei kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   (iii) Bw. Kuria Muchiru aliyeteuliwa kabla ya mwaka haujamalizika, anastaafu kwa mujibu wa Kifungu 114 cha Kanuni za Kampuni na kwa vile anastahili, anajitolea kuchaguliwa tena kuwa mkurugenzi wa Kampuni.
   (iv) Bw. Edouard Schmid aliyeteuliwa kabla ya 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 walio kwenye Kamati ya Bodi ya Ukaguzi wa Hesabu za Kampuni wachaguliwe kuendelea kutumikia kamati hiyo. Wao ni:-
   (a) Ms. Caroline Kigen
   (b) Ms. Josephine Ossiya
7. Malipo ya Wakurugenzi: -
   (a) Kuidhinisha Sera ya Malipo ya Wakurugenzi kama inavyoonyeshwa katika Taarifa za Fedha zilizokaguliwa kwa mwaka uliomalizika 31 Desemba, 2021
   (b) Kuidhinisha Sera ya Mishahara ya Wakurugenzi kama inavyoonyeshwa katika Taarifa za Fedha zilizokaguliwa kwa mwaka ulioishia tarehe 31 Desemba 2021 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 724 vya Sheria ya Makampuni ya No.17 ya 2015 na kuwaruhusu wakurugenzi kuamua malipo ya wakaguzi hao wa hesabu kulinga na 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

Winnifred Nyagoha Jumba
Katibu wa Kampuni
S. L. P. 30375 GPO 00100
NAIROBI
Tarehe: 13 Mei 2022

TANGAZO LA MKUTANO MKUU WA MWAKA WA 26 (Kuendelea)

KUMBUKENI:

1. Britam Holdings PLC imeitisha na inafanya mkutano huu mkuu wa kila mwaka kwa mawasiliano ya simu na mitandao ya kidijitali kuambatana na kifungu 58 cha kanuni za Kampuni.
2. Mwenyehisa yeyote anayenuia kushiriki katika mkutano huo kwa mawasiliano ya simu na mitandao ya kidijitali, anapaswa:-
   (a) Kujiandikisha kwa kutumia simu kwa nambari ***483*451#** katika huduma yoyote ya simu, na kufuata maagizo yote kuhusiana na utaratibu wa usajili huo.
   (b) Kutuma ombi la kujiandikisha kwa barua pepe kupitia kwa **britamagm@image.co.ke**; au
   (c) Wanahisa walio na anwani za barua pepe watapokea kiungo cha usajili (registration link) kupitia barua pepe ambacho wanaweza kutumia kujisajili.

   Ili kukamilisha usajili, wenyehisa watahitaji kuwa na nambari 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) 709 170 016 kati ya saa tatu za asubuhi na saa kumi za alasiri kati ya Jumatatu na Ijumaa. Wanaweza pia kutuma barua pepe kwa **britamagm@image.co.ke**
3. Usajili kwa wanaokusudia kushiriki katika mkutano mkuu wa kila mwaka utaanza saa tatu za asubuhi mnamo Jumatano, 13 Mei, 2022, na kufungwa saa tano za asubuhi ya Jumatano, 6 Juni, 2022. Wenyehisa hawataweza kujiandikisha kushiriki katika mkutano huo baada ya saa tano za asubuhi mnamo Jumatano, 6 Juni, 2022.
4. Kwa mujibu wa Kifungu 283(2)(c) cha Sheria za Makampuni, hati zifuatazo zinapatikana katika tovuti ya kampuni, **www.britam.com**:
   (i) Nakala ya tangazo hili
   (ii) Fomu ya uteuzi wa wawakilishi katika mkutano;
   (iii) Taarifa za hesabu za kampuni zilizokaguliwa za mwaka 2021

   Ripoti hizi zinaweza pia kupatikana kwa kubonyeza ***483*451#** kwa simu ya rununu na kuchagua ripoti.

   Ripoti hizi pia na agenda zinaweza kupatikana kwa mtandao ya kidijitali moja kwa moja.
5. Mwenyehisa yeyote anayenuia kuuliza swali ama kuhitaji ufafanuzi wa suala lolote kuhusiana na mkutano mkuu wa kila mwaka anaweza kufanya hivyo kwa:
   (a) Kuandika na kutuma barua ya maswali kwa barua pepe kupitia kwa **agm@britam.com**; au
   (b) Wenyehisa ambao watakuwa wamejiandikisha kushiriki katika mkutano huo wataweza kuuliza maswali kwa huduma ya ujumbe mfupi wa simu (SMS) wakitumia nambari ***483*451#** kwa kuchagua 'uliza swali' kwenye jukwaa la kukumbusha maneno;
   (c) 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 Tower, 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
   (d) Kutuma maswali yakiwa na anwani ya posta au ya barua pepe ya mwenyehisa kwa njia ya barua za kusajiliwa kwa Kampuni akitumia anwani S.L.P. 30375 GPO 00100 Nairobi.

TANGAZO LA MKUTANO MKUU WA MWAKA WA 26 (Kuendelea)

6. Wenyehisa wakiwasilisha maswali au hoja za kuomba ufafanuzi, wanapaswa kujitambulisha kikamilifu, yaani jina kamili na nambari ya kitambulisho, pasipoti au akaunti ya CDSC.
7. Ni lazima maswali yote na hoja za kuomba ufafanuzi yaifikie Kampuni mnamo au kabla ya saa nne za asubuhi ya tarehe 6 Juni, 2022.

   Baada ya kupokea maswali na hoja za ufafanuzi, Wakurugenzi wa Kampuni watatoa majibu na ufafanuzi hitajika na kuyatuma wakitumia anwani za posta au barua pepe zilizoandamana na barua za wenyehisa mnamo au kabla ya tarehe 7 Juni, 2022. Orodha kamili ya maswali yaliyopokewa, na majibu yake itachapishwa kwenye mtandao mnamo au kabla ya tarehe 10 Juni, 2022.
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, **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 barua pepe 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, Nairobi, mnamo ama kabla ya saa nne za asubuhi ya Jumatatu, 6 Juni, 2022.
11. Mkutano utaletwa kwa simu na mitandao ingine ya kidigitali moja kwa moja kupitia kwa anwani ambayo itatumiwa wenyehisa waliojiandikisha kushiriki masaa 24 kabla ya mkutano kuanza. Ujumbe wa pili wa kuwakumbusha utatumwa saa moja kabla ya mkutano kuanza. Ujumbe wa kuwapatia anwani ya kuwawezesha kushiriki kwa simu au kwa mitandao ya kidijitali utatumwa kwa njia ya ujumbe mfupi au barua pepe saa nane kabla ya mkutano kuanza.
12. Wenyehisa waliojiandikisha pamoja na wawakilishi wao watapata ajenda na kushiriki mkutanoni kwa simu na mitandao ya kidijitali. Wenyehisa waliojiandikisha pamoja na wawakilishi wao wataweza kupiga kura (kufuatia maagizo ya mwenyekiti) kwa njia ya ujumbe mfupi au kwa kubonyeza VOTE kwenye kiungo maalumu kinachoonyesha kikao.
13. Maazimio yote yaliyopendekezwa katika ilani hii yatapigiwa kura mkutanoni.
14. Wenyehisa watapokea ujumbe mfupi kwa simu walizoandikisha kuwapatia maagizo kuhusu kupendekeza na kuunga mkono mapendekezo yaliyowasilishwa kwenye ilani.
15. Matokeo ya kura yatachapishwa kwenye tovuti ya kampuni **www.britam.com** katika muda wa masaa 48 baada ya mkutano kumalizika.
16. Wenyehisa wanahimizwa kuendelea kuingia kwenye tovuti ya kampuni, **www.britam.com** ili kupata yanayoendelea kuhusiana na mkutano mkuu.

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 ID/Registration/Passport No. ....

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 2022 Annual General Meeting to be held on Wednesday, 8 June 2022 and at any adjournment thereof.

As witness my/our hand this .... day of 2022

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 2021, 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 2021.			
5.	Directors: (i) Mr. Mohamed Karama retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer himself for re-election.			
	(ii) Ms. Marianne Loner retires at this meeting in accordance with Articles 91 & 92 of the Company's Articles of Association and being eligible, does not offer herself for re-election.			
	(iii) Mr. Kuria Muchiru who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.			
	(iv) Mr. Edouard Schmid who was appointed during the year retires in accordance with Article 114 of the Company's Articles of Association and being eligible, offers himself for re-election.			
6.	In accordance to the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit & Risk Committee be elected to continue to serve as members of the said committee: -			
	(a) Ms. Caroline Kigen (b) Ms. Josephine Ossiya			
7.	Directors' Remuneration: - (a) To approve the Directors' Remuneration Policy as shown in the audited Financial Statements for the year ended 31 December 2021.			
	(b) To approve the Directors' Remuneration Report as shown in the audited Financial Statements for the year ended 31 December 2021 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.			

PROXY FORM (Continued)

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, 6 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 6 June 2022 at 10.00 am.
3. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 7 June 2022 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 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 needs 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 8 June 2022. ☐

Consent for use of the Mobile Number provided

I/WE give my/our consent for the use of the mobile number provided for purposes of voting at the AGM ☐

Signature: .... **Date:** ....

CORPORATE INFORMATION

REGISTERED OFFICE

BRITAM HOLDINGS PLC
Britam Tower
Hospital Road
Upper Hill
P.O Box 30375, 00100 Nairobi, Kenya
Tel: (+254) 020 2833 000/2710 927
Fax: (+254) 020 2717 626
E-mail: info@britam.com
Website (Group): www.britam.com

The Chief Executive Officers (CEOs) and/or Principal Officers for the entities below are the individuals that held office as at the time of approval of these consolidated financial statements.

LOCAL SUBSIDIARIES

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: insurance@britam.com

BRITAM ASSET MANAGERS (KENYA) LIMITED
Principal Officer: Jude Anyiko
E-mail: assetmanagement@britam.com

BRITAM PROPERTIES (KENYA) LIMITED
E-mail: Property@britam.com

BRITAM GENERAL INSURANCE COMPANY (KENYA) LIMITED
CEO/Principal Officer:
Mr. Jackson Theuri
Email: info@britam.com

REGIONAL SUBSIDIARIES

BRITAM INSURANCE COMPANY (UGANDA) LIMITED
CEO/Principal Officer: Mr. Allan S. Mafabi
Plot 24A, Akii-Bua Road, Nakasero
P.O Box 36583, Kampala Uganda
Tel: (+256) 417 702 600
Email: britamug@britam.com

2 Uganda subsidiaries share physical and postal addresses with BRITAM INSURANCE COMPANY (UGANDA) LIMITED as below;

BRITAM ASSET MANAGERS (UGANDA) LIMITED
General Manager: Ronald Kasolo
Email: britamug@britam.com

BRITAM INSURANCE COMPANY LIMITED (SOUTH SUDAN)
CEO/Principal Officer: Mr. John K. Githinji
The Britam Place, Hai Malakal Juba, South Sudan
Tel:(+211) 911 006 001/2
Email: britamss@britam.com

BRITAM INSURANCE COMPANY (RWANDA) LIMITED
CEO/Principal Officer: Andrew Kulayige
Kigali Investment Company, 5th Floor
P.O Box 913, Kigali, Rwanda
Tel: (+250) 252 579 031/2/3
Email: rwanda@britam.com

BRITAM INSURANCE (TANZANIA) LIMITED
CEO/Principal Officer:
Mr. Raymond Komanga
PPF Tower 2nd Floor, Garden/Ohio Street
P. O. Box 75433, Dar es Salaam, Tanzania
Tel: (+255) 22 2138058/ 762
Email: britamtz@britam.com

BRITAM INSURANCE COMPANY LIMITED (MALAWI)
CEO/Principal Officer:
Mr. Grant Mwenechanya
Delamere House, Victoria Avenue,
P.O. Box 442, Blantyre, Malawi
Tel: (+265) 01 824 044/ 08 81893856/ 09 9146 1230
Email: britammw@britam.com

BRITAM COMPANHIA DE SEGUROS DE MOÇAMBIQUE, SA
CEO/Principal Officer:
Mr. Martin Mandivenga
Av Marginal No 4067 R/C Caixa
Postal 3681,Maputo Mozambique
Tel: (+258) 21 492840/8/9
Email: britammz@britam.com

LOCALLY RELATED PARTIES

HF GROUP PLC
Rehani House
Kenyatta Avenue/Koinange Street
Nairobi Kenya
Tel: (+254) 020 3262000
Email: info@hfgroup.co.ke

EQUITY GROUP HOLDINGS PLC
Equity Centre
Upper Hill - Hospital Road
Nairobi Kenya
Tel: (+254) 020 2262000,
Email: info@equitybank.co.ke

SHARE REGISTRAR
Image Registrars Limited
Absa Plaza, 5th Floor
Loita Street
P.O Box 9287-00100, Nairobi
Tel: (+254) 020 2230330
Email: info@image.co.ke

AUDITOR
PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road
P O Box 43963 – 00100 Nairobi, Kenya
Nairobi, Kenya
T: +254 (20)285 5000
F: +254 (20)285 5001

SECRETARY
Winnie Nyagoha Jumba
Bowmans (previously Coulson Harney Advocates)
5th Floor
ICEA Lion Centre, West Wing
Riverside Park

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

Celebrating 15 years of Excellence

Winning the Association of Kenya Insurers (AKI) Awards, **Life Company of the Year Award** for 15 years in a row, is not only a win for Britam but for our clients. A demonstration of the trust they have for the Britam brand.

Head Office: Britam Tower, Hospital Rd, Upper Hill

Tel: (254-20) 2833000, (254-703) 094 000 | Email: info@britam.com

KENYA | UGANDA | TANZANIA | RWANDA
SOUTH SUDAN | MOZAMBIQUE | MALAWI

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