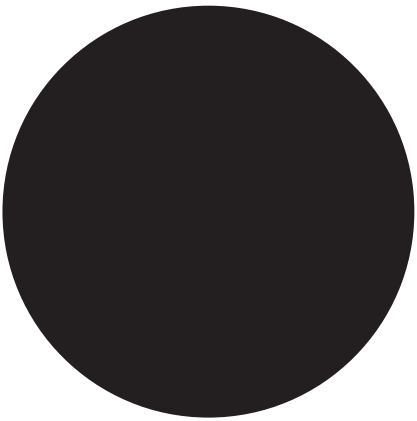


UAP



UAP HOLDINGS PLC





 UAP

**PLAN, GROW  
AND PROTECT  
WHAT YOU  
VALUE**

**OLDMUTUAL**



**ANNUAL REPORT &  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**

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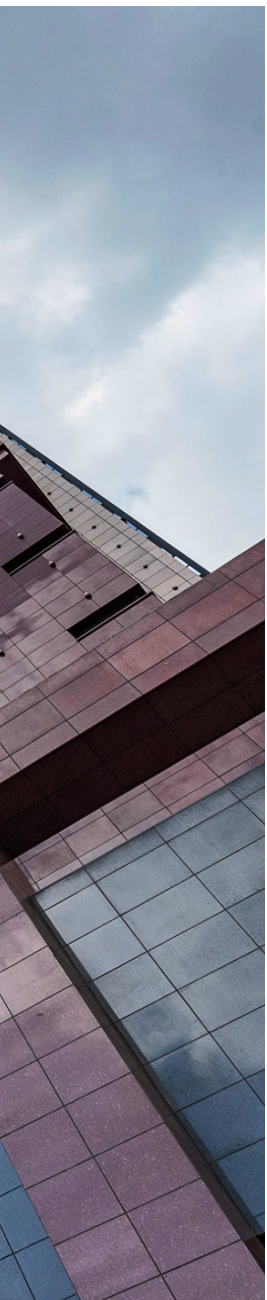
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*PROTECT  
THOSE YOU LOVE  
AND WHAT YOU HAVE  
WORKED HARD FOR.*





**OLD  
MUTUAL  
LIMITED  
AFRICA**

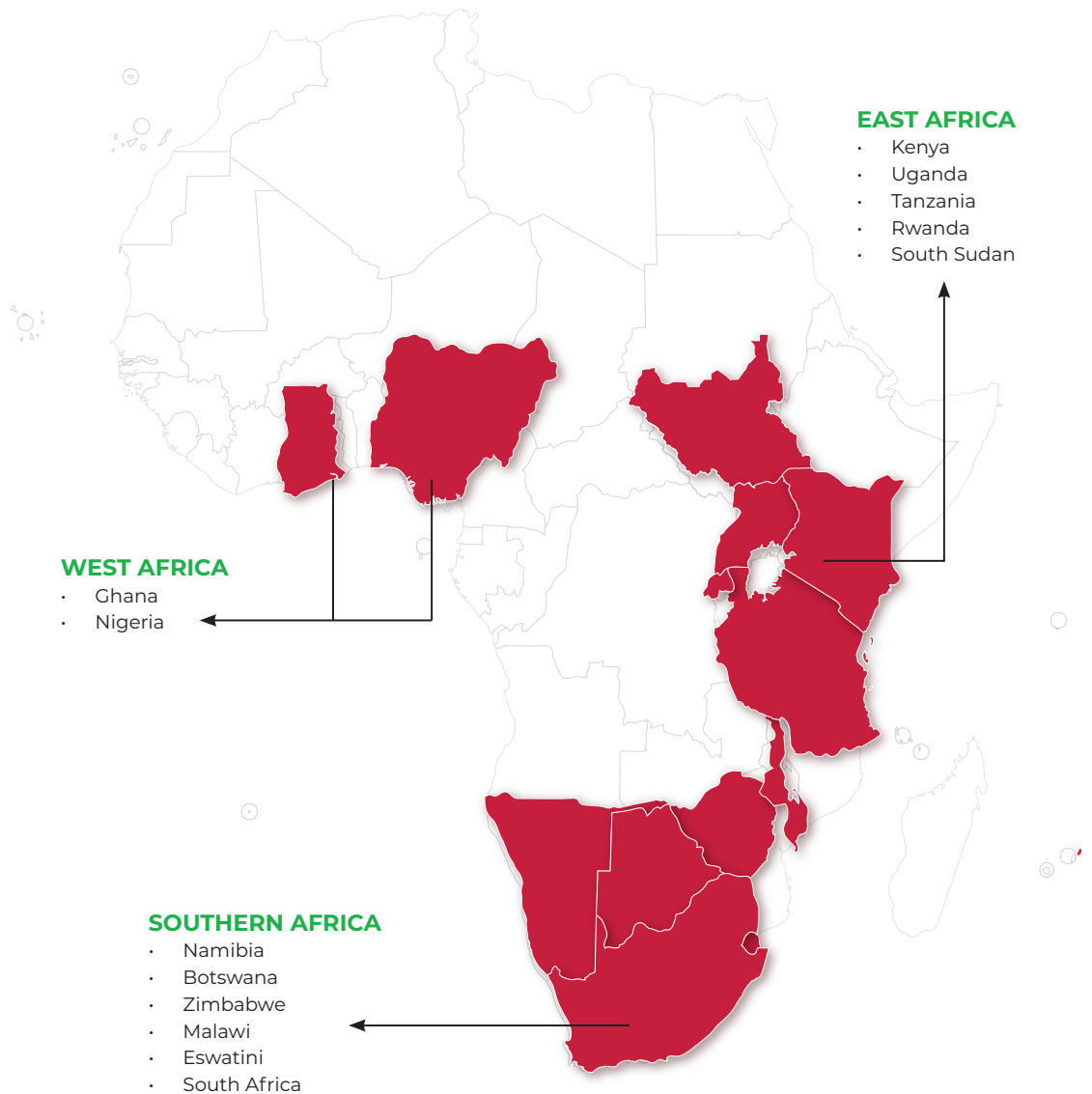
## WHO WE ARE

Old Mutual was established in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

Today, the Group has grown into a premium pan-African financial services Group that offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in **13 countries**, with **listings on five stock exchanges**.

We now employ about **30,000 people** in our primary operations in South Africa and the Rest of Africa, and a niche business in China.

- ◇ Africa (South Africa, Namibia, Botswana, Zimbabwe, Kenya, Malawi, Tanzania, Nigeria, Ghana, Uganda, Rwanda, South Sudan and eSwatini)
- ◇ Asia (China)





OUR  
PURPOSE,  
VISION &  
VALUES



### Our purpose

Transforming lives and enabling financial goals by keeping our promises



### Our vision

To be our customers' most trusted lifetime partner, passionate about helping them achieve their financial goals.



## UAP OLD MUTUAL GROUP EAST AFRICA

The UAP Old Mutual Group comprises Faulu Microfinance Bank, UAP Holdings Plc and its subsidiaries and the Asset Management Group of Companies, forming one of the largest financial services groups with a growing footprint in East Africa. The Group was formed in 2015 after Old Mutual acquired a controlling stake in Faulu Microfinance Bank in 2014 and UAP Holdings in 2015.

The Group pursues an integrated financial services model that avails to customers a comprehensive range of financial solutions which include Investment, Insurance, Banking and Savings, through a wide and more accessible distribution network.

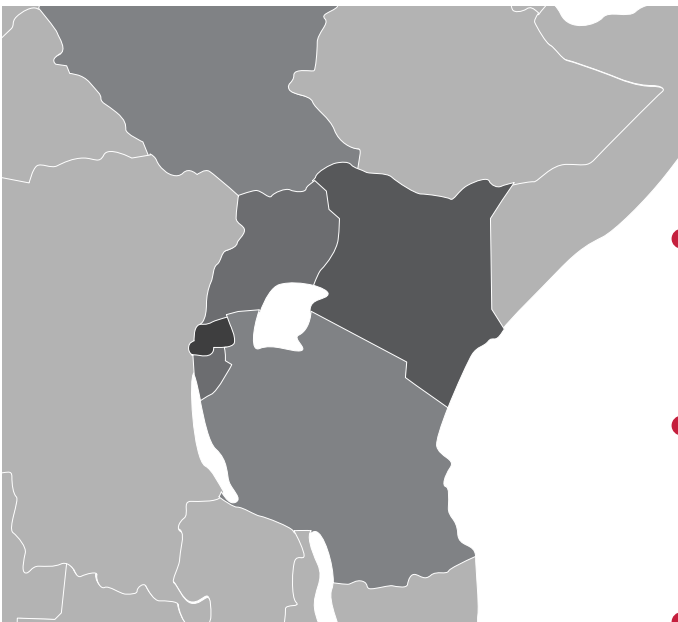
The UAP Old Mutual Group is part of Old Mutual Limited (OML). As part of OML, UAP Old Mutual is able to leverage technology, technical expertise and to offer broad career growth prospects for its employees.

Our customers can now be assured of holistic solutions and unrivalled convenience to enable them realise their dreams.

**ARTHUR OGINGA**  
GROUP CEO, UAP OLD  
MUTUAL GROUP

## UAP HOLDINGS LIMITED EAST AFRICA

UAP Holdings is an East African financial services group offering insurance, investment management, 100% property development & investments, security brokerage and financial advisory. Currently, UAP Holdings has 11 businesses operating in Kenya, Uganda, South Sudan, Rwanda and Tanzania.



# 11

**BUSINESS**

# 5

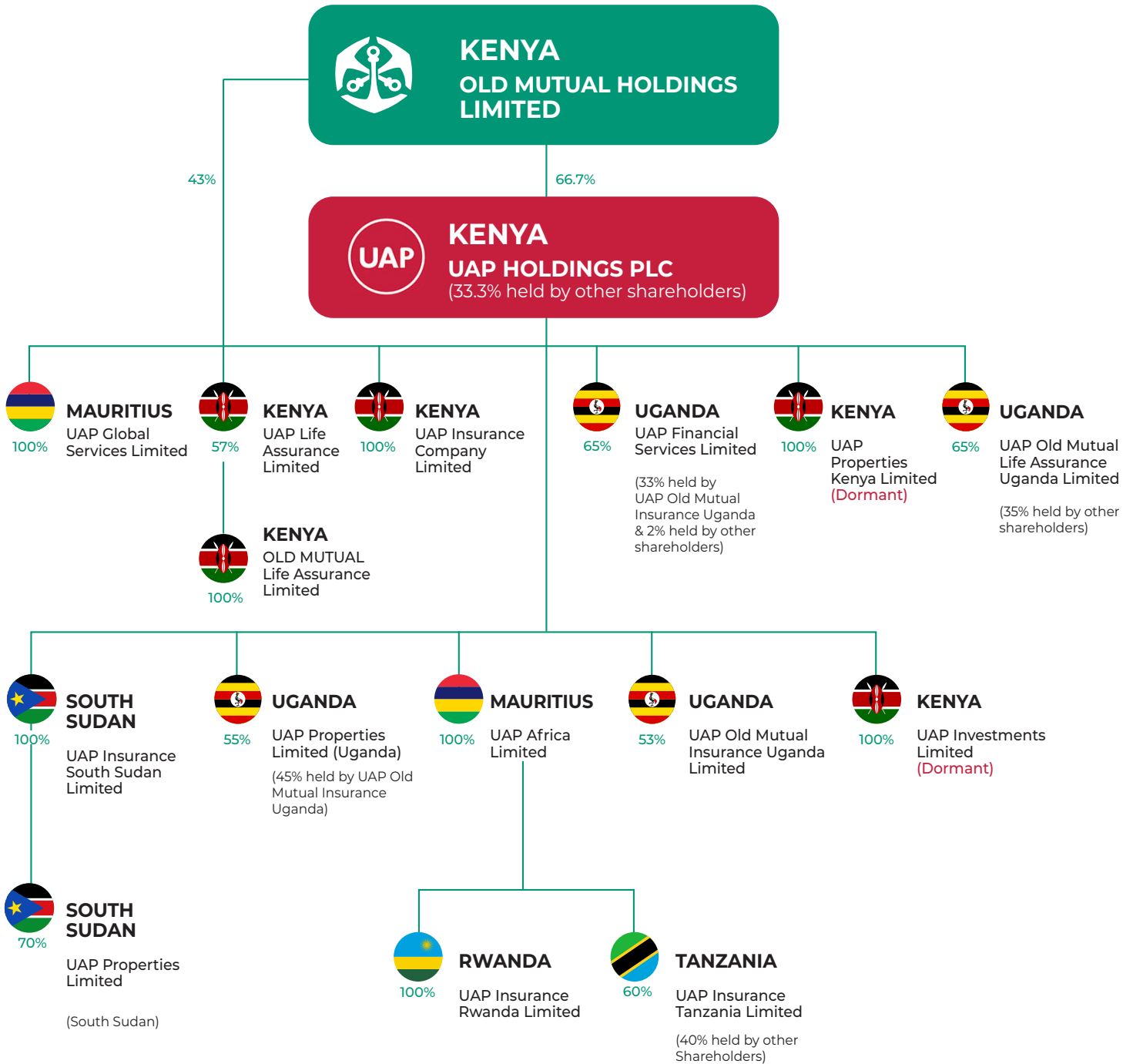
**COUNTRIES**

- INSURANCE
- INVESTMENT MANAGEMENT
- PROPERTY DEVELOPMENT
- SECURITIES BROKERAGE
- FINANCIAL ADVISORY

## UAP HOLDINGS PLC EAST AFRICA

UAP Holdings is an East African financial services group which comprises seven subsidiaries that underwrite life and non-life insurance risks in Kenya, Uganda, Tanzania, South Sudan and Rwanda, a stock brokering company in Uganda and two property companies in Uganda and South Sudan.

### ORGANISATIONAL STRUCTURE



## OLD MUTUAL LIMITED AT A GLANCE

OLD MUTUAL IS AN AFRICAN FOCUSED INVESTMENT,  
SAVINGS, INSURANCE & BANKING GROUP.

Old Mutual began in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times. Today, more than 175 years, Old Mutual Limited offers a broad spectrum of financial solutions to retail and corporate customers across key markets in 14 countries; serving a combined 11.3 million customers.

Old Mutual's customers are at the heart of everything it does. The success of the Company is as a result of the continued support and trust of its customers. Old Mutual aims to be the customers most trusted financial partner helping them achieve their lifetime financial goals while investing their funds in ways that will secure a positive future for themselves and their families.



**12.1M**  
CUSTOMERS



**14**  
COUNTRIES



**R1,3 TR**  
FUNDS UNDER MANAGEMENT

Old Mutual Limited (OML) is now anchored in Africa. With the listing on the **Johannesburg** stock exchange and cross-listing on exchanges in **Malawi, Namibia** and **Zimbabwe**, OML is now an African business focused on serving customers across the continent.



# OUR STRATEGY

## STRONG FOUNDATION

Our refreshed strategy builds on a strong foundation of serving customers for more than 175 years, our trusted brand and enviable distribution scale. We considered the environment that we operate in, changing customer needs driven by technology, fierce competition and sustainability in order to stay relevant to all stakeholders in the longer term. Our strategy is deliberate in building on our foundation by aggressively driving brand differentiation, providing solutions that meet changing customer needs and enabling a seamless transition between face to face and digital journeys. We draw on our talented and engaged employees to achieve these aspirations. We remain mindful of our responsibility to society and the important role we play in ensuring positive futures for our customers and communities.



Strong financial base



Trusted brand



We will make it evident that **UAP Old Mutual Cares** through solutions and actions that support customers, their families, and communities



We will aim to be **Always present first** by ensuring that propositions and advice are available to customers when and how they need them, and through our brand that is always top of mind

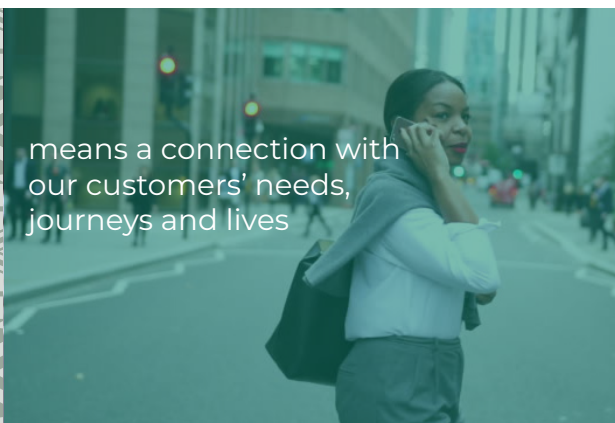


We will build **Rewarding digital engagement** through considerate and effective use of advice and customer data

*a truly*  
**Mutual strategy**

means a connection with our customers' needs, journeys and lives

*a truly*  
**Mutual strategy**





**Enviably  
distribution  
force**



**3,298  
committed  
employees across  
East Africa**



**Meaningful  
contributor to the  
green economy**



**Agile and  
resilient**



**Driving  
transformation**



Our high performing **Engaged employees** will make meaningful contributions to achieve our purpose, vision and values



We will deliver **Solutions that lead** in service and performance, for insurance, investments and supporting banking needs

*a truly*  
**Mutual  
strategy**

**WHY DO WE EXIST?**

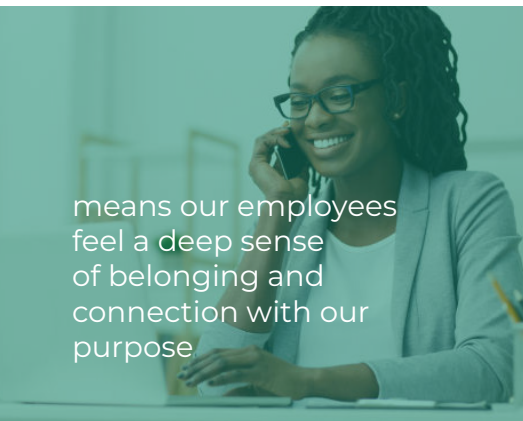
Our purpose is to Transform lives and enable financial goals by keeping our promises

**WHERE DO WE WANT TO BE?**

Our vision is to be our customers' 1st choice to sustain, grow and protect their prosperity

**WHAT WE WILL ACHIEVE**

We believe that delivery on the CARES pillars will enable us to be our customers' 1st CHOICE and responsibly build the MOST VALUABLE BUSINESS in our industry



# STRATEGY PILLARS

## UAP Old Mutual CARES



- We demonstrate “care” by executing our Responsible Business framework through our seven focus areas, to deliver shared value and make a positive impact to all of our stakeholders. Our focus areas are: Responsible Investing, Environmental Impact, Financial Education and Inclusion, Education, Skills Development, Diversity and Inclusion and Entrepreneurship.
- To drive financial inclusion and support customers through financial education, we offer them accessible and affordable solutions.

## ALWAYS PRESENT FIRST



- We will maintain our dominance across our physical channels. We plan on translating our success in these channels with digital solutions that provide a seamless and integrated customer experience across all touch points. Enhancing our physical reach with a digital presence will help us to be “always present”.
- This will be supported by a strong brand presence so that when customers think of financial services, they think of us first.

### OUR OBJECTIVE

- To be known as a financial services provider that truly cares for its stakeholders and delivers shared value on the continent.

- To establish brand preference on the African continent through increased depth and scale of face to face and digital distribution. This will enable us to establish and maintain a leading market share.

**REWARDING** DIGITAL  
ENGAGEMENT



- We will convert our understanding of our customers' goals and circumstances to provide personalised, regular and meaningful engagement.
- At the centre of this intent is 'MyOldMutual', a pan-African digital platform that aims to deliver a seamless and integrated customer experience across our full suite of capabilities. This includes financial advice, financial education, rewards, data driven nudges and a full suite of modular products. This will enable us to offer customers the right solutions at the right time, enabling them to reach their financial goals.

- To deliver a meaningful and personalised customer experience, that is integrated across digital and face to face mediums through the MyOldMutual platform.
- To deliver a meaningful and personalised customer experience, that is integrated across digital and face to face mediums through the MyOldMutual platform.

**ENGAGED**  
EMPLOYEES



- We want all our employees to connect with, and be fully aligned to our purpose, vision and strategy. By creating an environment where employees find a deep sense of connection and meaning in our purpose, we can ensure that they will be passionate about delivering meaningful customer experiences at every point of the customer journey.
- We are also driving the requisite culture shifts to create an agile and execution-focused organisation.

- Building a compelling employee value proposition that attracts and retains key talent. Creating an engaged workforce that embraces new ways of working to deliver on strategic initiatives and always puts our customers first.

**SOLUTIONS THAT**  
LEAD



- For solutions where we are already competitive and market leading, we will focus on enhancing their flexibility and ease of use. We will continuously improve solutions and launch innovative and refreshed propositions.
- In this way, customers will be able to meet all their primary financial services needs with us with easy access.

- The delivery of new retail product propositions that will differentiate our protection, savings and income solutions. These propositions will enable key shifts that our customers require including customised solutions and the best advice delivered through a seamless experience.

**PROTECT**  
THOSE YOU  
LOVE.



DOING GREAT THINGS EVERYDAY



## BOARD OF DIRECTORS

02

03

04

05

06

07

08

01 Vincent Rague

02 Michael Harper

03 James Muguiyi

04 Clement Chinaka

05 Robert Mbugua

06 Maria Shipiri

07 Susan Omanga

08 Shailesh Devchand

09 Arthur Oginga

10 George Maina

11 Nannette Miingi

12 Richard Treagus

13 Joseph Wanjui Jr

14 Dr. Catherine Adeya





**Vincent Rague**  
**Chairman**

MBA, Darden Business School University of Virginia BA (Hons) Economics, Statistics and Government, The University of Nairobi

Date of Birth: 5 April 1953

**Date of appointment to the Board:**

1 June 2018

**Experience:**

Vincent is a co-founder of Catalyst Principal Partners, a Nairobi based private equity fund Manager. He has over 25 years' experience in investments, banking corporate finance and policy advisory work having worked at the National Treasury, the International Finance Corporation (IFC) and the World Bank. He also serves as a non-executive director and chairman on several corporate boards including Chairman of FSD Africa and JamboJet.

His other directorships include, FSD Africa, Jambo Jet and Nairobi International Financial Centre.



**Michael Harper**  
**Deputy Chairman**

MBA, University of Cape Town, Certified Financial Planner, University of Free State, Bsc. Actuarial Science major, University of Cape Town, Advanced Management Program, Harvard Business School

Date of Birth: 29 December 1955

**Date of appointment to the Board:**

29 June 2015

**Experience:**

Mike has previously served on the Boards of Old Mutual Unit Trust, Old Mutual Investment Group, Old Mutual International and Old Mutual Africa Holdings.

Over the years, Mike has served in several executive positions including Strategy Director for Old Mutual Emerging Markets, leading strategic work across Asia, Latin America, South Africa and Africa markets. He also served as Distribution Executive on the OM Group Long Term Savings executive in London.

Having worked in the Old Mutual Group since 1979, Mike was appointed chairman of Old Mutual Insure (formerly, Mutual & Federal) in May 2012 and retired from that role in July 2018. Mike is currently Chairman of MTN SA, South Africa's second largest mobile network operator, having been appointed to that Board in July 2016.

He chairs the Committee for Customer Affairs and the Remuneration, Nominations and Corporate Governance Committee.

His other directorships include MTN SA (PTY) Limited



**James Muguiyi**

**Non-Executive Director**

Fellow of the Institute of Certified Public Accountants of Kenya (FCPA (K))

Date of Birth: 19 September 1943

**Date of appointment to the board:**

8 November 2007

**Experience:**

James was the Deputy Managing Director at UAP Insurance between 1988 and 2001. During this time, he oversaw the merger of Provincial Insurance with Union Insurance to form UAP Provisional Insurance in 1994. He later rose to serve as Group Managing Director for the UAP Group where he retired in 2012.

During this period, he oversaw the growth of the Group's business in Kenya, and the expansion into neighboring countries including Uganda in 2004 and South Sudan in 2006.

James further, oversaw the demerger of the Life Assurance Business from General Insurance Business in Kenya.

In 2008, under Mr. Muguiyi's leadership, UAP Holdings was formed as the holding company for all the UAP subsidiaries and subsequently listed on the Over-The-Counter market at the Nairobi Securities Exchange. This allowed the company to attract private equity funds to invest in the company as well as open it up to a wider range of local and foreign investors. He has also been instrumental in conceptualizing the various property developments in the Group's portfolio with UAP Old Mutual Tower being one of the major installations completed under his stewardship.

He chairs UAP South Sudan Board and sits on the Uganda Insurance and Properties Board as a Director.

His other directorships include Aimsoft Kenya Limited.



**George Maina**

**Non-Executive Director**

B.Tech (Hons) Aeronautical Engineering and Design, Loughborough University of Technology, United Kingdom

Date of Birth: 26 May 1952

**Date of appointment to the Board:**

5 May 2017

**Experience:**

George has been in the corporate world in senior positions for over 30 years. He worked for a major global oil company at senior levels in Kenya, Caribbean and Central America, West Africa and East Africa including at Africa level.

Through this experience, and in other organisations he has been involved in, he has gained expertise in leadership, strategy development and implementation, governance, organization development/re-engineering and capacity building, change management, risk management, finance and investment management, mergers, acquisitions and exits, HR, sales and marketing, citizenship and stakeholder management, as well as investment banking.

He joined the Board as a non-executive director in May, 2017 through Faulu Microfinance Bank where he serves as the Chairman. He was instrumental in leading the restructuring and divestiture of the bank. He is currently the Chair of the Risk and Compliance Committee and the Governance, remuneration and Nominations Committee.

George has held directorships in various blue chip companies. He is currently a director and trustee of various companies/organisations in the financial service sector, sales and marketing, education, health and conservation among others.

His other directorships include Chairman-Faulu Microfinance Bank Board, AIB-AXYS, Cropwell Commodities, Getrude Children Hospital, Starehe Boys Centre and Micsha Capital Limited.



**Robert Mbugua**  
**Independent Non-Executive Director**

MBA Bond University Graduate School of Business

Date of Birth: 7 July 1967

**Date of appointment to the Board:**

1 July 2017

**Experience:**

Robert started his career at PricewaterhouseCoopers (PwC) in Kenya in 1989 and rose through the ranks. In June 2001, he was admitted to the position of Partner in the Johannesburg office of PwC where he served until the year 2003.

Robert joined Standard Bank's Africa business in 2003 and during his eight year tenure with the bank, served in various Executive director positions including Regional Managing Director responsible for a number of African countries.

Robert is the founding Chief Executive Officer of Co-op Bank Fleet Africa Leasing Limited and chairs the Board of BOC Gases Plc.

He is a qualified accountant and a member of the Institute of Certified Public Accountants Kenya (ICPAK). He chairs the Board Audit Committee.

His other directorships include BOC Holdings Limited and Co-op bank Fleet Africa.



**Susan Omanga**  
**Independent Non-Executive Director**

Bachelor of science in Business Management with minor in Advertising, Rocky Mountain College, Montana, Associate of Business Management, North West Community College, USA

Date of Birth: 13 January 1960

**Date of appointment to the Board:**

19 August 2015

**Experience:**

Susan is the CEO and founder of Exclamation Marketing Ltd. She previously served in senior marketing positions at Colgate Palmolive, Boots Kenya, ABSA PLC (formerly Barclays Bank), and Standard Chartered. From 2004 -2012 she served as a non-executive Director in the Group Board of KCB where she was also the Chairman of KCB Foundation, Director S&L Mortgages for 2 years, and Director KCB Uganda for 4 years.

Susan sits on the Boards of UBA and Kenya Tea Packers Limited (KETEPA). She is also an advisory board Member at Acumen East Africa, and a member of the Board of Trustees at The President's Award. She has membership at the Marketing Society of Kenya, the Public Relations Society of Kenya (PRSK) and the International Advertising Association (IAA). Susan is the Honorary Consul for Jamaica in the Republic of Kenya.

She chairs the Project Saffron Ad Hoc Independent Committee and the UAP Old Mutual Foundation.

Her other directorships include UBA Kenya, KETEPA and Presidential Awards.



**Dr Catherine Adeya**  
**Independent non-Executive Director**

Doctor of Philosophy in Information and Development and a Master of Philosophy in Electronic Publishing and Information Development from Edinburgh Napier University, Scotland, United Kingdom

Date of Birth: 16 November 1968

**Date of appointment to the Board:**

10 December 2020

**Experience:**

Catherine is a results-driven and seasoned Information Scientist with over 20 years' experience in multidisciplinary global environments, both in the public and private sector.

She is an expert in bilateral and multilateral agency operations with consolidated expertise and excellent skills in research, project planning and execution, finance management and policy development. She is a strategic thinker with vast global exposure in the UK, the Netherlands, USA and sub-Saharan Africa.

She has held senior roles in global organizations currently as the Director of Research at the World Wide Web Foundation, USA (based in Kenya). She has worked at the United Nations University/Institute of New Technologies in the Netherlands; as a Director at the Ministry of Information Communications and Technology in Kenya; and was the founder CEO of Konza Technology City. Her experience in Information Sciences also includes senior consultant at @iLabAfrica, and a chairperson of the Kenya Government Taskforce on the Migration from Analogue to Digital Broadcasting.

Her other directorships include: Standard Chartered Bank Kenya Limited, Adrian Kenya Limited, East Africa Educational Publishers.



**Maria Shipiri**  
**Independent non-Executive Director**

Masters, Coaching and Consulting for Change, HEC Paris/Oxford university, Bachelor of Education, Kenyatta University, member of the institute of Human Resource Management, Kenya.

Date of Birth: 29 March 1972

**Date of appointment:**

19 May 2020

**Experience:**

Maria is a global Human Resources professional with over 20 years of experience across telecommunications, banking, pharmaceuticals, FMCGs and the development sectors.

She has held senior roles in global organizations, currently as Consultant Organization Design & Change at the Mastercard Foundation, and most recently Chief People & Culture Officer at Living Goods and Head of Organizational Effectiveness for the African Development Bank in Cote d'Ivoire. Her experience in telecommunications includes Director, HR for Vodafone's entity in Kenya (Safaricom) and Head of HR for Vodafone Group's Enterprise function in the UK.

Her other directorships include: Octagon Africa Financial Services Limited and Living Goods Limited.



**Richard Treagus**  
**Non-Executive Director**

Bachelor of Science (Actuarial) from the University of Cape Town and is a Fellow of the Institute of Actuaries

Date of Birth: 18 November 1965

**Date of appointment to the Board:**

13 November 2019

**Experience:**

Richard joined the Old Mutual Group in 1989 and has served the Old Mutual business in many different roles. He worked in Product Development as a junior actuary followed by a short secondment to a Reinsurance company in the United Kingdom. Since then, he has held positions in Old Mutual as: Finance Actuary for the Individual Life Division, Group Assurance Executive, General Manager of Product Development and General Manager of Savings Solutions.

He is the Chief Risk Officer of Old Mutual Limited and Old Mutual Life Assurance Company (South Africa).

His other directorships include Old Mutual Transactions Services (pty) Ltd



**Shailesh Devchand**  
**Non-Executive Director**

Bachelor of Science Degree majoring in Actuarial Science and Mathematical Statistics from the University of Witwatersrand and qualified as a Fellow of the Institute of Actuaries in 1998

Date of Birth: 15 February 1972

**Date of appointment to the Board:**

13 November 2019

**Experience:**

Shailesh has over 25 years' working experience in the insurance and financial services sector where he gained a wealth of experience in the general and life insurance segments, covering distribution channel development, product development, mergers and acquisitions and strategy implementation amongst many others.

He has served in various leadership capacities including Director of Asian Markets and Director of Strategic Partnerships at Old Mutual as well as having served as Non-Executive Director on several joint venture subsidiaries. He currently serves as the Customer Solutions General Manager: Income and Guaranteed Solutions at Old Mutual.

His other directorships include Old Mutual Real Estate Holdings Company.



**Mr. Clement Chinaka**  
**Non-Executive Director**

Bachelor of Science (Computer Science and Statistics) degree from the University of Zimbabwe

Date of Birth: 8 March 1970

**Date of appointment to the Board:**

3 March 2020

**Experience:**

Clement currently serves as the Old Mutual Managing Director – Rest of Africa operations having joined the Old Mutual Group in 1992.

He has worked for the Group for the last 28 years in various roles including Head of Corporate Segment at Old Mutual South Africa, Chief Actuary and General Manager of Actuarial at Old Mutual Life Assurance Company of Zimbabwe, Head of Channel Finance and Strategy Executive for OMLACSA's Retail Affluent segment, head of Emerging Markets Group Planning and Business Insights at Group Finance and General Manager of Finance and Strategy of Old Mutual Corporate.

Clement sits on the Old Mutual Namibia, Zimbabwe and Old Mutual Africa Holdings Boards.



**Joe Wanjui Jr.**  
**Non-Executive Director**

Bachelor of Science in Business Administration and a Master of Business Administration in Finance and Marketing both from Duquesne University, Pittsburgh, Pennsylvania

Date of Birth: 16 October 1975

**Date of appointment to the Board:**

27 August 2021

**Experience:**

Joseph has over 15 years' experience in banking and investments having previously worked at Citibank South Africa as a senior relationship manager, corporate banking and prior to that- Stanbic Limited in both Kenya and Tanzania.

He is currently the General Manager - Real Estate and Investments at Bawan Limited.

His other directorship includes Bawan Limited.



**Arthur Oginga**  
**Group Chief Executive Officer**

Bachelor of Arts Degree (Economics and Sociology) from the University of Nairobi and is a member of the Institute of Certified Public Accountants Kenya (ICPAK) and Institute of Certified Public Accountants Uganda (ICPAU)

Date of Birth: 20 February 1970

**Date of appointment to the board:**

1 May 2020

**Experience:**

Arthur has over 25 years' experience in executive and leadership positions including serving as the Group Chief Operations Officer and Group Chief Financial Officer, for the Old Mutual Rest of Africa business and the Acting Group Chief Financial Officer for the UAP Old Mutual Group. He has also served in various senior leadership positions within the financial services sector across Africa.

His other directorships include various UAP Old Mutual Group subsidiaries and Faulu Microfinance Bank.

## BOARD OF DIRECTORS PROFILES





**Nannette Wangari Miingi**  
**Company Secretary**

Bachelor of Laws (LL.B) from the University of Nairobi. Member in good standing of the Law Society of Kenya (LSK) and Institute of Certified Secretaries (ICS) as well as an accredited Governance Auditor.

Date of Birth: 18 March 1983

**Date of appointment to the Board:**

1 September 2021

**Experience:**

Nannette is an advocate of the High Court of Kenya with over thirteen (13) years of experience within the legal and governance field. She joined the UAP Old Mutual Group in 2013 in the Group Risk and Compliance function before joining the legal team in 2015 as a Regional Legal Counsel where she has been involved in noteworthy transactions and projects.

Prior to joining the UAP Old Mutual Group, she worked at KPMG East Africa as a Senior Advisor, Quality & Risk Management where she was involved in the implementation of the Firm's risk management framework within East Africa.

Her other directorships include Beyond Focus Limited.



# UAP OLD MUTUAL SUBSIDIARIES' DIRECTORS



**Michael Sallu**  
Chairman, UAP Insurance Kenya  
UAP Insurance Rwanda and  
Tanzania



**Betty Ann Mboche**  
UAP Insurance



**Lotfi Baccouche**  
UAP Insurance



**Dr. Jaine Mwai**  
UAP Insurance



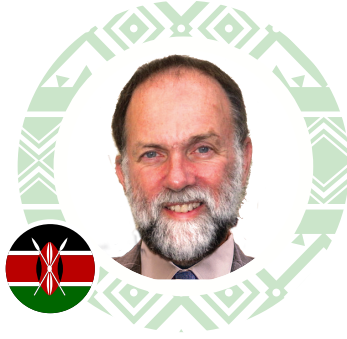
**Susan Kasinga**  
UAP Insurance



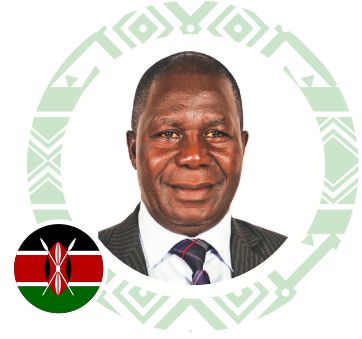
**David Kuria**  
UAP Insurance



**Andrew Waititu**  
UAP Insurance



**Gary Voss**  
UAP Life Assurance  
Chairman



**Prof. Patrick Weke**  
UAP Life Assurance



**Hannah - Gitonga Mwangi**  
UAP Life Assurance



**Kosmas Egumbo**  
UAP Life Assurance



**Joseph Lesiew**  
UAP Life Assurance



**Kamau Kuria**  
UAP Life Assurance and  
UAP Old Mutual Life  
Assurance Uganda



**James Muguiyi**  
South Sudan,  
Director, UAP Old Mutual  
Insurance Uganda and UAP  
Properties Uganda



**Prof. Scopas Dima**  
UAP Properties Chairman  
and UAP Insurance Director



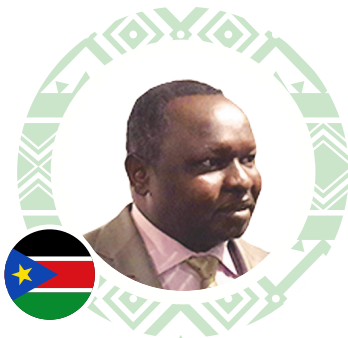
**Philip Coulson**  
UAP Insurance



**Jeff Aludo**  
UAP Insurance South Sudan  
and UAP Insurance Rwanda



**Peter Kimurwa**  
UAP Insurance



**Balla Nyerere**  
UAP Properties



**John Lako**  
UAP Properties



**Wainaina Kenyanjui**  
UAP Insurance,  
South Sudan

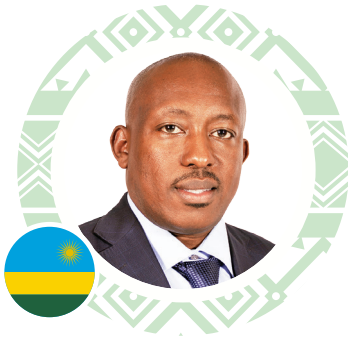


**Assad Abdullatiff**  
UAP Mauritius  
Chairman



**Jean - Claude Permal**  
UAP Mauritius

# UAP OLD MUTUAL SUBSIDIARIES' DIRECTORS



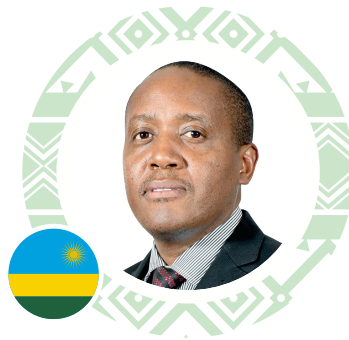
**Richard Mugisha**  
UAP Insurance  
Chairman



**Evangelina Soni  
Kayinamura**  
UAP Insurance



**John Bosco Birungi**  
UAP Insurance



**Dr. Isaac Nzyoka**  
UAP Insurance



**Herbert Kwizera**  
UAP Insurance



**Moses Obonyo**  
UAP Insurance  
Chairman



**Moses Kaluwa**  
UAP Insurance



**William Asiko**  
UAP Insurance



**Joseph Werema**  
UAP Insurance



**Zawadia Nanyaro**  
UAP Insurance



**Jeremy Ngunze**  
UAP Financial Services



**Andrew Kasirye**  
UAP Old Mutual Insurance  
and UAP Properties



**Suzanne Batwala**  
UAP Old Mutual  
Insurance



**Dr. George Mutema**  
UAP Old Mutual Insurance  
and UAP Properties Uganda



**Hon. Tim Lwanga**  
UAP Old Mutual Insurance



**Joseph Kitimarike**  
UAP Old Mutual Insurance



**Stephen Chikovore**  
UAP Old Mutual Insurance



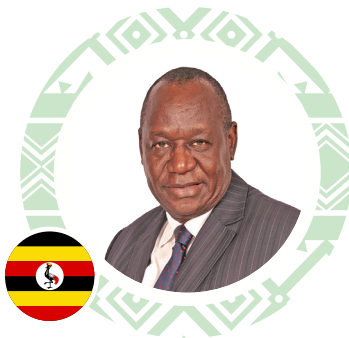
**Sophie Nkuutu**  
UAP Old Mutual Life  
Assurance Chairman



**Prof. Sam Sejjaaka**  
UAP Financial Services  
Chairman and Director  
UAP Old Mutual Life Assurance



**Jerim Otieno**  
UAP Old Mutual Life  
Assurance



**Dr. William Kalema**  
UAP Old Mutual Life Assurance  
and Director UAP Properties



**Mathias Katamba**  
UAP Old Mutual  
Insurance

**UAP OLD MUTUAL  
SUBSIDIARIES' DIRECTORS**

**Subsidiaries Directors (Continued)**



**Robert Kabushenga**  
UAP Old MutualL LIFE  
Uganda Limited



**Constant Othieno Mayende**  
UAP Old MutualL LIFE  
Uganda Limited



**Kenneth Kitariko**  
UAP Old MutualL LIFE  
Uganda Limited



**Marion Adengo Muyobo**  
UAPOM Insurance  
Uganda Limited



**Olive Birungi Lumonya**  
UAPOM Insurance  
Uganda Limited



**Rita Mitala Balaka**  
UAPOM Insurance  
Uganda Limited

**Executive Management at the UAP Holdings PLC Board**



**Arthur Oginga**  
Group Chief Executive  
Officer



**Nannette Miingi**  
Group Company Secretary  
& Legal Counsel



**Isaac Nzyoka**  
Group Chief  
Operations Officer



**Nkirote Mworja Njiru**  
Group Huma Capital  
Executive



**Arnold Dippenaar**  
Group Chief Financial  
Officer

**UAP OLD MUTUAL  
EAST AFRICA LEADERSHIP TEAM**

**East Africa Leadership Team Members**



**David Kuria**  
Managing Director  
UAP Insurance Kenya



**Jerim Otieno**  
Group Managing Director  
Life Assurance



**Anthony Mwithiga**  
Group Managing  
Director Asset Management



**Apollo Njoroge**  
Managing Director  
Faulu Microfinance Bank



**Japheth Omare**  
Managing Director  
UAP Insurance  
South Sudan



**Stephen Chikovore**  
Managing Director  
UAP Old Mutual Insurance  
Uganda



**Annie Nibishaka**  
Managing Director  
UAP Insurance  
Rwanda



**Donald Muthe**  
Managing Director  
UAP Insurance Tanzania



**Simon Mwebaze**  
Managing Director  
UAP Financial Services Uganda



**Tony Mudoola**  
Acting Managing Director  
UAP Old Mutual Life  
Assurance Uganda

GROUP  
**OVERVIEW**





**PLAN**  
FOR  
TOMORROW,  
TODAY



CHAIRMAN'S STATEMENT

The World Bank's  
Global Economic  
Prospects **2021**  
estimates a recovery  
in growth of **5.5%**.

VINCENT RAGUE

**Dear Shareholder,**

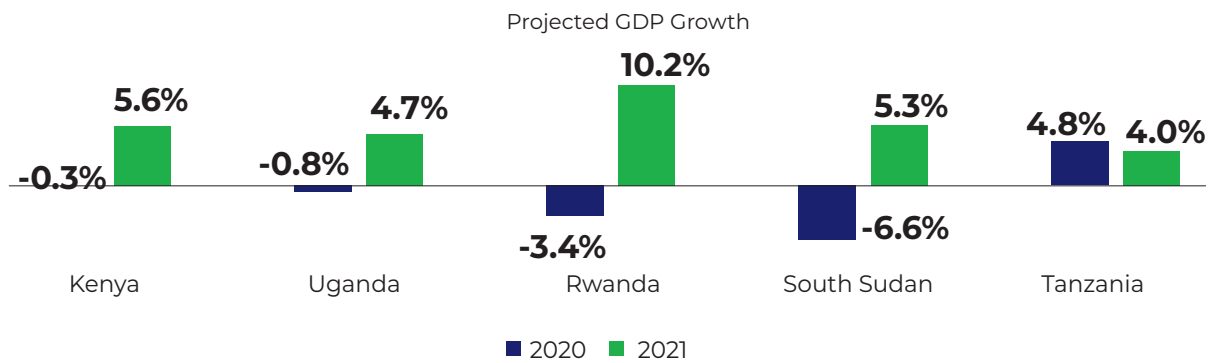
I hereby present our annual report and financial statements for the year ended 31 December 2021.

2021 was the second year of the COVID-19 pandemic and the negative impacts to the economy and ways of life continued to be challenging. Despite the challenges two years on from the start of the pandemic the region has, to a good extent, adjusted to the new normal. Economic activity is recovering supported by easing of restrictions supported by the increasing availability of vaccinations. While the virus is no longer an all-consuming issue, there remains uncertainty, amplified by various countries witnessing new strains of COVID-19. We however remain cautiously optimistic of an improving operating environment while supporting the management of the pandemic by continuing to adhere to the guidelines provided by the various governments.

**Macroeconomic environment****Global Economy**

The World Banks' Global Economic Prospects 2021 estimates a recovery in growth of 5.5%. The growth will be dependent on accelerated growth in global trade, a continued effort of accommodative monetary policies, and the recovering of commodity prices. This contrasts with the contraction witnessed in 2020, estimated at -3.4%, which was to an extent mitigated by Governments' adoption of accommodative monetary policies such as lowering interest rates and providing stimulus packages.

In relation to the East Africa region the table below illustrates the latest economic forecasts from the International Monetary Fund ("IMF"). The East African economies in the countries we operate rebounded in 2021 across the board. The specific drivers are outlined further below.



### Kenya

The Kenyan economy is projected to recover in 2021 with growth estimates of 5.6% compared to minimal growth in 2020. Reported GDP growth in Q1 2021, Q2 2021 and Q3 2021 was at 0.7%, 10.1% and 9.9% respectively pointing to a recovery from 2020. According to the IMF, the estimated GDP growth of 5.6% in 2021 was among one of the fastest recoveries among Sub-Saharan African countries. The recovery was driven by the rebound of various sectors, the relaxation of lockdown restrictions, the removal of the dawn to dusk curfew, a continued vaccination effort, and a diverse economy which is not reliant on any single commodity or trading partner. The vaccine rollout, which had initially started off slowly due to supply constraints, has picked up with the wide availability. The proportion of fully vaccinated adults now stands at about 14% of the population which is below the WHO target of 40% of the population by end of 2021.

The Kenyan Shilling depreciated by 3.6% against the US Dollar to close at Kshs 113.14 in 2021, compared to Kshs 109.17 in 2020. This was driven by the increased global crude oil prices that led to increased dollar demand; the increased dollar demand as economies reopened; and the growing government debt that is applying pressure on forex reserves. This withstanding, the forex reserve remains well above the statutory limit. The Kenyan shilling notably appreciated against all regional currencies.

Inflation remained within the government's set range of 2.5% - 7.5% albeit on the higher end from an average of 4.31% in Q3 2020 to 6.68% in Q3 2021. The increase is attributable to high fuel prices experienced throughout most of the year and erratic weather conditions that led to commodity prices spiking. In line with this, the Monetary Policy Committee maintained the Central Bank Rate (CBR) at 7% to support the ongoing economic recovery and assist private sector credit growth

The outlook for the Kenyan economy is positive with the momentum from the 2021 recovery expected to sustain with increasing vaccination uptake and resumption of economic activity. In the medium term however, the upcoming elections do present some risk with many businesses historically taking a cautious stance during election years and postponing investment decisions.

### Uganda

The Ugandan economy is projected to recover in 2021 with growth estimates of 4.7% compared to the contraction observed in 2020. Reported GDP growth in Q1 2021, Q2 2021 and Q3 2021 was at 3.2%, 12.9% and 3.8% respectively pointing to a recovery from 2020. The recovery was driven by a faster recovery in economic activities and aggregate demand following the partial easing of the pandemic-related restrictions as the vaccination program picks up pace. The proportion of fully vaccinated adults now stands at about 23% of the population which is below the WHO target of 40% of the population by end of 2021.

The Uganda Shilling remained relatively stable against the dollar throughout the year supported by a combination of domestic fundamentals and the global economic environment. This includes large donor support inflows, high personal remittances and transfers from NGOs, increased export earnings, and subdued private sector demands. The shilling closed the year at 3,544.41 recording a depreciation of 0.05% on a quarterly basis and an appreciation of 2.89% on an annual basis. The depreciation in Q4:21 was mainly due to the recovery of domestic demand for foreign currency.

Inflationary pressures remain benign largely reflecting the subdued aggregate demand in the market with the annual average headline inflation for the calendar year 2021 recorded at 2.6% compared to minus 2.2% that was recorded for the calendar year 2020. The Central Bank maintained its expansionary monetary policy with the Monetary Policy Committee maintaining the CBR at 6.5% in December. Looking to the future, we expect the growth momentum to pickup in FY2021/2022 with GDP growth projected at 3.5%-4.0% supported by a pickup in global demand, an acceleration in private consumption as the economy recovers, increased investments in the oil sector and gradual pickup of the tourism sector.

### **Rwanda**

The Rwandan economy is projected to recover in 2021 with growth estimates of 10.2% compared to the contraction observed in 2020. Reported GDP growth in Q1 2021, Q2 2021 and Q3 2021 was at 3.5%, 20.6% and 10.1% respectively pointing to a recovery from 2020. The recovery was driven by the recent accelerated vaccination campaign, the pickup of external demand, and the accommodative monetary and fiscal policies by the government. The proportion of fully vaccinated adults now stands at about 58% of the population which is far above the WHO target of 40% of the population by end of 2021 and is on track to also meet the 70% target by mid-2022.

The Rwandese Franc depreciated by 2.4% against the US Dollar to close at RWF 1,014.96 in 2021, compared to RWF 990.84 in 2020.

The inflation rate is forecasted to fall to 2.4%, down from 7.7% in 2020. The projected inflation in 2022 is expected to move towards the upper bound benchmark level of the central bank- propelled by the rise in domestic activity, global demand, and rising commodity prices. The National Bank of Rwanda maintained the CBR at 4.5% to support economic recovery.

The outlook for the Rwandan economy is positive with the momentum from the 2021 recovery expected to sustain driven by resumption of economic activity given the accelerated vaccination campaign.

### **South Sudan**

The South Sudan economy is projected to recover in 2021 with growth estimates of 5.3% compared to the contraction observed in 2020. The 2021 growth will be driven by recovery in the oil sector, which accounts for 70% of the GDP and more than 90% of public revenue, and the agricultural sector both of which were significantly impacted by the COVID 19 pandemic. Remittances from the diaspora remain an important source of inflows for the country and these are similarly expected to improve as source country economies recover. The proportion of fully vaccinated adults now stands at 3% of the population which is significantly below the WHO target of 40% of the population by end of 2021.

The outlook for the South Sudan economy while positive due to the sector recoveries in 2021 has some risk due to the political environment. The slow pace of implementation of the revitalized peace agreement remains a concern. However, the scheduling of national elections in 2021 is a positive step towards lasting peace in the country.

### **Tanzania**

The Tanzania economy is projected to grow by 4.0% in 2021 compared to a growth rate of 4.8% in 2020. Tanzania did not implement the lockdown restrictions adopted by regional governments to contain the pandemic and as such did not experience similar economic contraction in 2020 as was observed in other East African countries. Reported GDP growth in Q1 2021, Q2 2021 and Q3 2021 was at 5.0%, 4.5% and 5.2% respectively which is trending above the full year estimate.

Inflation has remained low and at stable levels at around 3%. The National Bank of Tanzania maintained the CBR at 5% to support economic growth. The Tanzanian Shilling appreciated slightly against the US Dollar in 2021 closing at TSH 2,305.92 in, compared to TSH 2,318.60 in 2020.

Tanzania witnessed a peaceful transfer of power at the start of 2021 following the death of President John Pombe Magufuli with the vice president Samia Suluhu Hassan sworn in on 19th March 2021, as the first woman president. Her administration, for the most part, maintained the political agenda of the previous administration, but has made policy adjustments to reflect the evolving social and economic context. One of the major priorities for the government has been an implementation strategy to contain the spread of COVID-19, and in July 2021, began the COVID-19 National Vaccine Deployment Plan. It is estimated that 3% of the population has been fully vaccinated. Through the new administration, a welcoming business environment has bolstered both local and foreign investors' confidence.

The outlook for the Tanzania economy is positive due to improved performance of the tourism sector and reopening of trade corridors.

### **Regional Stability**

The Tigrayan war in Ethiopia, slow peace process in South Sudan and terrorist attacks in Kampala, Uganda have been sources of concern. The conflicts and/or attacks do pose a risk to the region with impacts expected with regards to the humanitarian effort and negative knock-on impacts to the regional economic prospects.

### **Climate Change**

Integrating climate risks into the risk management process of Old Mutual is an integral part of the business, given the long-term horizons of the risks we manage. As part of this process, across the Group, climate change risk and opportunity engagements and assessments have been carried out. Through these assessments, top priority risks facing the business have been identified, and this will inform the broader risk strategy for the business going forward.

### **Strategic Delivery**

Our vision as a business is To be our customers' most trusted partner, passionate about helping them achieve their lifetime financial goals and this is reinforced by our redefined purpose, Transforming Lives & enabling financial goals by keeping our promises. This supports our ambition to be the leading financial services business in East Africa which is anchored on the strategic pillars of Building Solid Foundations, Customer Centricity and Rewarding Digital Engagement. We continue to make good progress on executing on our strategy and the GCEO will provide more detailed commentary on this.

Notable achievements from a strategy delivery perspective for FY 2021 include:

- We commenced our rebrand journey to Old Mutual starting with the Rwandan market. The Rwanda business is now known as Old Mutual Rwanda, and we have prioritized our Kenya and Uganda markets for rebranding in 2022.
- The takeover of OMLAC by UAP Life was concluded and this is now a part of the Group Consolidated results. The operation of a single life business in our Kenya market will see us unlock synergies and deliver on strong growth off a solid base.
- Our Kenya Short-Term Insurance business has maintained market leadership as per the latest regulatory reports.
- Our investments in technology and focus on strengthening controls has resulted in lower operating expenses in line with driving operating efficiencies.

**Business performance**

We reported a loss before tax of KShs. 175mn in FY2021 compared to a loss before tax of KShs. 1.05bn in FY2020. The GCEO will provide a detailed commentary on the business performance. Our results for 2021 while below our expectations are nevertheless a substantial improvement year over year. Management and Board efforts to address underlying reasons for poor financial performance are yielding fruit. The task going forward is to accelerate the execution of our strategy and I am confident that we can achieve this.

**Dividends**

The board of Directors do not recommend the payment of a dividend with respect to the financial year 2021 (2020: Nil).

**Changes to the board of directors**

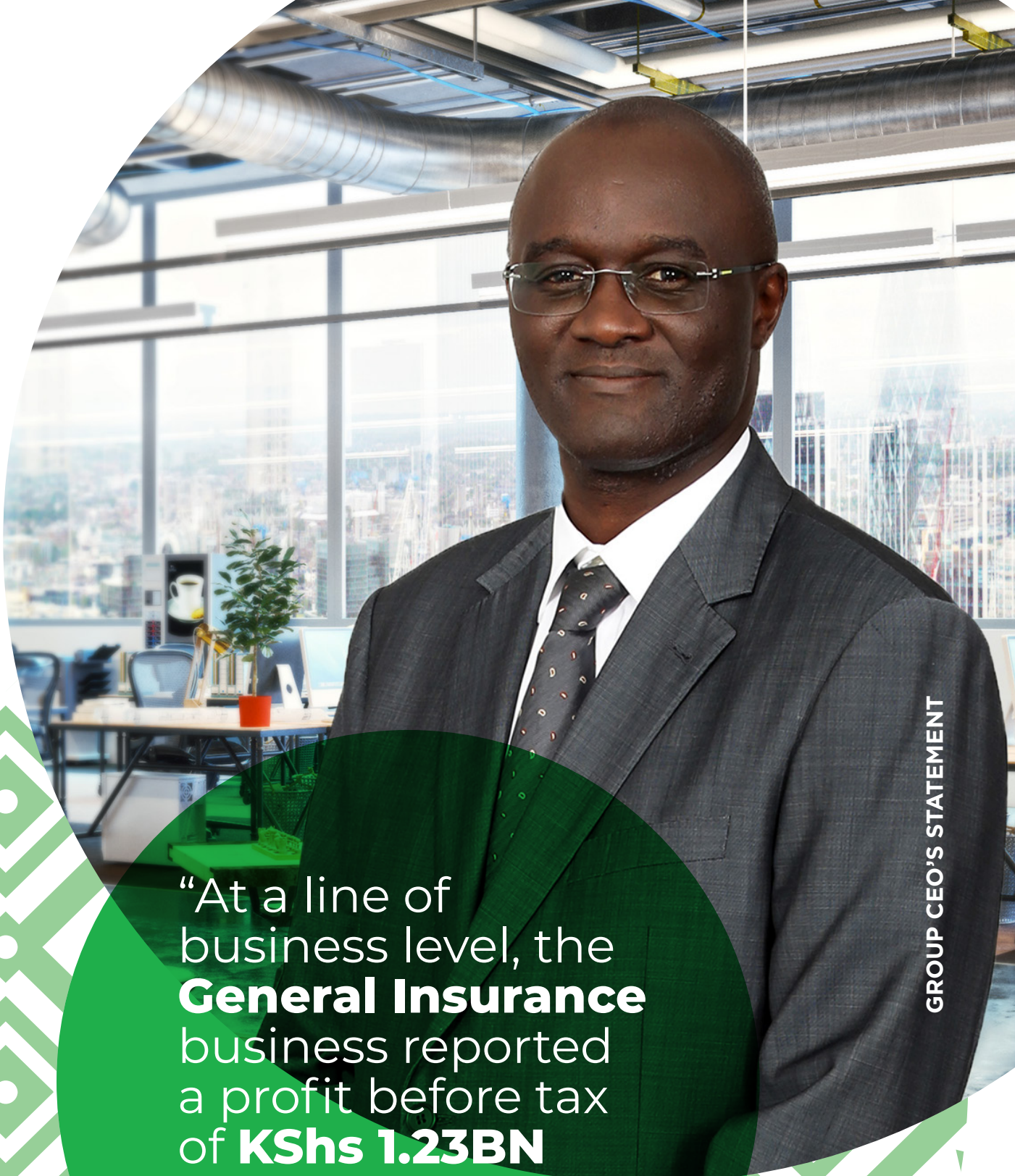
During the year, the following key changes took place in the Board composition:

1. Dr. Joseph Barrage Wanjui retired as the Board Chairman with effect from 22nd June 2021,
2. Mr. Vincent Rague was elected as the Board Chairman with effect from 23rd June 2021 and recused himself from the Board Audit committee for the second half of 2021, and
3. Mr. Joseph Wanjui Jr. was appointed as a non-executive director with effect from 27th August 2021.

**Appreciation**

I wish to thank our shareholders for their support and my fellow directors for their support and contributions. I thank management and staff and urge them to work hard to drive good performance in 2022 and beyond. I also thank our intermediaries, regional regulators, revenue authorities and governments for their efforts and contributions towards shaping an enabling business environment.

Lastly, I thank our customers for their continued support and reiterate our commitment to providing them with solutions that help them plan their future, grow their investments and their assets.



GROUP CEO'S STATEMENT

“At a line of business level, the **General Insurance** business reported a profit before tax of **KShs 1.23BN** compared to **KShs 1.201BN** in 2020”

Arthur Oginga

**Dear Shareholder,**

I take this opportunity to present a review of our business performance for the year ended 31st December 2021.

**Operating Environment**

Two years since the first case was reported, the COVID-19 pandemic is no longer an all-consuming issue. Management of the pandemic has significantly improved driven by capacity improvements in treatment and the commencement of vaccination campaigns. The operating environment in East Africa has improved over the last year and economies are starting to recover, as outlined in the Chairman's statement, particularly in the two sectors that were hardest hit- tourism due to travel restrictions and agriculture due to supply chain disruptions.

For our business the investments in technology enabled seamless servicing of customers and our staff to work remotely given social distancing guidance to contain the pandemic. However, as the region starts to return to pre-pandemic activity, we have transitioned to a hybrid working model as we prepare to fully return to the office. We continue to refine our COVID-19 safety protocols for staff and customers in line with guidance from health ministries.

**UAP Life Assurance Ltd takeover of Old Mutual Life Assurance Company Ltd**

Following an Extraordinary General Meeting held on 31 December 2020 by Old Mutual Life Assurance Company Limited (OMLAC) shareholders, a resolution was passed to sell all the shares of the Company to UAP Life Assurance Limited (UAPAL). This resulted in UAP Holdings Plc continuing to exercise control although its shareholding in UAPAL will reduce from 100% to 55.7% with the remaining 44.3% being held by Old Mutual Holdings Limited. Effective date of control was 25th January 2021. The consolidation is part of our corporate structure simplification and the results as at FY 2021 reflect this.

**Overview of financial performance****Profit before Tax**

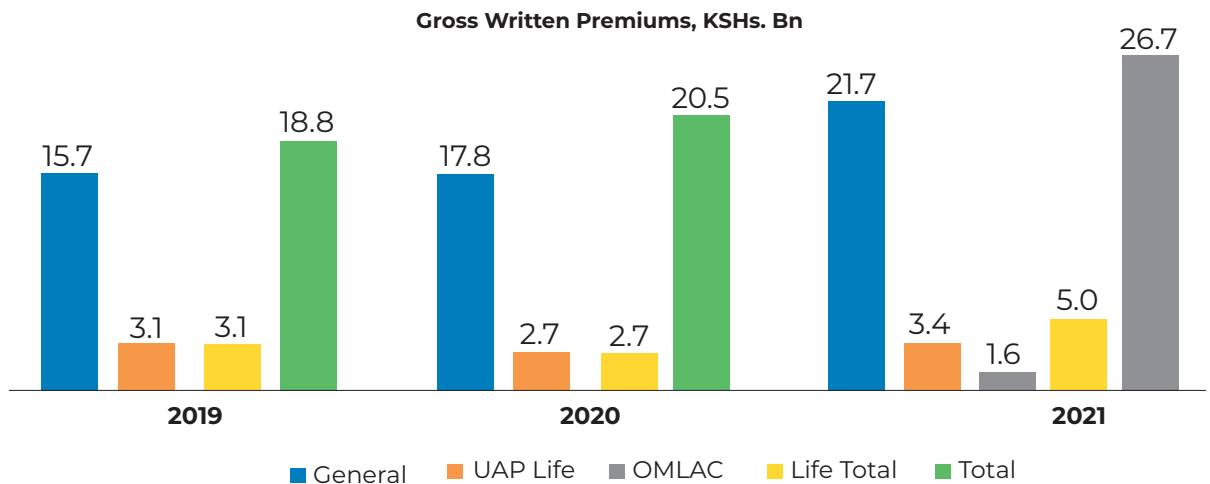
The Group recorded a loss before tax of KES175m in FY 2021 compared to a loss of KES1,048m for the same period in 2020. The performance was an improvement on 2020 driven by strong topline growth, reductions in our cost base and improved investment income. The performance was however dampened by adverse claims experience in our insurance businesses largely attributable to the impacts of the Covid 19 pandemic.

At a line of business level, the General Insurance business reported a profit before tax of KShs 1,230mn compared to KShs 1,201mn in 2020. The improvements in topline growth and investment income were offset by adverse claims experience leading to a flat performance year on year. There were increased medical claims relating to Covid cases, worsened motor book experience in our Kenyan market and hardening of reinsurance terms in 2021 that contributed to the experience.

The Life Insurance business registered an improvement with a loss before tax of KShs. 429mn compared to a profit before tax of KShs. 545mn in 2020. Excluding the OMLAC business the loss before tax for the life business would have been KShs. 223m. The loss result was largely driven by excess mortality due to the Covid 19 pandemic. The business however had an improved result relative to 2020 due to strong topline growth and improved investment income as markets recovered. The property business declined in performance with a loss before tax of KShs. 414mn compared to a profit before tax of KShs. 98 mn in 2020. The decline was driven by negative fair value adjustments in our South Sudan property business due to reduced occupancy in light of the prevailing operating environment.

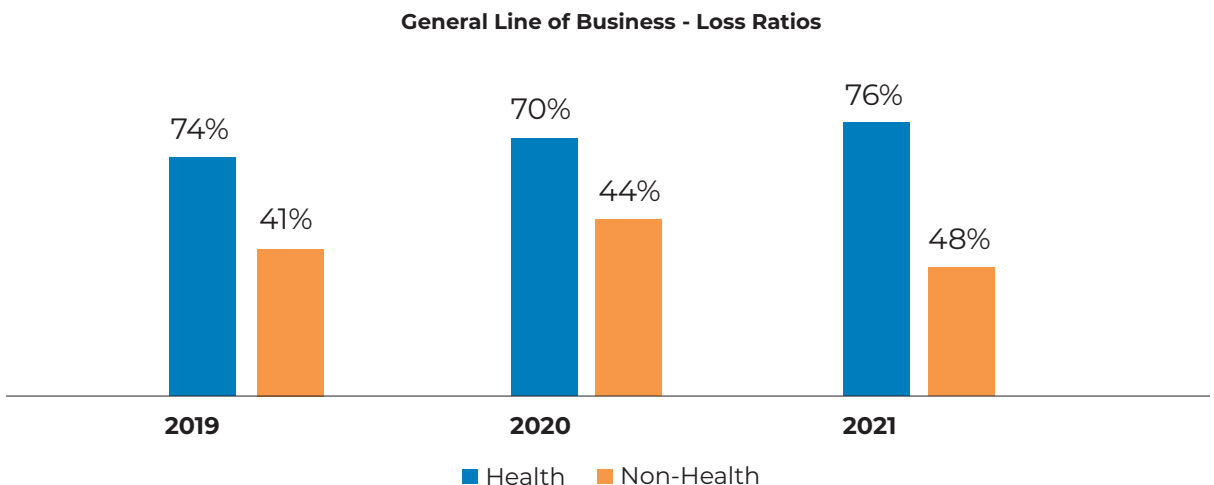
### Revenue

Gross written premiums were up 30% driven by both our short-term insurance and long-term insurance businesses. The long-term insurance business experienced a recovery compared to prior year driven by strong corporate sales while the short-term insurance business has sustained the strong growth recorded in 2020. Net earned premiums were up 21% over the same period in 2020 in line with Gross earned premiums which were up 25%. Excluding the impact of the OMLAC consolidation Gross written premiums were up 22%, Gross earned premiums were up 17% and Net earned premiums were up 13%.



### Claims

Net claims payable were up 38% driven partly by increased medical claims relating to Covid cases, worsened motor book experience in our Kenyan market and hardening of reinsurance terms in 2021 that has led to reduced reinsurance recoveries. Excluding the impact of the OMLAC consolidation Net claims payable were up 22%. We have continued engaging with our customers who have been impacted by the pandemic and supported them in receiving appropriate care to recover.



The Health business loss ratios were up in 2021 compared to 2020 driven by Increased hospital visits attributed to the effects of Covid-19, especially during the delta and omicron waves. The Non-Health business loss ratio increase was largely driven by motor claims as well as reinsurance hardening.

**Operating Expenses**

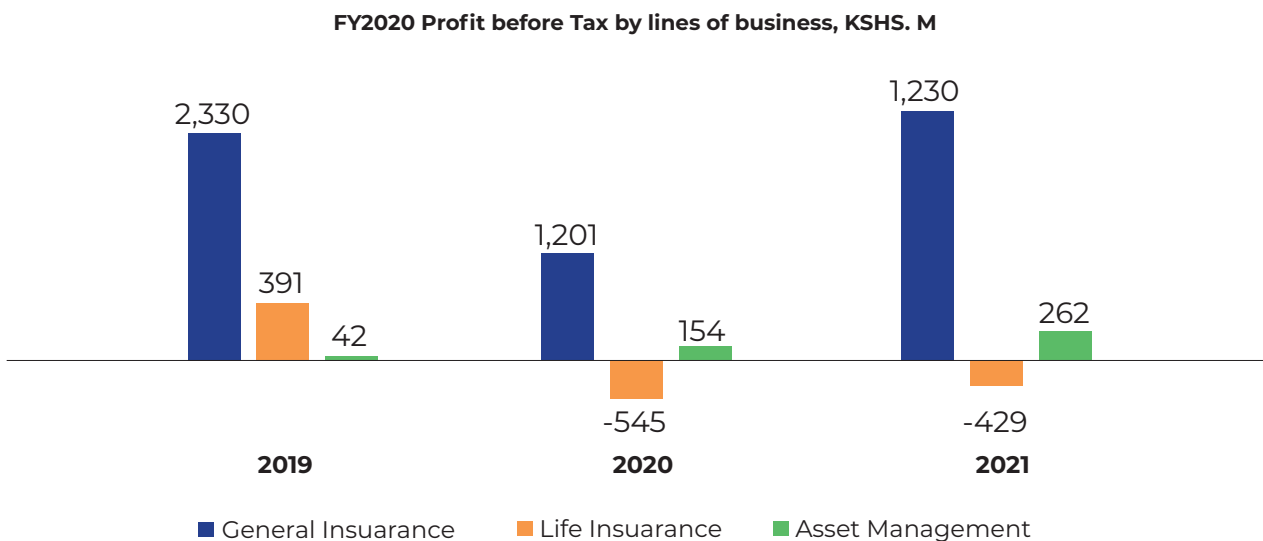
Operating expenses were down 9% over 2020. Costs have remained well contained driven by operational efficiencies on the back of the technology investments we have been making in recent years as well as an improved control environment which meant the operating losses relating to the balance sheet clean-up exercise in 2020 did not recur. Excluding the impact of the OMLAC consolidation operating expenses were down 18%. Finance Costs

Interest costs on borrowings were up 18% on 2020 driven by the actions we took towards the end of 2020 to refinance our Group debt in local currency and thus mitigate the forex mismatch risk we were carrying. We refinanced our dollar denominated debt in the second half of 2020 and as such eliminated the forex mismatch risk.

**a) Core business lines**

In FY2021, our core businesses registered an improvement in performance. In terms of revenue performance, both the general business and life assurance business experienced growth.

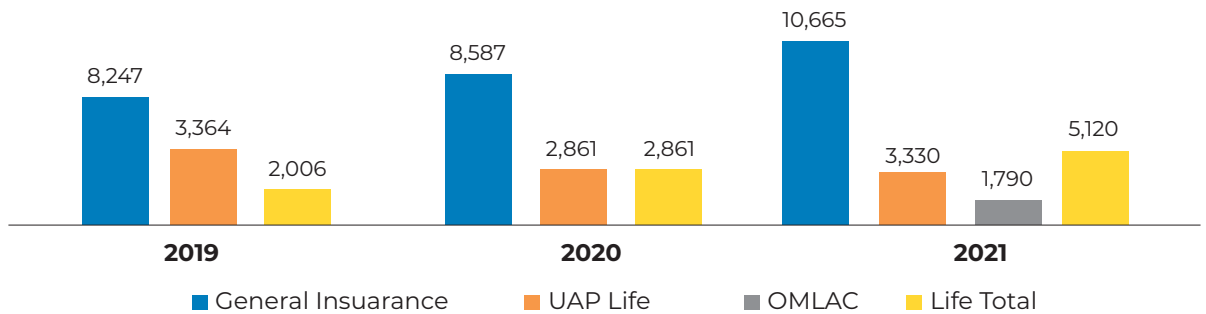
The chart below highlights the performance of the core businesses – General Insurance, Life assurance and Asset Management.



At a line of business level, the General Insurance business was flat year on year reporting a profit before tax of KShs 1,230mn compared to KShs 1,201mn in 2020. The improvements in topline growth, and investment income were offset by adverse claims experience. There were increased medical claims relating to Covid cases, worsened motor book experience in our Kenyan market and hardening of reinsurance terms in 2021.

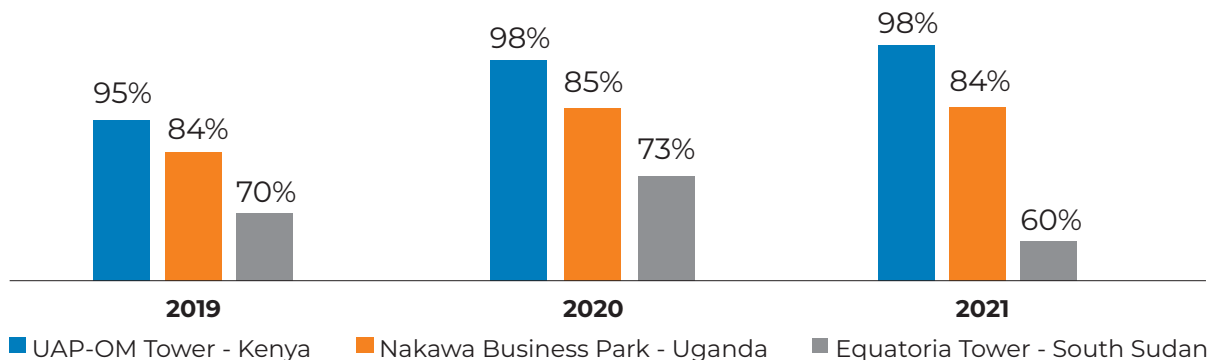
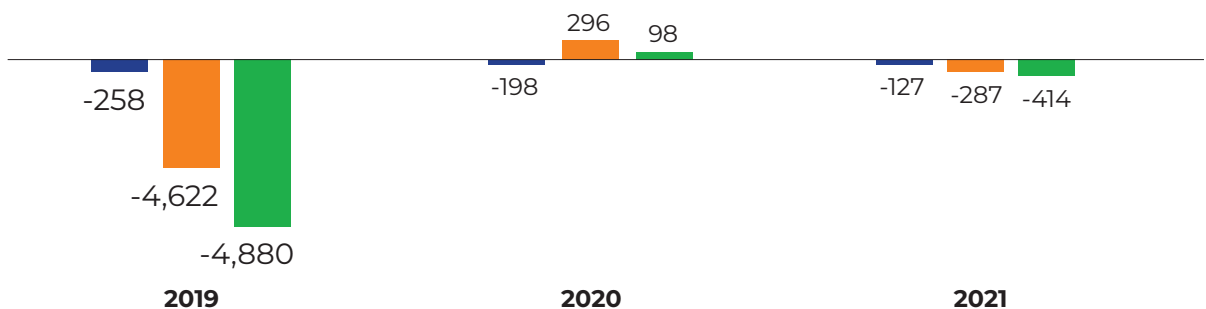
The Life Insurance business registered an improvement with a loss before tax of KShs. 429mn compared to a profit before tax of KShs. 545mn in 2020. This was driven by improved topline growth and investment income on the back of market recovery.

Net Claims were up 24% for the General Insurance business while for the Life Insurance business they were up 79%. The increased claims experience is both a factor of the growth in the book of business but also due to the negative impacts of the Covid 19 pandemic on morbidity and mortality for our Health and Life insurance businesses.

**FY2021 Net Claims Incurred, KSHS. M**

**b) Properties**

Our shareholder investment property portfolio comprises commercial and residential properties in Kenya, Uganda, and South Sudan. The more prominent properties are the UAP Old Mutual Tower in Nairobi, Nakawa Business Park in Kampala, and Equatoria Tower in Juba. The occupancy levels for all these buildings have been steadily rising since their completion. However, there was lower occupancy at Equatoria tower. The property market in South Sudan has continued to experience downward pressure due to the challenging operating environment in the country.

The chart below shows the occupancy levels over the last three years which has been improving save for the South Sudan property.

**Property Line Of Business – OCCUPANCY**

**FY2021 Profit before Tax Property, KSHS. M**


Profitability for the property business experienced decline in 2021 driven by fair value adjustments in our South Sudan property business which experienced reduced occupancy levels.

### People and Culture Update

We continue to drive our unifying agenda for the business as captured in our redefined purpose of Transforming Lives & Enabling Financial Goals by Keeping our Promises with the goal of driving a high performance and customer centric culture. Talent remains a critical enabler of our overall strategy and in this regard, we closed on five critical roles made up of two external hires and three internal appointments. The leadership vacancies related to the Managing Director South Sudan, Group Managing Director Asset Management, Group Head of Human Capital, Group Head of Legal and Company Secretarial and the Group Chief Operations Officer. The three internal hires are reflective of our talent strategy which has focused on developing a robust internal succession pipeline for key roles.

### Corporate Structure Update

In 2021, we concluded on the consolidation of our two life businesses in the Kenya market with UAP Life Kenya Ltd taking over Old Mutual Life Assurance Ltd (OMLAC). OMLAC will be run as a closed fund on approval of the process by the regulator. The newly combined entity will allow us to extract synergies from having a single life business and will be pivotal in our delivery of the integrated financial services strategy especially in our core Kenya market.

### Rebrand to Old Mutual

In 2021 we commenced our Rebrand to Old Mutual with Rwanda the first market to transition to the new brand. The Kenya and Uganda markets will transition in 2022 with South Sudan and Tanzania following in 2023, The rebrand speaks to our commitment to the markets we operate to enable mutually positive futures.

### Digital Update

Our digital strategy rollout is critical in ensuring that customers continue to access our services remotely given the social

distancing guidelines aimed at managing the pandemic spread. As part of this process, we have made additional investments in our technology infrastructure which will enable us to scale our digital offerings much faster going forward. We continue to progressively roll out new digital capabilities to our customers driving simplicity and convenience in how they consume our services.

We continue building on this foundation as digital is a core pillar in our integrated financial services strategy.

### Outlook

We are committed to investing in our businesses and employees to better serve our customers. We also reiterate our support for the governments and regulators in East Africa.

We remain focused on our integrated financial services strategy with an immediate focus on our customer experience, digital transformation and rebrand pillars. Underpinning this is the development of our people and culture which is core to the delivery of the strategy. While the operating environment does present some risks both regionally and globally our business has shown that it is resilient over the pandemic period and as such, we remain optimistic that we will be in a position to navigate the headwinds that this presents.

### Appreciation

I wish to thank Management and staff for their resilience during 2021. I also thank the board of directors for their support and continuous contribution. I wish to thank our intermediaries, partners, regional regulators and government agencies. On behalf of Management and staff, I sincerely thank our customers for believing and trusting us to help them realize their financial goals. Finally, I thank our shareholders for their continued support.



**GROW**  
IN YOUR  
INVESTMENT  
JOURNEY

UAP



DOING GREAT THINGS EVERYDAY

CORPORATE  
**GOVERNANCE**



The Board and Management of UAP Holdings PLC (the “Company”) ensures that high standards and practices in Corporate Governance and more specifically the principles, practices and recommendations set out under the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (“the CMA Code”), and the Insurance Regulatory Authority (IRA) Group Wide Supervision Framework.

### The 2021 achievements:

The key governance highlights for the year included:

- ◇ Retirement of the Board Chairman and election of a Chairman in line with the board succession plan.
- ◇ Adoption of the Purpose Statement.
- ◇ The annual strategy meeting where the Board reviewed and discussed the Group’s strategy with Executive Management and directors from the Kenya operating entities.
- ◇ Participation in Board development programmes touching on the Group’s risk policies, Conflict of Interest and the Code of Conduct (Maadili Charter) and the Corporate Governance training offered by the Centre for Corporate Governance.
- ◇ Various initiatives to enhance the governance framework such as the: annual conflict of interest assessment, review of the Board Committees’ composition and review of the Board’s skills assessment to ensure the board composition is appropriate for its size and span.
- ◇ Implementation of the IRA Group Wide Supervision Framework.
- ◇ Review of the directors’ remuneration in view of inflation.
- ◇ Appointment of an independent consultant to undertake the board evaluation for the year ended 31st December 2021.
- ◇ Continued to enhance our level of transparency by ensuring that our stakeholders are provided with regular and accurate information relating to the company through semi-annual stakeholder briefings, public announcements placed in the press as well as on the Company’s website.

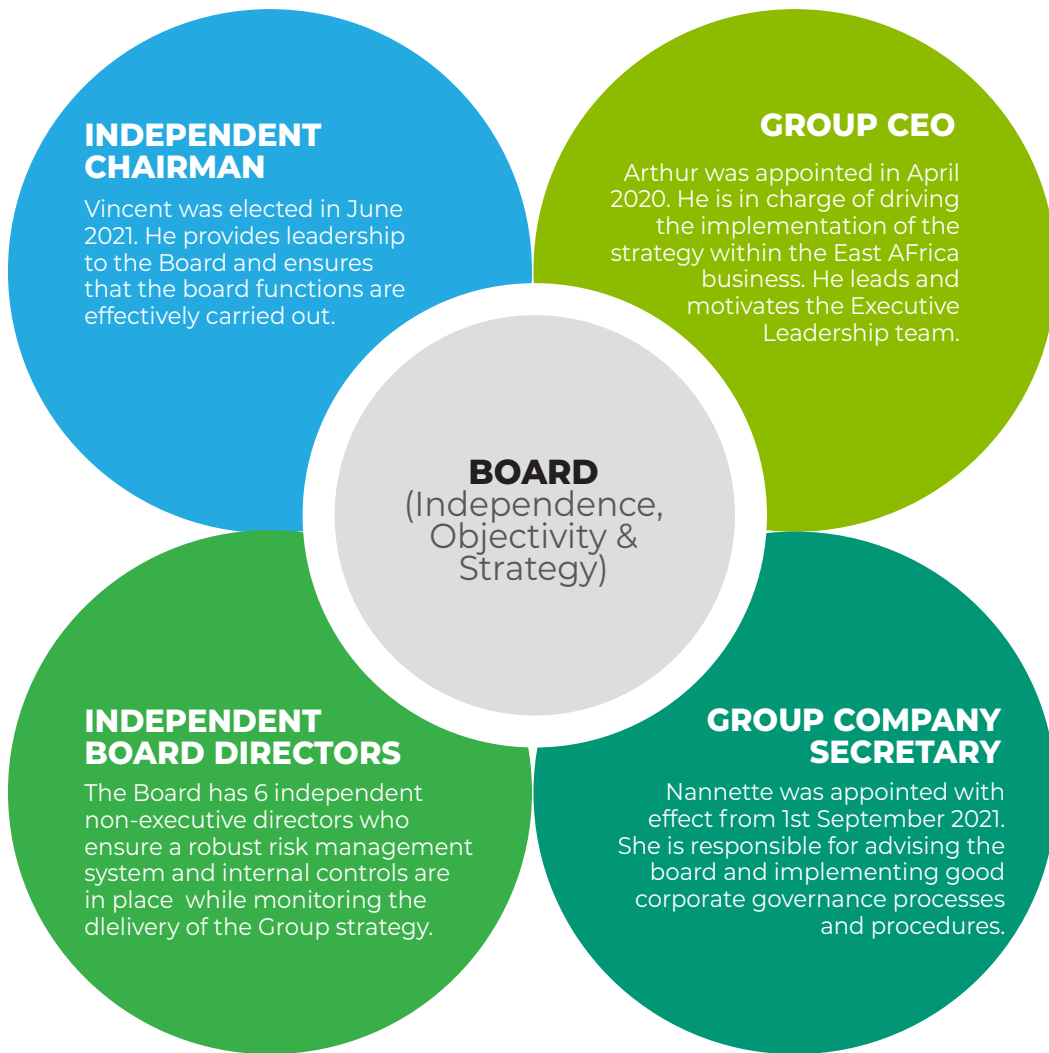
## 1. Board Functions and Responsibilities

The Board is responsible for the formulation, implementation and monitoring of the UAP Old Mutual Group’s (“Group”) Strategic Plan with the ultimate aim of achieving sustainable, profitable growth for the Group.

The Board Charter together with the Articles of Association guide the Board of Directors in the discharge of their duties as they set out the expectation of the Board, Management and their impact on the Company. Every Board Committee has its own Terms of Reference that sets out the scope and mandate of the Committee and its responsibilities to the Board. The Charter is reviewed on a biennial basis to ensure that the principles set out therein are relevant and comply with the applicable laws and regulations.

## 2. Separation of roles and responsibilities

The Board of Directors has delegated the day-to-day operations of the Company to the Management team in line with good governance practices. The Management team is headed by the Group Chief Executive Officer and supported by the Senior Leadership Team. The roles and responsibilities of the Board and Management are separate, further the Chairman of the Board and the Group Chief Executive Officer are different individuals each having their distinct duties and responsibilities thus facilitating balance of power.



**3. Board Skills**

The Board considers that collectively, the directors have the breadth and depth of skills, knowledge and experience necessary to direct the Company. The directors on the Board represent a diverse group of nationalities, skills and backgrounds to ensure that decisions of the Board are independent and encompass views from a wide reach of stakeholders.



### 3.1 Board metrics

The Board is currently comprised of thirteen (13) directors, majority of whom are non-executive Directors with one (1) executive director, with more than one-third being independent non-executive directors.

Chart 1: Gender diversity

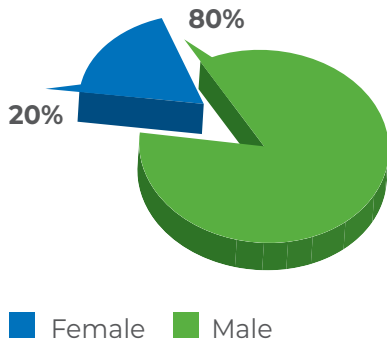
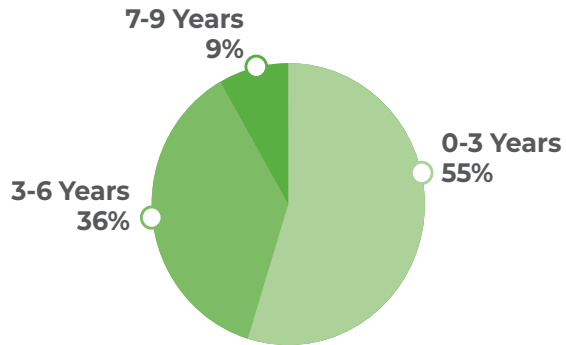


Chart 2: Independence Tenure



### 3.2 Board and Committee Responsibilities

#### 3.2.1 Main Board

The Board meets at least once every quarter and may convene special meetings from time to time depending on business exigencies. All Board & Committee meetings are scheduled in advance of the Board meeting so that all technical matters are appropriately addressed at the committee level and reported to the Board for ratification or approval. The directors are given appropriate and timely information on key activities of the business regularly and on request in order to carry out their roles. Specifically, the directors are provided with all available information in respect of items to be discussed at a meeting of the Board or Committee prior to the meeting. For the year ended 31st December 2021, the Board met five (5) times.

During the year, the following directors held office and attended meetings as follows:

Name	Role	Committee Membership
Dr. JB Wanjui*	Non-executive director	N/A
Vincent Rague*	Independent non-executive director	Audit Committee, Remuneration, Nominations and Corporate Governance Committee
Michael John Harper	Independent non-executive director	Remuneration, Nominations and Corporate Governance Committee, Committee for Customer Affairs
James Muguiyi	Non-executive director	Risk and Compliance Committee, Remuneration, Nominations and Corporate Governance Committee
Robert Mbugua	Independent non-executive director	Audit Committee, Risk and Compliance Committee,
Susan Omanga	Independent non-executive director	Audit Committee, Committee for Customer Affairs
George Maina	Non-executive director	Audit Committee, Technology, Digital and Innovation Committee, Risk and Compliance Committee
Joseph Wanjui Jr*	Non-executive director	Technology, Digital and Innovation Committee, Committee for Customer Affairs
Shailesh Devchand	Non-executive director	Committee for Customer Affairs
Clement Chinaka	Non-executive director	Remuneration, Nominations and Corporate Governance Committee

Richard Treagus	Non-executive director	Permanent Invitee - Risk and Compliance Committee
Maria Shipiri	Independent non-executive director	Remuneration, Nominations and Corporate Governance Committee, Technology, Digital and Innovation Committee
Dr. Catherine Adeya	Independent non-executive director	Audit Committee, Technology, Digital and Innovation Committee, Risk and Compliance Committee
Arthur Oginga	Executive director	Risk and Compliance Committee

\*During the year, the following key changes took place:

- i. Dr. Joseph Barrage Wanjui retired as the Board Chairman with effect from 22nd June 2021,
- ii. Mr. Vincent Rague was elected as the Board Chairman with effect from 23rd June 2021 and recused himself from the Board Audit committee for the second half of 2021, and
- iii. Mr. Joseph Wanjui Jr. was appointed as a non-executive director with effect from 27th August 2021.

### 3.2.2 Board committees

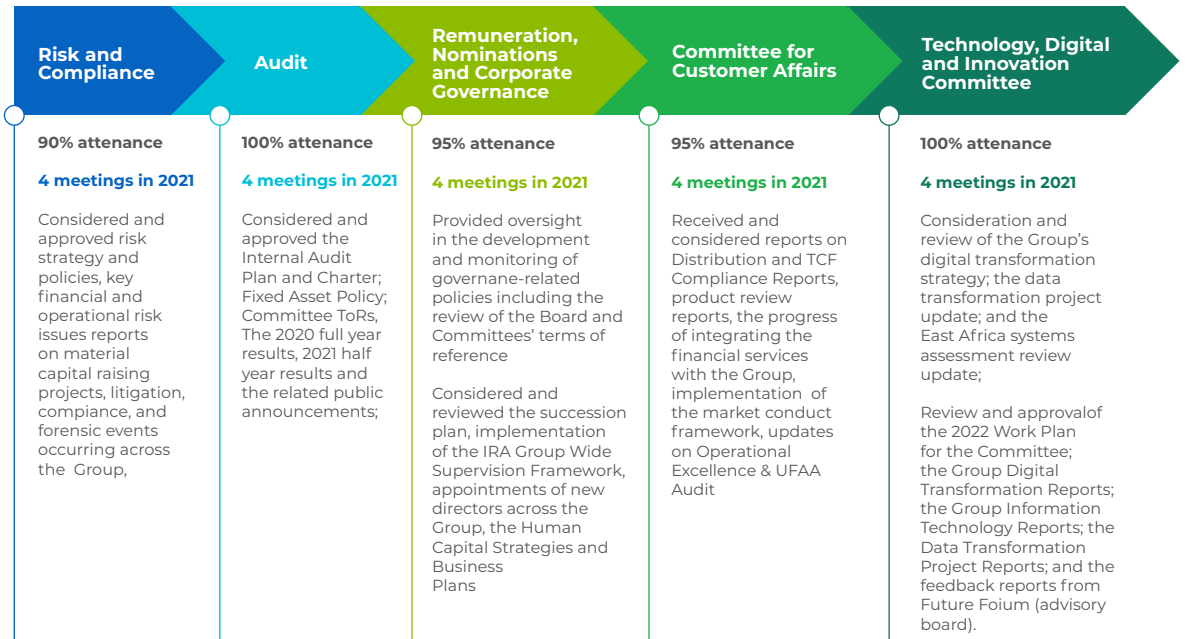
The Board has incorporated five (5) standing Committees whose mandate is

Audit Committee	Risk and Compliance Committee	Remuneration, Nominations and Corporate Governance Committee	Technology, Digital and Innovation Committee	Committee for Customer Affairs
This committee is responsible for monitoring the integrity of the financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them before submission to the Board.	This committee supports the Board by providing oversight on the Group's risk profile in line with the approved risk appetite and making recommendations regarding future risk appetite and in particular risks or risk management practices	This committee supports the Board by monitoring the size and composition of Boards across the Group including recommending appointments, succession planning for non-executive directors, receiving reports on the effectiveness of board and committees following the formal evaluation and providing oversight to the Board's professional development program. The Committee also reviews and assesses the Group's remuneration policies and practices that apply to employees as well as to non-executive directors' benefits.	This committee supports the Board in the oversight of the Group's investments in technology and innovation by ensuring that the Group's information technology and innovation capabilities are fit for purpose, adequately monitored, secured, and meet the regulatory requirements and that the infrastructure of the Group is capable of meeting the business demands in line with the Digital Transformation Strategy of the Group.	This committee supports the Board by receiving and monitoring of customer trends, customer complaints, products and technology innovations, review of policy documentation and related concerns in order to ensure that customers are treated fairly and receive appropriate information based on their literacy level.

The Board currently has one (1) ad hoc Committee which is the Project Saffron Independent Oversight Committee which is tasked with overseeing the completion of the legal integration roadmap for the Kenya life businesses within the UAP Old Mutual Group. The Board has an advisory board known as the Future Forum comprising of non-board/independent members whose main purpose is to support business models within the Group in line with the digital transformation strategy. The Future Forum reports to the Board through the Technology, Digital and Innovation Committee.

# CORPORATE GOVERNANCE REPORT (Continued)

An overview of the board committee activities undertaken during the year include:



Name	Attendance at qualifying meetings					
	Main Board	Audit	Risk and Compliance	Committee for Customer Affairs	Remuneration, Nominations & Corporate Governance	Technology, Digital and Innovation
Dr. JB Wanjui	N/A					
Vincent Rague	5/5	3/3			4/4	
Michael John Harper	5/5			4/4	4/4	
James Muguiyi	5/5		4/4		4/4	
Robert Mbugua	5/5	4/4	4/4			
Susan Omanga	5/5	4/4		4/4		
George Maina	5/5	4/4	4/4			4/4
Joseph Wanjui Jr	4/5			1/1		1/1
Shailesh Devchand	5/5			3/4		
Clement Chinaka	5/5				3/4	
Richard Treagus	4/5					
Maria Shipiri	5/5				4/4	1/1
Dr.Catherine Adeya	5/5	1/1	4/4			4/4
Arthur Oginga	5/5		2/4			
<b>Attendance average</b>	<b>96.9%</b>	<b>100%</b>	<b>90%</b>	<b>95%</b>	<b>95%</b>	<b>100%</b>

#### 4. Board Induction and Development

The Board has in place a formal, detailed induction program to prepare new Board or Committee members for their role, by providing a foundation of knowledge and understanding, which will enable them to effectively fulfil the functions of the role and familiarize themselves with the business. The induction program is facilitated and coordinated by the Group Company Secretary who ensures that the new director meets with the Board Chairman, the Group Chief Executive Officer, Senior Leadership Team and the Group Company Secretary or designee to obtain practical information pertaining to the company. A director is required to undertake and complete this induction program within six (6) months of their appointment.

In addition, each director is issued with a directors' compendium which contains their appointment letter, copies of the Board Charter and Terms of Reference of relevant Committees, the Board work plan, the Board calendar, the organisation structure and relevant Board policies. During the year under review, the Board attended trainings on the Group Risk Policies and the Group Code of Conduct, Maadili Charter in furtherance of the Board Charter requirements for each director to attend at least twelve hours of board development on matters relevant to corporate governance, and commercial/business risk. A formal board development program was rolled out in the year to ensure that directors received appropriate and ongoing development in line with the skills assessment completed in 2021.

#### 5. Dealing in securities

The Board has adopted a Securities Dealing Policy which provides the circumstances when Board members and staff members can deal in the Company's shares without contravening statutory requirements. The company confirms that there were no insider dealings identified or recorded within the year under review.

In accordance with the Company's closed period policy, all directors and employees with access to price-sensitive information are precluded from dealing in the company's securities until the release of the Group's final and interim results respectively. The Group Company Secretary regularly disseminates written notices to inform the directors, executives and employees of the latest insider trading legislation and advises them on closed periods.

#### 6. Conflict of Interest

The Board Charter places an obligation on directors to make declarations on their personal or commercial interests with a view of avoiding any action, position or interest that conflicts or appears to conflict with the interest of their Group and or role as a director. Further, all directors are required to disclose on appointment, annually and the beginning of any board meeting any circumstance that could result to a potential conflict. This is a matter for active and ongoing consideration by all directors, and thus a standard digital declaration form has been developed for recording and updating directors' interests as they occur and on an annual basis. The declaration of interest arising from any specific issue on the agenda of a meeting is also provided as a standing agenda item for Board and Committee meetings.

The Board continued to ensure compliance with the Conflict of Interest Policy which formally codifies and augments the procedure adopted by the Board in respect of review of conflicts. A financial assessment of the impact of the declared interest was conducted in the course of the year and reported to the Board for tracking purposes.

## STATUS OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR ISSUERS OF SECURITIES TO THE PUBLIC, 2015

The Board and Management continue to put in deliberate efforts towards full compliance with the Code of Corporate Governance Practice for Issuers of Securities to the Public 2015 (the "Code").

The Company has taken the following steps in 2021 to enhance compliance with Code:

1. Election of a new Board Chairman in line with the Board Succession Plan.
2. Ensured the disclosure requirements of the Directors' Remuneration Report as well as the Directors Report as a whole.
3. Revision and update of the Board Succession Plan.
4. Reviewing its composition by undertaking a board skills assessment to identify areas of development for the various directors to appropriately equip directors to undertake their duties.

## SHAREHOLDING STRUCTURE

At 31 December 2021, the top ten shareholders in the Company were:

Holder Names	31 Dec 2021			31 Dec 2020		
	Shares held	% Holding	Rank	Shares held	% Holding	Rank
Old Mutual Holdings Limited	140,953,640	66.58	1	131,119,358	61.93	1
Bawan Ltd	33,424,017	15.79	2	43,258,299	20.43	2
James Ngatia Muguiyi	9,744,223	4.60	3	9,744,223	4.60	3
Chesumut Investments Limited	2,341,840	1.11	4	2,341,840	1.11	4
Andrew Stephen Gray Smith	1,789,189	0.84	5	1,789,189	0.85	5
A/C 017 Genghis Nominees	1,544,900	0.73	6	1,544,900	0.73	6
Standard Chartered Nominee A/C 9230	1,403,000	0.66	7	1,403,000	0.66	7
Owen-Burke Timothy Michael John	1,371,562	0.65	8	1,371,562	0.65	8
Sayani Investments Limited	1,194,957	0.56	9	1,194,957	0.56	9
Standard Chartered Nominee A/C KE11401	1,118,460	0.53	10	1,118,460	0.53	10

**Notes:** The administrative steps in respect of the acquisition of Bawan Limited shares by Old Mutual Holdings Limited was completed in 2021 thus a decrease in Bawan's shareholding

The distribution of shareholders as at 31 December 2021 is as follows:

Range	Shares	Shares %	Shareholders	Shareholders %
1 – 500	45,136	0.02	128	10.60
501 – 5000	1,688,979	0.80	755	62.55
5001 – 10000	971,512	0.45	128	10.60
10001 – 100000	4,962,265	2.34	159	13.17
100001 – 1000000	9,186,211	4.34	27	2.24
>1000000	194,885,428	92.05	10	0.83
<b>TOTALS</b>	<b>211,718,031</b>	<b>100.00</b>	<b>1,207</b>	<b>100.00</b>

Shareholders Analysis by Domicile

Industry	Shares	Shares %	Shareholders	Shareholders %
East African Community Partner States Institutions	186,222,894	87.96	150	12.43
East African Community Partner State Individuals	24,731,097	11.68	1053	87.24
Foreign Individuals	748,965	0.35	3	0.25
Foreign Institutions	15,075	0.01	1	0.08
<b>TOTALS</b>	<b>211,718,031</b>	<b>100.00</b>	<b>1207</b>	<b>100.00</b>

The directors' direct and indirect interests in the ordinary share capital of the Company on 31 December 2021 was as follows:

Name	Shares	% holding
Dr. JB Wanjui as the ultimate beneficial owner of Bawan Limited	33,424,017	15.79
James Ngatia Muguiyi	9,744,223	4.60

# RISK MANAGEMENT REPORT

## OUR APPROACH TO RISK MANAGEMENT

An important aspect of being our customers' first choice and trusted financial partner and to deliver on our brand promise, is to be a certain friend in uncertain times. This provides the foundation for our risk strategy: we want to ensure that we will be around to provide the benefits that our customers are expecting us to provide, especially in adverse financial conditions. Our reputation and success as a business is based on being financially strong and on treating our customers fairly.



Our risk management approach is aligned to the Group's purpose and strategy. A comprehensive and mature risk management framework is in place, which is anchored in the five lines of defence model and includes a clear articulation of our risk strategy. It ensures disciplined risk-based decision making in the Group and active control over the risk exposures to which our earnings and capital are exposed. This achieves a more sustainable delivery of headline earnings and RoNAV within our chosen risk appetite. We have a comprehensive suite of risk policies to direct how specific risks should be managed and controlled, aligned to our risk categorisation model. Appropriate escalation and response mechanisms are in place for risk events and breaches in risk limits and targets. We apply a forward-looking solvency and liquidity assessment that enables us to assess the robustness of our balance sheet in adverse conditions, and we have modelled severe scenarios to ensure strong resilience of solvency capital. Our Kenya Insurance businesses have fully complied with the prescribed capital regulatory requirements and our regional business have also maintained strong regulatory capital positions and liquidity.

## PRINCIPLES UNDERLYING OUR RISK STRATEGY

In developing our risk strategy, we therefore consider the following considerations:

### MAINTAINING TRUST WITH STAKEHOLDERS

Our reputation is founded on trust from our customers, employees, shareholders, regulators, and society in general. Trust takes time to be earned and can be undermined very quickly by poor decisions or actions.

A key part of our strategy is therefore based on treating customers fairly, and integrity continues to be one of our core values as we believe it is essential for sustainable long-term growth. In order to provide our customers with good value for money we will charge them a reasonable price for the risks that we underwrite and the services that we provide, and we recognise the importance of earning competitive investment returns. When selling new business, we aim to only sell products that meet our customers' needs and which they can afford. Strong sales growth (with good persistency) will be the result of successfully meeting customers' needs, rather than sales growth being an end in itself. Good controls to manage operational risks also contribute to building trust by ensuring good customer service, clear communication, fraud prevention and quick action to fix mistakes.

### TOLERANCE FOR UNCERTAINTY

We want to avoid taking risks that could threaten our licence to operate and the financial security of the Group in adverse financial conditions. However, our business strategy is predicated on strong and responsible growth in market share and profits, and we will not be able to do so successfully if our risk strategy is too prudent. We recognise that to provide protection for our customers, and to provide them with good value for money, we need to accept certain risks on their behalf. We are therefore willing to accept certain risks, and there are some risk types for which we have a strong preference (as described later in this document). We will however ensure that risk taking is cognisant of the level of financial resources deployed to Group businesses and our appetite for earnings volatility.

### RECOGNITION OF THE VALUE OF DIVERSIFICATION

Diversification is key in insurance and is used to avoid excessive risk concentration, so that we do not depend excessively on things going right in one particular area, and the sustainability of the whole business is not undermined if something goes wrong in one area. Diversification can be applied across a broad-spectrum including risk types, products, geographies, target markets and distribution channels. We recognise that we are a highly interconnected financial institution and that distress in one business unit is likely to be transmitted to other business units. We therefore aim to understand and mitigate the interconnectedness of risks and its potential contagion effects in adverse conditions.

### RECOGNITION OF RISK MITIGATION

We have developed adequate Risk mitigation techniques to help manage risk exposures by passing on the risks third parties in the form of reinsurance for Insurance risks and having strong and well controlled internal processes in place to mitigate other types of risks like operational, business and strategic risks.

### OPTIMISE RETURNS ON A RISK-ADJUSTED BASIS

Our aim is to focus on the risks where the expected return more than compensates us for the risk taken, and we want to avoid those risks where the expected return is too low. We will not sell new business at a loss or where the long-term expected return is less than our cost of equity, even if this means giving up potential market share. We also aim to take on risks that are efficient from a capital perspective as growing more capital efficient risk types will also optimise Group RoNAV. Thus, there is a strong focus on risk types that result in the lowest marginal increase in capital requirements at a Group level.

### FOCUS ON RISKS WHERE WE HAVE SKILLS AND A COMPETITIVE ADVANTAGE

Our aim is to focus generally on risks that we understand and can manage well which aligns to our business strategy to focus on winning where we have a competitive advantage and/or strong expertise. However, we recognise that remaining relevant to our clients and maintaining a competitive edge is dependent on continuously innovating our products and services which involves growing in areas where we may not necessarily have a competitive advantage or extensive experience.

## RISK MANAGEMENT REPORT (Continued)

### RISK APPETITE MANAGEMENT

The key objective of the risk appetite framework is to ensure disciplined risk-based decision making in the Group. Actively controlling the risk exposures to which our earnings and capital are exposed will result in more sustainable delivery of RoNAV within our chosen risk appetite.

Our Risk Appetite limits defines the level of risk exposure the Group is willing to accept in meeting its business objectives. That is, how much of a specific risk type the Group is prepared to take on. Risk appetite metrics have been developed to measure the level of Capital (Solvency Capital), Earnings (Earnings at Risk) and Liquidity (Liquidity Coverage) risks and are used to manage our overall risk exposures and to express our tolerance for uncertainty resulting from risks we take on.

### MATERIAL RISK CLASSES

Risks with high or moderate risk preferences are generally regarded as opportunities that we actively seek to create customer and shareholder value. Other risks are regarded as uncertainties that pose financial and non-financial obstacles to meeting business objectives and we seek to effectively manage or avoid these downside risks. The key risks we are exposed to are.

#### INSURANCE RISKS (LIFE AND NONLIFE)

We face the risk of life or non-life claims deviating from expected assumptions and have an adverse impact on earnings/capital. We have developed strong underwriting skills and tools for adequate product pricing and reserving. We also leverage on strong reinsurance programs against adverse claims experiences and on technical underwriting skills to compliment our internal capabilities

#### EFFECTS OF COVID -19 TO THE GROUP

Following the declaration of Covid-19 Pandemic, management activated the CMT (Crisis Management Team) to lead actions towards incidence response to the pandemic. The priority of the CMT was on ensuring the health & safety of our employees & customers as well as business continuity during the periods of movement restrictions. Immediate actions we took revolved around enabling our employees to work remotely. All our business premises have complied with government guidelines on Occupational Health & Safety in relation to prevention of the spread of Covid-19. We have now shifted focus from crisis management to business resilience and have set up a nerve center to identify the priority actions that are required to address the impacts of Covid-19, and set the business for success under the new normal.

#### BUSINESS RISK

This is the risk that our business performance will be below projections because of negative variances in new business volumes, high lapse rates and adverse expense experience. In response to these risks, we have enhanced our product distribution channel through digitalisation to grow business volume and retention through wider reach and improved customer experience. We have also driven prudent expense management through operational excellence.

**CREDIT  
RISK**

We are exposed to credit risk through premium debtors and counterparty default risk from investments and reinsurance. We partner with insurance companies with high credit rating scores and have reduced our exposure to corporate bonds to highly rated institutions. Our premium debtors default risk exposure is managed through primarily applying “cash and carry” on policies and only extending short term credit where the law allows, and the clients have a strong internal credit score

**EXTERNAL  
RISKS**

Failure to anticipate and respond to changes in global, regional or local external conditions (Competition, changing customer needs, emerging laws and regulations, environmental, socio-political) could result in the Group’s inability to deliver value and meet financial projections in a given market. Through digitalisation, we are developing solutions that improve our customer value proposition and experience and address current and anticipated customer needs. Emerging risk identification and response is also core to our strategy development and execution.

**LIQUIDITY  
RISK**

The risk that the Group will not be able to effectively meet expected and unexpected current and future cash flows and collateral needs without affecting daily operations or the financial condition of the organisation.

**MARKET  
RISK**

We are exposed to adverse changes in our balance sheet or on future earnings whether directly or indirectly, due to fluctuations in the market prices of financial instruments we hold and on property valuations. We have a low appetite for market risk and are gradually reducing our exposure to volatile investments in the short to medium term.

**INFORMATION  
SECURITY  
AND CYBER  
SECURITY RISK**

Our key risks are around protecting the confidentiality, availability and integrity of our data. The other key risk area is protecting our information systems against cyber attacks. This risk is elevated by the remote working arrangements deployed in response to Covid-19 infection concerns. We have invested significantly in identifying and mitigating vulnerabilities to our systems through implementation of new technologies to support Information security enhancements and business resilience.

# ICT REPORT FOR INCLUSION ONTO

## the UAPH Plc Year 2021 Annual Report





The Group has continued to invest to modernize its information technology for competitive advantage. In 2021, the mission in respect to Information, Communication & Technology was to digitize our businesses to enable business transformation and profitable growth. The main effort focused on automation of processes within and outside the core systems to achieve set controls and efficiency targets. In line with these objectives, we achieved notable successes in the automation of the core business processes including in our medical claims value chain through Electronic Data Interchange. Through this solution, we can now receive 90% of medical claims electronically eliminating a similar proportion of paperwork. We also deployed solution to ease our customer renewal, and engagement processes and consolidated the complaint reporting and management for better service delivery.

During the year, we implemented specific initiatives to improve our compliance to regulation and effectiveness of our management information systems. These included a data governance and clean up exercise, deployment of anti-money laundering and transaction monitoring system, and adoption of data analytics and monetization capabilities. We also commenced the improvement and standardization of our financial management and reporting system.

The maturity of our technology operations and controls as measured by Control Objectives for Information Technology

(COBIT), and National Institute for Standards and Technology (NIST) standards continued to improve in line with the targets set by management. The annual audits of controls and their effectiveness were completed successfully, and the set targets of 3 and 3.5 under the COBIT and NIST standards respectively, were met. This indicates that the Group has well documented and managed technology operations processes.

The Group has developed robust information technology and security policies which govern the full spectrum of technology risk domains. These policies have been implemented through a set of 25 standards that set out specific requirements from acceptable use, access management, to asset protection, acquisition, and implementation of technologies to the management of third parties. The compliance to these policies is attested to annually to ensure they are fully operationalized and cover the full requirements of the evolving technology environment.

In the year 2021, our IT policies (Information Security Risk Policy and Information Technology Risk Policy) were recategorized and elevated from being level 2 policies under the Operational Risk category, to level 1 policies, and cascaded across all Group businesses. The audit of the compliance status for the two risk policies was completed during the year, and our compliance was assessed as mostly compliant with the objective of achieving full compliance in 2022.

SUSTAINABILITY



DOING GREAT THINGS EVERYDAY



**PROTECT**  
WHAT YOU  
HAVE WORKED  
HARD FOR.

**STAKEHOLDER  
ENGAGEMENT**



**Customers**

Old Mutual has 6.1 million customers in South Africa.

Our retail customer base ranges from low income to high net worth individuals, and SMEs to large corporates and institutions.



**Intermediaries**

Our physical distribution network includes tied advisers, independent financial advisers (IFAs), independent brokers and independent sales agents.

We have 11,865 tied advisers, 16,100 independent financial advisers and 6,400 independent brokers servicing customers across South Africa and Rest of Africa.



**Employees**

We have employed 3,298 skilled and diverse employees across East Africa

**THE IMPORTANCE OF  
OUR STAKEHOLDERS TO  
OUR EXISTENCE**

Our customers are the lifeblood of our business and we are committed to championing mutually positive futures for them everyday. They acquire our products and services and are our main source of revenue. Their changing needs and goals motivate us to innovate and push boundaries.

Intermediaries serve as a crucial interface with our customers. They establish relationships with new customers, provide appropriate advice according to their needs and service them through a combination of face to face and digital channels to optimise and enhance their experience.

We depend on our highly engaged and motivated employees to put our customers first in everything they do and we rely on them to act as custodians of our brand. They also enable us to execute on our strategic priorities and deliver long term value to investors.

**THE NEEDS, EXPECTATIONS  
AND CONCERNS OF OUR  
STAKEHOLDERS**

- Innovative and flexible product solutions
- Competitive and transparent pricing
- Omnichannel experience and ease of use
- Fast and efficient customer service
- Responsible and appropriate advice
- Relief in times of significant financial difficulty

- Digital applications and tools that save time and are easy to use
- Support and infrastructure to enable productivity
- Product and regulatory training
- Fair incentives that reward efforts

- Fair and competitive remuneration
- Training and development for personal and career advancement
- An inclusive, diverse and safe working environment
- Digital enablement for new ways of working

**HOW WE MEASURE  
VALUE CREATED FOR OUR  
STAKEHOLDERS**

- Claims and benefits paid
- Investment performance against benchmark
- Brand recognition awards
- Net promoter score (NPS)

- Fees and commissions paid
- Training spend
- Satisfaction score

- Salaries and benefits paid
- Investment in employee skills development and training
- Culture survey engagement numbers
- Employment Equity score



**Investors**

Our investors include equity and debt holders. Our equity holders include institutional and individual investors from across the globe.



**Communities**

Our communities include the citizens of the countries where we operate, as well as non profit organisations and our strategic partners and suppliers.



**Regulators**

We are regulated by various laws and regulatory bodies in the countries where we operate.

**THE IMPORTANCE OF OUR STAKEHOLDERS TO OUR EXISTENCE**

As the providers of financial capital our investors enable business continuity and growth. They also allow us to make a positive contribution as a financial services provider on the African continent through serving our customers and communities.

Communities create an ecosystem in which we do business and enable us to build relationships with customers, suppliers, strategic partners, employees and funders.

Regulation promotes a functioning society, and ensures that the financial industry remains fair and sound, safeguarding customer confidence.

**THE NEEDS, EXPECTATIONS AND CONCERNS OF OUR STAKEHOLDERS**

- Sustainable and growing financial returns and distributions
- Well capitalised balance sheet to protect against downside shocks
- Clear strategic direction and strong operational execution
- Experienced management team
- Transparent reporting and disclosures
- Strong financial control environment and governance and ethics frameworks

- Skills development
- Access to funding programmes
- Financial education and inclusion
- Contributions to social and environmental issues

- Compliance with legal and regulatory requirements in all countries where we operate
- Being a responsible taxpayer in all jurisdictions
- Active participant in industry and regulatory working groups
- Strong governance frameworks and ethics
- Adhering to capital requirements as prescribed by regulatory bodies in countries where we operate

**HOW WE MEASURE VALUE CREATED FOR OUR STAKEHOLDERS**

- Cash dividends paid
- Interest paid to debt holders
- Return on Net Asset Value
- Adjusted Headline Earnings per share
- Group solvency ratio in excess of regulatory minimums

- Response to communities in crisis
- Responsible investment in socially inclusive, low carbon and resource efficient investments
- Total investment per focus area of our Responsible Business framework

- Group solvency ratio in excess of regulatory minimums
- Direct and indirect tax contribution by jurisdiction

# SUSTAINABILITY AND SOCIAL RESPONSIBILITY

## Our responsible business agenda

Our purpose - Transforming Lives and Enabling Financial Goals by Keeping our promises enables us to continuously create shared value for our investors, employees, customers and the communities we operate in. This has facilitated the long-term sustainability of the Group and enhanced our competitiveness.



### Customers

Claims and benefits paid:

#### G.I

Kshs

**4,917,150**

#### Health

Kshs

**8,040,439**

#### Life

Kshs

**5,631,393**



### Employees

Salaries and benefits paid:

Kshs

**2,602,987**



### Intermediaries

Fees and commissions paid:

Kshs

**3,331,279**



### Communities

Fees paid:

Tax: Kshs

**994,398**

CSR: USD

**9,959**



## Regulators and Industry Associations



### 2020 AKI Awards

#### WINNER

Group Life Company of the Year

#### WINNER

Group Life Innovation Award

#### 1<sup>st</sup> RUNNERS UP

Group Life Most Improved Company



### 2021 AKI Awards

#### 1<sup>st</sup> RUNNERS UP

General Insurance Company of the Year

#### 2<sup>nd</sup> RUNNERS UP

Group Life Company of the Year Award

#### 1<sup>st</sup> RUNNERS UP

Group Life Innovation Award



### 2021 FiRe Awards

#### WINNER

UAP Holdings Plc Insurance



## Our Customers

In everything we do, our customers come first. Our long-standing history and achievements across Africa has been largely supported by our customers and the relationships we have established with them over the years we have been in operation.

Treating Customers Fairly (TCF) is one of the Principles that has guided our staff in ensuring that we serve and retain our customer base with the certainty that they are happy and that we deliver our promise to them to attain their financial goals.

Even though 2021 has been a challenging year, our customers continue to remain with us and we have delivered as below:

- Kenya GI market share at 8.68% and position 1 in the market
- Combined Kenya Life business market share at 3.89% and position 10 in the market
- Net promoter score (NPS) index improvement from 47% in 2019 to 53% in 2021

As the globe continues to navigate the impact of COVID -19, we continue to find ways to support our customers as well as play our part in curbing the pandemic. The Health business partnered with SMART Applications International to automate the access processes and digitizing the medical claims interface with healthcare service partners. The digitization through Smart's Electronic Data Interchange Solution (EDI) will enable UAP Old Mutual clients faster access to treatment and result in more efficient, paperless medical claims through the healthcare facilities.

The Life business honored claims under policy amounting to Kshs.263,125,118.80 to families affected by COVID - 19.

As part of the Group's MyOldMutual digital transformation programme, the Group made significant strides to enable customers access financial services and advice on the go and help them plan for their individual and family's finances.

The notable achievements include the deployment of:

- the new Faulu mobile app, public website, and USSD platforms
- the new Kenya public website for the Kenya insurance, investments, and savings businesses
- the rebranded Rwanda website from UAP to Old Mutual
- an updated Go-Plus healthcare digital platform in Kenya

The key customer outcomes in FY 2022 from the MyOldMutual digital programme in EA were:

- 671,000 unique digital users (unique IP addresses) on our websites across EA
- 57,000 active digital users (users who have logged into our digital assets) across EA

Internally, we made significant progress in the digitisation of our core business processes to achieve efficiency and better controls. We also focussed on the reduction or elimination of the need for paper trail in business transaction processing. In particular we achieved:

- The digitisation of our medical claims exchange with the service providers in Kenya enabling faster and more effective processing of claims and a 95% reduction in the use of paper bills.
- The use of Robotics in parts of our medical claims processing in Kenya enabling better speeds and accuracy in claims payments.

In addition to the above, we also scaled up the execution of initiatives to achieve a delightful customer experience across the Group. Over the year, we achieved a consolidation of customer complaints management and reporting coming through different touch points and independent review of the NPS measures to enable automation.

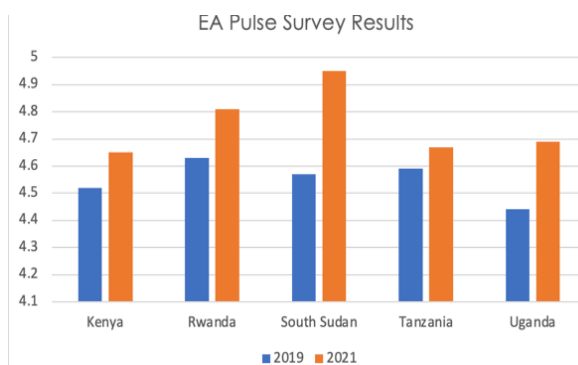
We also continued to drive the shift of our technology infrastructure to the cloud with a target to complete the full migration in 2024.



## Our Employees

Culture is a key driver for our people transformation journey in the Organization. Our employees are enablers of our strategy and we recognize that for the Group to deliver on its purpose, to various stakeholders, then our staff need to be at the heart of it. In 2018 we embarked on a culture transformation journey called “Pulse” where the East Africa purpose was developed and underpinned by our values – Transforming Lives and Enabling Financial Goals by Keeping our promises.

In 2019, we consequently developed and implemented our home-grown Culture and Engagement Model and in Q4 of the same year conducted a full Pulse Survey revealing four focus areas that will enable our culture transformation. These were leadership capabilities, brand pride and process improvement. Post the 2019 Pulse Survey and in response to the unforeseen impact of Covid-19, we have continued to conduct Mini Pulse Surveys as dipstick checks on how we are tracking on the culture transformation journey. Between 27th September and 13th October, a full pulse survey was conducted. The results of this survey show an improvement, compared to the 2019 results, at 79% engagement. Employees are happier with the internal brand and culture transformation remains our key focus for 2022. Below is a summary:



### 1. TALENT, LEARNING & DEVELOPMENT

In 2021, we focused on embedding self-driven learning through our e-Learning platforms. Further, several regulatory, technical and business programs were rolled out to address competency gaps as well as ensure employees are aware of policy and compliance standards. The e-learning uptake for 2021 stood at 98%, with 78% of these being compulsory courses. The highest e-learning uptake has been in;

- Compliance courses which include Policy trainings and regulatory trainings
- Leadership Courses focusing on Leadership agility, Strategic Leadership, Strategic Thinking, decision making
- Digital Literacy
- How to use workday

Some of the virtual programs rolled out in 2021 include Customer Service Excellence, Business Etiquette, Products Training, Emotional Intelligence, Sales Training among others.

The success in uptake of the e-learning has ensured that our employees are continuously upskilling to remain well equipped to serve our customers. It has also contributed to strengthening of our internal controls.

We continue to drive a high-performance culture by ensuring we retain our High Performing High Potential (HiPo) talent through various HiPo engagements and mentorships. Our current retention rate is above 90% with a HiPo development index of 98%.

Our East Africa retention rate in 2021 was 87% and we were able to retain employees in critical roles within the business.

### 2. COVID RESPONSE

The Covid pandemic brought about a shift in the ways of working. The business has taken measures to respond to the pandemic and ensure business resilience. The key objectives have been to ensure business continuity, protect the employees, invoke protective measures as appropriate and proactively control business interruption.

Below are some of the measures taken to minimize exposure of our staff to the virus:

- Health Advisory is in place – periodic communication sent to all staff and posters in place in our premises. Health talk conversations are emphasized in staff town halls.
- Remote Working – Employees have been facilitated to work from home. In Q4, a hybrid model was introduced, which saw employees working in shifts with a rotation plan for all teams.
- Staff Mental wellbeing while working from home – Counseling services are available to staff and

regular communication to keep staff engaged and productive while working remotely.

- Productivity – Guidance to managers on how to effectively manage their teams remotely. Periodic updates and team huddles in place to maintain productivity.
- ICT – the ICT team is fully supportive to ensure staff are enabled to work.
- Regular vaccination drives to make the Covid Vaccines available and accessible to the staff.

These measures were critical to ensuring business continuity despite the pandemic.



## Our Communities & Environment

The UAP Old Mutual Foundation strategy is underpinned on the creation of financial wellbeing for our communities as a critical pillar in the attainment of basic needs. Financial education, skills and literacy programmes, financial inclusion programmes, such as those that seek to strengthen small businesses is part of how the Foundation promotes and realises financial well being.

Our initiatives in this category seek to promote the Sustainable Development Goals with a focus on:



In 2021, the UAP Old Mutual Foundation partnered with various organisations for the attainment of financial wellbeing objectives:

1. Empower young people with skills for employability and entrepreneurship for job creation.
2. Increase the literacy and skills levels in the society to support innovation and economic development.
3. Improved livelihoods through associated benefits of increased earnings per household.

#### UAP Old Mutual Foundation areas of impact

##### 1. Mainstreaming financial literacy in Kenya (Old Mutual Learn. Think. Do initiative)

UAP Old Mutual Foundation and the Kenya Institute of Curriculum Development (KICD) launched a partnership to boost the implementation of financial literacy in Kenya under the new Competency-Based Curriculum (CBC). Through an investment of **Kshs 21,972,500**, the Old Mutual committed improve the financial literacy levels of teachers and learners in the Kenyan Education System through teachers' development efforts and achievement of the following deliverables:

- a. Analysis of integration matrices.
- b. Development of financial literacy guidelines.
- c. Development of financial literacy teachers' online and offline courses for junior secondary and senior schoolteachers.

The partners attained the first two milestone in 2021 and are set to develop and cascade financial literacy course.

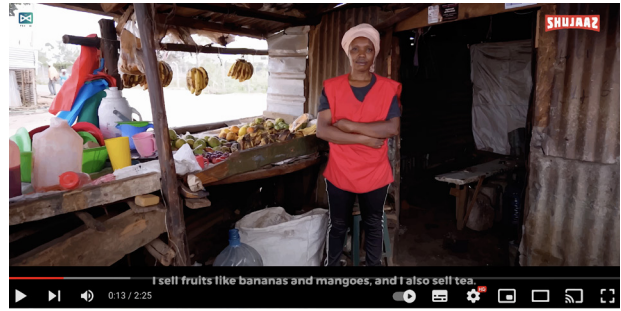


##### 2. Financial education for the youth

UAP Old Mutual Foundation partnered with Shujaaz Inc, the network of social ventures behind East Africa's biggest youth brand 'Shujaaz', to launch a financial education initiative for youth in the informal sector. The partners adapt Old Mutual financial education content, on-the-money, using relatable language and leveraging peer-to-peer learning models by show casing role model young people on videos shared through social media channels.

The program also leveraged UAP Old Mutual Group subject matter experts to provide more information to young people.

Through an investment of Kshs 5.4M, the initiative reached over 8million young people in Kenya, via social media platforms. By equipping young people with Shujaaz Patnership.



**3. Skills development for the youth**

The Foundation has continued to drive skills development through its partnership with Simba Foundation Limited, the social responsibility arm of Simba Corp Group. The first phase of the programme is aimed at enabling skills development in the automotive sector for 70 students in Nairobi, Mombasa and Kisumu Counties.

UAP Old Mutual Foundation implements the project through vocational institutions for technical training. Additionally, the UAP Old Mutual Group provides linkage to its panel of garages for students to access industry training during the program.





## Our Suppliers and Service Providers

Our suppliers and service providers are key partners in delivering on our strategy. Our procurement strategy is anchored on shared values of sustainability, fairness, transparency and collaboration with our service providers.

In 2021 the group initiated a project dubbed War on Waste (WOW) aimed at driving cost savings to ensure a sustainable cost base for strategic contracts. Through this initiative the group reached out to our key critical vendors with the message of a longer-term partnership approach and sustainability. The project's main focus was on renegotiating contract terms to reduce overall cost charged to the group. A total of 59 contracts were re-negotiated resulting in a cumulative cost saving of Kes 170M across the region.

This positive outcome demonstrates our commitment to our vendors and stakeholders on our shared value approach to sourcing.

In the same year, the group developed a supplier relationship management framework that emphasizes our commitment to collaboration. This framework entrenches regular engagement and risk assessment framework with our vendors to ensure collaborative innovative solutions design with vendors.

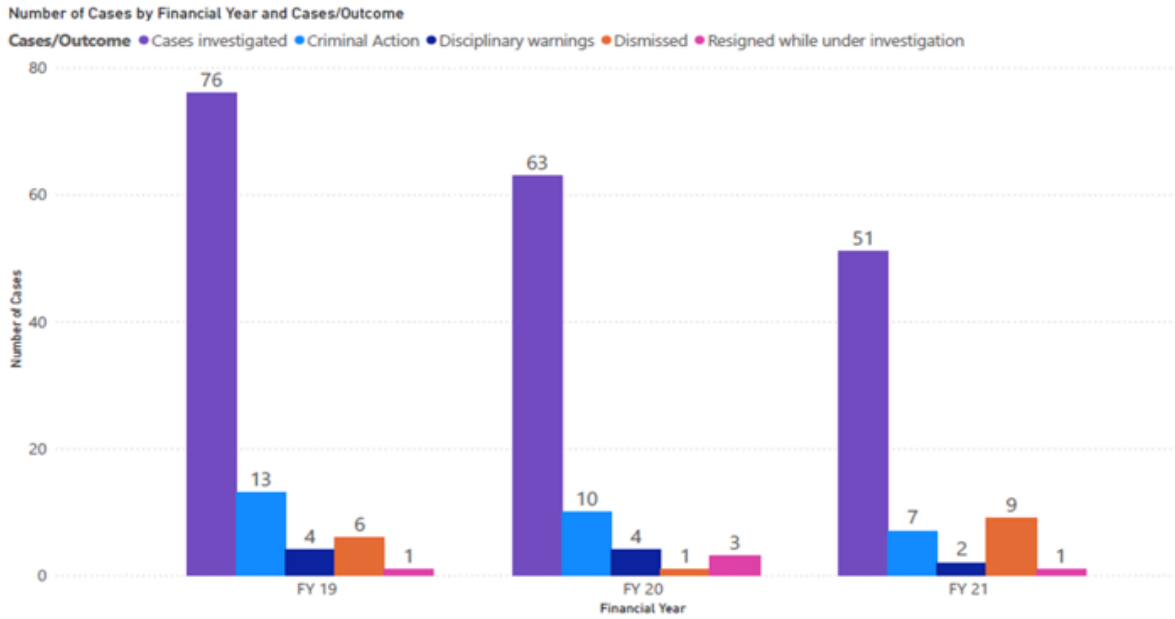
### Forensics Update

In FY 2021, a total of 51 cases were reported and investigated. By contrast far more fraud cases were investigated in 2020. Internally 9 employees were dismissed, 2 were given disciplinary warnings and 1 resigned when they were placed under investigation. Externally 7 cases were referred to the police for further investigation and prosecution of the culprits.

**Fraud Awareness Training** - In FY 2021, Fraud Awareness training sessions were held through online channels for all staff. Virtual training sessions were held for staff in Kenya, South Sudan and Uganda General Insurance Business and the employees were empowered to combat financial crimes.

**Fraud Risk Assessments** - One Fraud Risk Assessments was conducted for the Health Business in Kenya. The purpose of the Assessment was to assist the business identify inherent fraud risks and come up with mitigating management actions on the risks identified.

**Financial Crime E-learning modules** - 6 E-Learning modules were developed and rolled out to all staff covering Fraud & Theft, Anti-bribery and Corruption, Gifts, Whistleblowing, Conflict of Interest and Internal Irregularities. The modules were meant to enhance employee's awareness of the company policies and Code of Conduct.



**Our Contribution to The United Nations Sustainable Development Goals**

The Sustainable Development Goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Here is a snapshot of our contribution towards some of these Global Goals.



## 4 QUALITY EDUCATION



**THE NEED:** To provide primary education and amenities to children

### OUR CONTRIBUTION:

Through the UAP Old Mutual Foundation, the Group provides scholarships and has carried out intervention initiatives for 2 schools; Kaluki school and Upperhill Secondary school.

The intervention initiatives included donating beds and water tanks for Kaluki School and sponsoring dorm renovation at the Upper Hill School.

## 5 GENDER EQUALITY



**THE NEED:** To provide gender parity in the organization and empower women through leadership positions

### OUR CONTRIBUTION:

We have 13% of women in leadership in East Africa.

Through Old Mutual Women Network, we have provided an avenue of women to network and learn from each other and from women who have made a mark in Africa. The Network has also partnered with women groups such as Nyar Gwada who recycle paper to beads.

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



**THE NEED:** To invest in infrastructure and provide innovations to solve emerging needs and grow the economy

### OUR CONTRIBUTION:

We have provided digital health products through our health business to meet customers at their point of need. We have also invested KSHS. 95.8M in digital infrastructure to provide alternative, safer and faster ways to communicate with our customers and staff.

## 7 AFFORDABLE AND CLEAN ENERGY



**THE NEED:** Expanding infrastructure and upgrading technology to provide clean and more efficient energies to encourage growth and help the environment.

### OUR CONTRIBUTION:

We are developing a solar power plant at UAP Equatoria Tower

Juba, projected to produce over 1,000,000 KWh per annum. The solar plant will in the first year cut back diesel dependency at

the Tower by 50% with continuous improvements in conversion efficiency in the subsequent years to fully eliminate dependency on diesel.

## 17 PARTNERSHIPS FOR THE GOALS



**THE NEED:** To improve access to technology and knowledge through sharing ideas and executing.

### OUR CONTRIBUTION:

Our strategic partnerships are contributing to the growth of skills development and management of the pandemic.

## 8 DECENT WORK AND ECONOMIC GROWTH



**THE NEED:** To promote sustained economic growth, higher levels of productivity and technological innovation.

### OUR CONTRIBUTION:

We have employed 3298 people across East Africa and retained the same workforce in 2020 despite the pandemic.

99% of our assets are invested in Kenya which contributes to the growth of the economy through investments.





**PLAN**  
FOR  
TOMORROW,  
TODAY

UAP



DOING GREAT THINGS EVERYDAY

**DIRECTORS'**  
REPORT



The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2021, which disclose the state of affairs of UAP Holdings Plc (the 'Company') together with its subsidiaries (the 'Group').

### Principal activities

The Group is engaged in the business of insurance, investment management, property and stock broking services. These activities are carried out through the Group's subsidiaries in Kenya, Uganda, Tanzania, South Sudan, Mauritius and Rwanda. These activities are briefly described below:

**Insurance business:** The Group has seven insurance subsidiary undertakings. Four of these subsidiaries underwrite non-life insurance risks, two underwrite life insurance risks and one underwrites both life and non- life insurance risks as defined by the Insurance Acts in their respective countries of domicile. The Group does not underwrite industrial life insurance. The Group also issues investment contracts to provide its customers with asset management solutions for their savings and retirement needs. These operations are carried out in Kenya, Uganda, Tanzania, South Sudan and Rwanda.

**Stockbroking:** The Group provides stock broking services through its subsidiary, UAP Financial Services Limited, a Ugandan based Company.

**Property:** The Group holds investments in two property companies based In Uganda and South Sudan. The Company directly owns commercial property and indirectly owns commercial and residential property through its subsidiaries in Kenya, Uganda, Rwanda and South Sudan.

### UAP Life Assurance Ltd takeover of Old Mutual Life Assurance Company Ltd

Following an Extraordinary General Meeting held on 31 December 2020 by Old Mutual Life Assurance Company Limited (OMLAC) shareholders, a resolution was passed to sell all the shares of OMLAC to UAP Life Assurance Limited (UAPAL). This resulted in UAP Holdings Plc continuing to exercise control although its shareholding in UAPAL will reduce from 100% to 55.7% with the remaining 44.3% being held by Old Mutual Holdings Limited. Effective date of control was 25th January 2021. The takeover of OMLAC by UAPAL is part of our corporate structure simplification and the consolidated results as at 31st December 2021 reflect this.

### Business Review

The Group recorded a loss before tax of KShs 175m for the year ended 31 December 2021 compared to a loss of KShs 1,048m for the same period in 2020. The performance was an improvement on 2020 driven by strong topline growth, reductions in our cost base and investment income performance on the back of the Nairobi Securities Exchange (NSE) recovery in 2021. The performance was however dampened by adverse claims experience in our insurance businesses largely attributable to the impacts of the Covid 19 pandemic.

The General Insurance business profit before tax remained largely the same at KShs 1.23b compared to KShs 1.20b in 2020 despite the growth in topline, largely due to adverse claims experience and fair value losses on specific property assets in the Kenya and South Sudan markets. Claims experience was impacted by increased medical claims relating to Covid cases, adverse experience on our motor book and a general hardening of reinsurance terms that led to more claims falling within our business retention levels.

The Life Insurance business registered an improvement with a loss before tax of KShs 429m compared to a profit before tax of KShs 545m in 2020. Excluding the OMLAC business the loss before tax for the life business would have been KShs 223m. The loss result was largely driven by excess mortality due to the Covid 19 pandemic. The business however had an improved result relative to 2020 due to strong topline growth and improved investment income as markets recovered.

### Investment properties

The value of investment properties is KShs 18b (2020: KShs 16.5b). The movement of KShs 1.5b is driven by additional investments of KShs 2.2b from OMLAC and foreign exchange gains of KShs 0.5b offset by fair value losses of KShs 1b.

### Revenue growth

Gross written premiums were up 30% driven by both our short-term insurance and long-term insurance businesses. The long-term insurance business experienced a recovery compared to prior year driven by strong corporate sales while the short-term insurance business has sustained the strong growth recorded in 2020. Net earned premiums were up 21% over the same period in 2020 in line with Gross earned premiums which were up 25%. Excluding the impact of the OMLAC consolidation Gross written premiums were up 22%, Gross earned premiums were up

### Net claims

Net claims payable were up 38% driven partly by increased medical claims relating to Covid cases, worsened motor book experience in our Kenyan market and hardening of reinsurance terms in 2021 that led to reduced reinsurance recoveries as more claims fell within retention limits. Excluding the impact of the OMLAC consolidation Net claims payable were up 22%. We have continued engaging with our customers who have been impacted by the pandemic and supported them in receiving appropriate care to recover.

### Operating expenses

Operating expenses were down 9% in 2021 compared to 2020. Costs have remained well contained driven by operational efficiencies on the back of the technology investments in recent years, cost containment initiatives and an improved control environment resulting in reduced operational losses. Excluding the impact of the OMLAC consolidation operating expenses were down 18%.

### Underwriting profit and combined ratio

The short-term insurance business registered an underwriting loss of KShs 0.9b in 2021 compared to a prior year underwriting loss of KShs 0.4b mainly attributable to increased claims with loss ratios up from 61% to 67%.

















The deterioration in claims experience has been addressed in the section above. The combined ratio moved in tandem with the deteriorated claims experience increasing from 103% in 2020 to 106% in 2021. The 3% deterioration impact was lower than the 6% worsening in loss ratios due to strong cost containment that mitigated the adverse claims experience.

### Investment income

Net investment income increased by 20% driven by recovery in the Kenya equities market, growth in investible assets in line with topline growth and disciplined collection of premium receivables. The NSE All Share, NSE 25, and NSE 20 indices were up 9.4%, 1.8% and 9.6% in 2021 compared to down 8.6%, 29.6% and 16.7% in 2020 on the back of the economic impact of the measures imposed to contain the pandemic. Excluding the impact of the OMLAC consolidation investment income was up 2%. The growth in investment income was however offset by fair value losses from our bond portfolios following an increase in the yield curve and on some of our real estate holdings on the back of lease renewal rental adjustments.

## Directors

The Directors of the Company, who held office during the year and up to the date of this report, are:

Dr JB Wanjui, CBS	Kenyan		Chairman (Non-Executive Director)
Mr Michael J Harper	South African		Deputy Chairman and Independent Non-Executive Director
Mr James Ngatia Muguiyi	Kenyan		Non-Executive Director
Mr George Maina	Kenyan		Non-Executive Director
Mr. Clement Chinaka	Zimbabwean		Non-executive Director (appointed 3rd March 2020)
Mr. Richard Treagus	South African		Non-executive Director
Mr. Shailesh Devchand	South African		Non-Executive Director
Mr Jonas Mushosho	Zimbabwean		Non-executive Director (retired 1 January 2020)
Mrs Susan Omanga	Kenyan		Independent Non-Executive Director
Mr Robert Mbugua	Kenyan		Independent Non-executive Director
Mr Vincent Rague	Kenyan		Independent Non-Executive Director
Ms. Maria Shipiri	Kenyan		Independent Non-Executive Director (appointed 19 May 2020)
Dr. Catherine Adeya	Kenyan		Independent Non-executive Director (appointed 10 December 2020)
Mr Joseph Wanjui	Kenyan		Alternate to Dr JB Wanjui
Mr Arthur Oginga	Kenyan		Executive Director (appointed 24 June 2020)
Mr Peter Mwangi	Kenyan		Executive Director (Group Chief Executive Officer) (resigned 8 April 2020)

The resignation or retirement from office of directors listed above did not relate to the affairs of the company.

## Results

KShs '000	2021	2020
Loss for the year	(1,077,664)	(1,312,439)
Loss attributable to shareholders of the company	(843,781)	(1,094,167)

## Dividends

The Directors do not recommend the payment of a dividend in 2021 (2020 Nil).

## Relevant audit information

The Directors in office at the date of this report confirm that:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information relevant audit information and to establish that the Company's auditor is aware of that information.

## Auditor

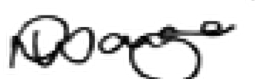
The Company's auditor, Messrs KPMG Kenya, will retire from office in the next Annual General Meeting.

## Approval of the financial statements

The financial statements set out on pages 96 to 199 were approved and authorised for issue by the Board of Directors on 29th March 2022..

## By order of The Board

Nanette Miingi  
Secretary



29<sup>th</sup> March 2022

# DIRECTORS' REMUNERATION REPORT

## Information not subject to audit

This Directors; Remuneration Report has been prepared in line with The Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 which provides guidelines on Director's remuneration as read together with Part XXV of The Companies Act, 2015.

The Company offers a selection of financial and non-financial rewards and benefits to non-executive directors. In determining the remuneration structure for non-executive directors, the Company has adopted a Remuneration model that takes into account the size and nature of the Group's business and comparative benchmarks of similar entities within the financial services sector in East Africa. Non-executive Directors' (other than the Old Mutual representatives) are entitled to the following fees and benefits in respect of their appointment to the board:

- An annual retainer for board membership prorated and paid monthly in arrears.
- Sitting allowances for board and committee attendance to compensate the directors for their time in preparation and attendance at board and committee meetings. Premia apply in respect of payments made to Chairmen of boards and committees.
- Enrolment to the non-executive directors medical and motor private insurance schemes at rates similar to the staff insurance cover.
- Reimbursement for travel expenses associated with their official duties, where necessary, as well as other direct business-related expenses.
- Directors' Liability Cover to provide protection for undertaking their duties in such capacity.

The Board has mandated the Remuneration, Nominations and Corporate Governance Committee (RNCGC) to, inter alia, review the remuneration of non-executive directors and senior management to recommend changes from time to time. The Directors' Remuneration Report is unaudited except where otherwise stated.

## Changes to directors' remuneration

Changes to directors' remuneration The fees of non-executive directors are reviewed annually in accordance with the relevant corporate governance standards and requirements and are subject to ratification by shareholders at the Annual General Meeting, inclusive of applicable taxes. In respect of the year ended 31 December 2021, there was an approved increase in non-executive director's remuneration and implemented in July 2021.

## Executive directors

The company has one executive director, who has oversight over the Company as well as all the Group operating entities.

The Group Chief Executive Officer holds a contract of service on permanent and pensionable terms which provides for a company car, club membership, wireless home internet and can be terminated on three (3) months' notice.

In accordance with the remuneration policy, executive directors are eligible to participate in the Company's incentive reward scheme – Short Term Incentive (STI) and Long-Term Incentive (LTI) awards - upon achieving various targets agreed with the board. In respect of the year 2021, the performance metrics required to trigger the short-term incentive scheme were not attained and no bonus was paid. The LTI awards are subject to malus, and in some circumstances claw back provisions based on a clear application criteria.

Annual awards under the LTI scheme are subject to deferral, vesting in equal tranches in year 3, 4 and 5 years after the award date. The awards are in the form of phantom Old Mutual Limited shares and qualify for dividends over the vesting period.

**Information not subject to audit (Continued)****Statement of voting on the Directors' Remuneration Report at the Annual General Meeting**

During the Annual General Meeting held on 25 June 2021 voting was carried out through electronic means to approve the Directors' Remuneration Report with the following results published:

Agenda	Vote	Total votes	As a % of the total votes cast
To approve the directors' 2021 remuneration report for the year ended 31 December 2021 as provided for in the Financial Statements	For	185,374,372	99.993%
	Against	8,400	0.0045%
	Abstained	4,500	0.0024%
<b>Total</b>		<b>185,387,272</b>	<b>100.00%</b>

**Information not subject to audit**

For the financial year ended 31 December 2020, the consolidated directors' fees and remuneration was KShs 182m (2019: KShs 191m) and company director fees were KShs 98m (2019: KShs 65m) as detailed below:

KSh '000	Note	Group		Company	
		2021	2020	2021	2020
Non-executive directors' fees		123,073	95,599	24,814	21,145
Executive directors' remuneration		44,157	77,018	44,157	77,018
Total directors' remuneration	43 (vii)	167,230	172,617	68,971	98,163

**Information subject to audit (Continued)**
**Non-executive Directors' remuneration for the year ended 31 December 2021**

KShs '000	2021			2020		
	Annual retainer	Sitting allowance	Total	Annual retainer	Sitting allowance	Total
Dr. JB Wanjui	2,564	-	2,564	4,815	-	4,815
Michael J Harper	1,954	670	2,624	1,835	690	2,525
James Muguiyi	1,764	440	2,204	1,656	670	2,326
Vincent Rague	3,621	630	4,251	1,835	690	2,525
Susan Omanga	1,954	560	2,514	1,835	640	2,475
Robert Mbugua	1,954	560	2,514	1,835	560	2,395
George Maina	1,954	710	2,664	1,835	720	2,555
Joseph Wanjui	588	320	908	-	290	290
Maria Shipiri	1,764	470	2,234	1,019	220	1,239
Dr. Catherine Adeya	1,764	570	2,337	-	-	-
Shailesh Devchand*	-	-	-	-	-	-
Richard Treagus*	-	-	-	-	-	-
Clement Chinaka*	-	-	-	-	-	-
	<b>19,884</b>	<b>4,930</b>	<b>24,814</b>	<b>16,665</b>	<b>4,480</b>	<b>21,145</b>

\*No fees are paid to these directors who represented Old Mutual Limited on the board of directors in the year under review as they hold contracts of service in their respective jurisdictions.

In the year under review, one (1) additional non-executive director was appointed to the board thereby earning a prorata fee for his tenure. There was an increase implemented in July 2021 and the net effect of these changes was a 6.5% increase in 2021 when compared to 2020.

**Executive Directors' remuneration for the year ended 31 December 2021**

KShs '000	Peter Mwangi		Arthur Oginga	
	2021	2020	2021	2020
Salaries and allowances	-	31,312	41,297	30,927
Retirement funding	-	836	2	2
Deferred Short term incentive payments	-	1,375	1,942	-
Long term incentive payments	-	11,653	916	-
Qualifying dividends	-	944	-	-
Other	-	-	-	-
		<b>46,042</b>	<b>44,157</b>	<b>30,974</b>

The remuneration report set out on pages 86 – 88 was approved and authorized for issue by the Board of Directors on 29th April 2021.

**By Order of The Board**

Michael John Harper

**Chairman - Remuneration, Nominations and Corporate Governance Committee**

**Date: 29th March 2022**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of UAP Holdings Plc set out on pages 96 to 199, which comprise the consolidated and company statements of financial position as at 31 December 2021, and the consolidated and company statements of profit or loss, consolidated and company statements of other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan 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 misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Company and its subsidiaries keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company and of the consolidated and separate profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and/or Company will not be a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 29th March 2022.

Vincent Rague  
Chairman



Arthur Oginga  
Group chief Executive



# FINANCIAL STATEMENTS



DOING GREAT THINGS EVERYDAY

A woman with dark skin, wearing a brown hat and a bright yellow blazer, is seated in a colorful outdoor setting. She is looking slightly to the left of the camera. The background is filled with vibrant colors and patterns, including a red chair and a blue and green patterned object. A large green circle is overlaid on the right side of the image, containing the text "GROW IN YOUR INVESTMENT JOURNEY".

**GROW**  
IN YOUR  
INVESTMENT  
JOURNEY



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UAP Holdings PLC

## Report on the audit of the consolidated and separate financial statements

### Opinion

We have audited the consolidated and separate financial statements of UAP Holdings Plc (the "Group and Company") set out on pages 96 to 199, which comprise the consolidated and company statements of financial position as at 31 December 2021, and the consolidated and company statements of profit or loss, consolidated and company statements of other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of UAP Holdings Plc as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Kenyan 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 consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. have been KShs 223m. The loss result was largely driven by excess mortality due to the Covid 19 pandemic. The business however had an improved result relative to 2020 due to strong topline growth and improved investment income as markets recovered.



## Report on the audit of the consolidated and separate financial statements (Continued)

### Key audit matters (Continued)

#### Short term insurance contract liabilities (applicable to the consolidated financial statements)

See note 2(c)(ii), 3(ii) and 27 to the financial statements

#### The key audit matter

Short term insurance contract liabilities constitute a significant portion of the Group's total liabilities. Valuation of these liabilities is highly judgmental, and requires a number of assumptions to be made that have high estimation uncertainty.

This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported to the Group (incurred but not reported (IBNR)). Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to material impacts on the valuation of insurance liabilities.

The key assumptions that drive the reserving calculations (determination of insurance contract liabilities) include loss ratios, claim expense assumptions and claim development factors. The valuation of insurance contract liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgments over key assumptions, is not complete and accurate then material impacts on the valuation of insurance liabilities may arise.

We determined the valuation of insurance contract liabilities to be a key audit matter due to the high degree of estimation uncertainty and significant judgement applied by management in the determination of the reported amounts.

#### How the matter was addressed in our audit

##### Our audit procedures in this area included:

- Obtaining an understanding of the processes, systems and applications used in determination of insurance contract liabilities. This included assessing the design and operating effectiveness of key controls around the claims handling and reserve setting processes of the Group;
- The evaluation and testing of key controls around the claims handling and reserve setting processes of the Group by selecting a sample of transactions and validating adequacy of implemented controls;
- Inspecting subsequent claims and payments for any unrecorded liabilities at the end of the period to ascertain whether insurance claims liabilities recorded at period end were adequate;
- Obtaining a sample of claims reserves and comparing the estimated amount of the reserve to reports from loss adjusters to ascertain accuracy of the recorded amounts;
- Re-performing reconciliations between the data recorded in the financial reporting systems and the data used in the actuarial reserving calculations;
- Using our internal actuarial specialists to evaluate the reserving methodology applied and analytically assessing the valuation results presented and movements since 31 December 2020. We focused on understanding the methodologies applied and examined areas of judgment such as changes in valuation assumptions;
- Evaluating the validity of management's liability adequacy testing by assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience; data and specific product features; and
- Evaluating the adequacy of disclosures in the financial statements including disclosures of key estimates and judgements on insurance contract liabilities as required by IFRS 4 Insurance contracts.



## Report on the audit of the consolidated and separate financial statements (Continued)

### Key audit matters (Continued)

#### Short term insurance contract liabilities (applicable to the consolidated financial statements)

See note 2(c)(iii), 3(ii) and 27 to the financial statements

#### The key audit matter

The Group has significant long term insurance contract liabilities and deposit administration liabilities representing a significant portion of the Group's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of policyholder liabilities.

Economic and non-economic assumptions, such as investment returns, discount rate, mortality and persistency, expenses and expense inflation and withdrawals are the key inputs used to estimate these insurance contract liabilities.

Economic and operating assumptions, such as investment returns, mortality and persistency (including consideration of policyholder behaviour), expenses and expense inflation, withdrawals and sensitivity analysis are the key inputs used to estimate these long-term liabilities.

The assumptions to be made have high estimation uncertainty and changes in the estimates may lead to material impact on the valuation of the liabilities. The valuation also depends on accurate data from the information systems. If the data used is not complete and accurate then material impacts on the valuation of policyholder liabilities may also arise.

As a result of the significant judgement and assumptions above, we determined insurance contract liabilities and Payables under deposit administration contracts to be a key audit matter.

The Group and Company own investment properties which represent a significant component of the consolidated and Company statements of financial position as at 31 December 2021. These investment properties are stated at their fair values based on independent external valuations.

Valuation of investment properties is considered a key audit matter because the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the fair value which include the discount rate used to present value cash flows and terminal yield rates and a small change in the assumptions can have a significant impact to the valuation.

#### How the matter was addressed in our audit

- Using our internal actuarial specialists in assessing the appropriateness of the methodology and comparing the assumptions used to determine insurance contract liabilities, by validating the reasonableness of the economic assumptions to market observable data and non-economic assumptions against the Group's historical experience, current trends and our industry knowledge;
- Obtaining an understanding of the processes, systems and applications used in determination of insurance contract liabilities. This included assessing the design and operating effectiveness of controls over the overall Group's reserving process and actuarial valuations;
- Evaluating the reasonableness of management's liability adequacy testing by reviewing the actual vs expected analysis on prior years' reserves and analysis of surplus for any shortfalls or surpluses;
- Re-performing reconciliations between the data recorded in the financial reporting system and the data used in the actuarial reserving calculations including selecting a sample of the data and comparing to the policy documents to confirm completeness and accuracy of both financial and non-financial relevant data elements; and
- Evaluating the adequacy of the Group's disclosures in relation to the key assumptions, judgements and sensitivities used in the calculation of insurance contract liabilities in accordance with IFRS 4 Insurance Contracts.
- Evaluating the qualifications and competence of the external valuers and reading the terms of engagement of the valuers to determine whether there were any matters that might affect their objectivity or limit the scope of their work;
- Evaluating the integrity of inputs of the projected cash flows used in the valuation to supporting lease contracts and other documents;
- Challenging the rate of return, discount and terminal yield rates used in the valuation by comparing them against available industry data, taking into consideration comparability and market factors and, holding discussions with the appointed valuers; and
- Evaluating the adequacy of the disclosures in the consolidated and separate financial statements, including disclosures of the inherent degree of subjectivity and key assumptions in the estimates.



## **Report on the audit of the consolidated and separate financial statements (Continued)**

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the UAP Holdings Plc Annual Report and Financial statements for the year ended 31 December 2021 but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other information to be included in the published UAP Holdings Plc Annual Report and Financial Statements for the year ended 31 December 2021, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate 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 consolidated and separate 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 that we have obtained 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.

### **Directors' responsibilities for the consolidated and separate financial statements**

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Kenyan Companies Act, 2015 and for such internal control, as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

**Report on the audit of the consolidated and separate financial statements (Continued)****Auditor's responsibilities for the audit of the consolidated and separate financial statements (Continued)**

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and/ or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated 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.

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



### Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you based on our audit that in our opinion, the information in the directors' report on pages 82 to 85 is consistent with the consolidated and separate financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jacob Gathecha Practicing Certificate No P/1610.

A handwritten signature in blue ink, appearing to be 'M. G.', written over a large, stylized blue scribble.

For and on behalf:

KPMG Kenya  
Certified Public Accountants  
PO Box 40612 – 00100  
Nairobi

**Date: 29th March 2022**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended December 31 2021

KShs '000	Note	2021	2020
<b>Gross written premium</b>	5 (b) (i)	<b>26,652,185</b>	<b>20,482,282</b>
Gross earned premium	5 (b) (i)	25,099,531	20,033,778
Reinsurance ceded	5 (b) (ii)	(5,146,705)	(3,582,861)
<b>Net earned premium</b>		<b>19,952,826</b>	<b>16,450,917</b>
Investment income	6 (a)	5,649,429	4,128,929
Fair value losses	6 (a)	(1,049,182)	(296,297)
<b>Net Investment Income</b>	6 (a)	<b>4,600,247</b>	<b>3,832,632</b>
Commissions earned	5 (b) (iii)	1,364,881	1,001,452
Other income	7 (a)	1,132,826	16,763
Net impairment release/(provision) on financial assets	4 (b) (iv)	41,321	165,113
<b>Total income</b>		<b>27,092,101</b>	<b>21,466,877</b>
Claims and policy owners' benefits payable	8	(18,588,981)	(14,446,255)
Less: Amount recoverable from reinsurers	5 (b) (ii)	2,803,862	2,998,368
<b>Net claims payable</b>		<b>(15,785,119)</b>	<b>(11,447,887)</b>
Operating and other expenses	9 (a)	(6,729,090)	(7,404,884)
Commissions payable	5 (b) (iii)	(3,331,279)	(2,361,937)
<b>Total expenses and commissions</b>		<b>(10,060,369)</b>	<b>(9,766,821)</b>
Finance costs – interest on borrowings	31 (a)	(1,357,856)	(1,146,368)
Finance costs – leases	44 (b)	(63,751)	(153,786)
<b>Loss before tax</b>		<b>(174,994)</b>	<b>(1,047,985)</b>
Income tax expense	11 (a)	(902,670)	(264,454)
<b>Loss for the year</b>		<b>(1,077,664)</b>	<b>(1,312,439)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(843,781)	(1,094,167)
Non-controlling interest	45	(233,883)	(218,272)
<b>Loss for the year</b>		<b>(1,077,664)</b>	<b>(1,312,439)</b>
<b>Basic and diluted EPS (KShs)</b>	13	<b>(3.99)</b>	<b>(5.17)</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended December 31 2021

KShs '000	Note	2021	2020
<b>Loss for the year</b>		<b>(1,077,664)</b>	<b>(1,312,439)</b>
<b>Other comprehensive income that will be recycled to profit or loss:</b>			
Exchange differences on translating foreign operations		383,641	412,064
<b>Total items that will be recycled to profit or loss</b>		<b>383,641</b>	<b>412,064</b>
<b>Items that will not be recycled to profit or loss:</b>			
Remeasurement of retirement benefit obligations	26	6,502	6,363
Gains/(Losses) on revaluation of property & equipment	15 (a)	35,604	122,004
Related deferred tax	12 (a)	(7,125)	25,009
<b>Total items that will not be recycled to profit or loss</b>		<b>34,981</b>	<b>103,358</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>418,622</b>	<b>515,422</b>
<b>Total comprehensive income for the year</b>		<b>(659,042)</b>	<b>(797,017)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(497,851)	(666,885)
Non-controlling interests	45	(161,191)	(130,132)
<b>Total comprehensive income</b>		<b>(659,042)</b>	<b>(797,017)</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## COMPANY STATEMENT OF PROFIT OR LOSS for the year ended December 31 2021

KShs '000	Note	2021	2020
Investment income	6 (b)	1,650,067	1,448,438
Less: Fair value impairments	6 (b)	(69,693)	(30,242)
<b>Net investment income</b>		<b>1,580,374</b>	<b>1,418,196</b>
Other income	7 (b)	1,388,435	1,057,771
Net impairment release on financial assets	4 (b) (iv)	(3,623)	(8,988)
<b>Total income</b>		<b>2,965,186</b>	<b>2,466,979</b>
Operating and other expenses	9 (b)	(2,765,223)	(3,437,728)
Finance costs – interest on borrowings	31 (b)	(1,231,112)	(1,041,707)
Finance costs – leases	44 (d)	(3,898)	( 4,233)
<b>Loss before tax</b>		<b>(1,035,047)</b>	<b>(2,016,689)</b>
Income tax credit/(charge)	11 (b)	(90,337)	170,402
<b>Loss for the year</b>		<b>(1,125,384)</b>	<b>(1,846,287)</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended December 31 2021

KShs '000	Note	2021	2020
<b>Loss for the year</b>		<b>(1,125,384)</b>	<b>(1,846,287)</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(,125,384)</b>	<b>(1,846,287)</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### As at December 31 2021

KShs'000	Note	2021	2020
Goodwill and other intangible assets	14 (a)	172,392	184,872
Property and equipment	15 (a)	2,142,627	2,224,641
Right of use assets	16 (a)	460,904	497,694
Investment properties	17 (a)	18,025,745	16,458,648
Deferred tax assets	12 (a)	1,040,867	1,308,760
Equity investments	19	2,806,477	1,720,414
Deferred acquisition costs	20	621,122	492,699
Reinsurers share of policyholder liabilities	21	6,020,275	4,796,343
Loans and advances	22	266,096	286,408
Current income tax recoverable	11 (a)	486,175	197,240
Receivables arising from direct insurance arrangements	4 (b) (iv)	1,297,251	1,596,639
Receivables arising from reinsurance arrangements	4 (b) (iv)	1,070,638	1,174,377
Other receivables	23 (a)	1,920,070	1,498,446
Amounts due from related parties	43 (v)	529,816	333,856
Investments and government securities	24	29,971,141	19,826,386
Cash and cash equivalents	25 (a)	14,042,346	10,861,699
<b>Total assets</b>		<b>80,873,942</b>	<b>63,459,122</b>
<b>Liabilities</b>			
Insurance contract liabilities	27	24,751,650	17,449,087
Payables under deposit administration contracts	28	5,712,730	5,112,971
Unit linked investment contracts	29	5,606,971	599,240
Borrowed funds	31 (a)	13,564,324	13,066,330
Lease liabilities	44	519,104	539,968
Unearned premiums	32	8,834,183	7,135,906
Deferred tax liabilities	12 (a)	420,334	525,146
Current income tax payable	11 (a)	102,041	102,041
Creditors from reinsurance arrangements	33	1,447,267	1,196,185
Other payables	34 (a)	6,311,488	4,333,476
Amounts due to related parties	43 (iv)	699	124
Dividends payable	35	370,114	415,770
<b>Total liabilities</b>		<b>67,645,006</b>	<b>50,476,244</b>
<b>Net assets</b>		<b>13,228,936</b>	<b>12,982,878</b>
<b>Shareholders' equity</b>			
Share capital	36	1,058,590	1,058,590
Share premium	36	4,664,801	4,612,626
Retained earnings	37	3,337,897	5,878,397
Fair value reserve for equity investments	38	513	513
Translation reserve	39 (i)	432,633	121,684
Statutory reserve	39 (ii)	199,958	206,894
Contingency reserve	39(iii)	457,745	444,618
Revaluation surplus	39 (iv)	168,156	139,677
<b>Shareholders' funds</b>		<b>10,320,293</b>	<b>12,462,999</b>
Non-controlling interest	45	2,908,643	519,879
<b>Total equity</b>		<b>13,228,936</b>	<b>12,982,878</b>

The financial statements on pages 96 to 199 were approved and authorized for issue by The Board of directors on 29<sup>th</sup> March 2022.

**Vincent Rague**  
Chairman

**Arthur Oginga**  
Group Chief Executive

The notes on pages 110 to 199 are an integral part of these financial statements.

## COMPANY STATEMENT OF FINANCIAL POSITION

### As at December 31 2021

KShs'000	Note	2021	2020	2019
<b>Assets</b>				
Intangible assets	14 (b)	93,591	114,087	177,938
Property and equipment	15 (b)	10 0,507	113,374	185,563
Right of use assets	16 (b)	27,391	32,203	37,014
Investment properties	17 (b)	5,755,883	5,802,793	5,788,497
Investment in subsidiaries	18	5,646,216	5,977,098	5,522,655
Deferred tax asset	12 (b)	587,090	677,427	507,025
Current income tax recoverable	11 (b)	223,467	134,843	93,373
Amounts due from related parties	43 (v)	3,335,401	3,176,572	4,345,252
Other receivables	23 (b)	895,338	1,031,794	1,380,976
Cash and cash equivalents	25 (b)	692,907	381,819	94,160
<b>Total assets</b>		<b>17,357,791</b>	<b>17,442,010</b>	<b>18,132,453</b>
<b>Liabilities</b>				
Borrowed funds	31 (b)	11,846,615	11,099,943	10,463,883
Amounts due to related parties	43 (iv)	38,216	202,165	626,247
Lease Liabilities	44	33,164	36,339	39,112
Other payables	34 (b)	2,054,367	1,599,269	625,314
Dividends payable	35	370,114	415,770	443,086
<b>Total liabilities</b>		<b>14,342,476</b>	<b>13,353,486</b>	<b>12,197,642</b>
<b>Net assets</b>		<b>3,015,315</b>	<b>4,088,524</b>	<b>5,934,811</b>
<b>Shareholders' equity</b>				
Share capital	36	1,058,590	1,058,590	1,058,590
Share premium	36	4,612,626	4,612,626	4,612,626
Retained earnings	37	(2,708,076)	(1,582,692)	263,595
<b>Total equity</b>		<b>3,015,315</b>	<b>4,088,524</b>	<b>5,934,811</b>

\*See note 47

The financial statements on pages 96 - 199 were approved and authorised for issue by the board of directors on 29th March 2022.



**Vincent Rague**  
Chairman



**Arthur Oginga**  
Group Chief Executive

The notes on pages 110 to 199 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended December 31 2021

Attributable to owners of the parent

	Share capital & Share premium	Fair value reserves	Retained earnings	Transition reserves	Statutory reserve*	Contingency reserve	Revaluation surplus	Total	Non-controlling interest	Total equity
<b>For the year ended December 31 2021</b>										
<b>KShs '000</b>										
<b>Balance as at 1 January 2021</b>	5,671,216	513	5,878,397	121,684	206,894	444,618	139,677	12,462,999	519,879	12,982,878
Loss for the year			(836,845)		(6,936)			(843,781)	(233,883)	(1,077,664)
<b>Other comprehensive income</b>										
Re-measurement of retirement benefit obligations	-	-	6,502	-	-	-	-	6,502	-	6,502
Gain on revaluation of Property & Equipment net of tax	-	-	-	-	-	-	28,479	28,479	-	28,479
Currency translation differences	-	-	-	310,949	-	-	-	310,949	72,692	383,641
<b>Total other comprehensive income for the year</b>	-	-	6,502	310,949	-	-	28,479	345,930	72,692	418,622
<b>Total comprehensive income for the year</b>	-	-	(830,343)	310,949	(6,936)	-	28,479	(497,851)	(161,191)	(659,042)
Transfer to statutory reserve	-	-	(7,876)	-	-	13,127	-	5,251	(5,251)	-
<b>Transactions with owners</b>										
Issue of shares	52,175	-	-	-	-	-	-	52,175	-	52,175
Acquisition of subsidiary	-	-	(1,702,281)	-	-	-	-	(1,702,281)	2,555,206	852,925
<b>Balance at 31 December 2021</b>	5,723,391	513	3,337,897	432,633	199,958	457,745	168,156	10,320,293	2,908,643	13,228,936

\*The statutory reserve relates to the unappropriated life fund surplus/(deficit) net of the corresponding deferred tax.

The notes on page 110 to 199 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended December 31 2020 (Continued)

Attributable to owners of the parent

	Share capital & Share premium	Fair value reserves	Retained earnings	Proposed dividends	Statutory reserve*	Contingency reserve	Revaluation surplus	Total	Non-controlling interest	Total equity
<b>For the year ended December 31 2020</b>										
<b>KShs '000</b>										
<b>Balance as at 1 January 2020</b>	5,671,216	513	6,744,253	(202,240)	453,728	415,542	42,682	13,125,694	661,642	13,787,336
<b>Impact of corrections</b>										
Related deferred tax	-	-	-	-	(7,441)	-	-	(7,441)	-	(7,441)
<b>Restated balance as at 1 January 2020</b>	5,671,216	513	6,744,253	(202,240)	446,287	415,542	42,682	13,118,253	661,642	13,779,247
Loss for the year	-	-	(854,774)	-	(239,393)	-	-	(1,094,167)	(218,272)	(1,312,439)
<b>Other comprehensive income</b>										
Re-measurement of retirement benefit obligations	-	-	6,363	-	-	-	-	6,363	-	6,363
Gain on revaluation of Property & Equipment net of tax	-	-	-	-	-	-	96,995	96,995	-	96,995
Currency translation differences	-	-	-	323,924	-	-	-	323,924	88,140	412,064
<b>Total other comprehensive income for the year</b>	-	-	6,363	323,924	-	-	96,995	427,282	88,140	515,422
<b>Total comprehensive income for the year</b>	-	-	(848,411)	323,924	(239,393)	-	96,995	(666,885)	(130,132)	(797,017)
Transfer to contingency reserve	-	-	(17,445)	-	-	29,076	-	11,631	(11,631)	-
<b>Transactions with owners</b>										
Issue of shares	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	5,671,216	513	5,878,397	121,684	206,894	444,618	139,677	12,462,999	519,879	12,982,878

\*The statutory reserve relates to the unappropriated life fund surplus/(deficit) net of the corresponding deferred tax.

The notes on pages 110 to 199 are an integral part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

KShs '000	Notes	Share capital & Share premium	Retained Earnings	Total
<b>For the year ended 31 December 2021:</b>				
<b>Balance at at 1 January 2021</b>		<b>5,723,391</b>	<b>(1,582,692)</b>	<b>4,140,699</b>
Loss for the year		-	(1,125,384)	(1,125,384)
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(2,708,076)</b>	<b>(2,708,076)</b>
<b>Transactions with owners</b>				
Issue of Shares	36	-	-	-
<b>Balance at 31 December 2021</b>		<b>5,723,391</b>	<b>(2,708,076)</b>	<b>3,015,315</b>
<b>For the year ended 31 December 2020:</b>				
<b>Balance as at 1 January 2020</b>		<b>5,671,216</b>	<b>263,595</b>	<b>5,934,811</b>
Adjustment of error*	47	52,175		52,175
<b>Adjusted balance at 1 January 2020</b>		<b>5,723,391</b>	<b>263,595</b>	<b>5,986,986</b>
Loss for the year		-	(1,846,287)	(1,846,287)
Other comprehensive income		-		
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(1,846,287)</b>	<b>(1,846,287)</b>
<b>Balance at 31 December 2020</b>		<b>5,723,391</b>	<b>(1,582,692)</b>	<b>4,140,699</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Note	2021 KShs'000	2020 KShs'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	40(a)	139,101	715,681
Tax paid	11(a)	(998,937)	(648,064)
<b>Net cash generated from/(used in) operating activities</b>		<b>(859,836)</b>	<b>67,617</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	14(a)	(49,028)	(13,473)
Purchase of property and equipment	15(a)	(104,480)	(139,777)
Additions to investment properties	17(a)	(9,187)	-
Purchase of equity investments	19(b)	(10,610)	(56,679)
New staff loans advanced	22	(95,200)	(79,766)
Staff loans repaid	22	125,653	107,976
Proceeds from sale of equity investments	19(a)	557,151	1,742,226
Net redemption of corporate bonds	24(a)	(100,880)	165,146
Net purchase of government securities	24(b)	(3,150,973)	(3,438,326)
Proceeds from disposal of fixed assets		2,330	1,0041
Interest received		4,067,158	2,914,665
Rent received		1,276,405	1,284,329
Dividends received		76,097	80,531
Acquisition of subsidiary	45	2,522,784	
<b>Net cash generated from investing activities</b>		<b>5,1 07,220</b>	<b>2,567,856</b>
<b>Cash flow from financing activities</b>			
Additional borrowing	31(a)	5,172,560	404,273
Settlements	31(a)	(6,109,077)	
Payment of lease liability	44	(125,769)	(132,957)
Dividends paid	35	(45,656)	(27,316)
<b>Net cash generated from/(used in) financing activities</b>		<b>(1, 1 07,942)</b>	<b>244,000</b>
<b>Increase in cash and cash equivalents</b>		<b>3,13 9,442</b>	<b>2,879,473</b>
<b>Movement in cash and cash equivalents</b>			
At 1 January		10,861,699	7,923,915
Increase during the year		3,139,442	2,937,784
Effect of movements in exchange rates on cash and cash equivalents		41,205	58,311
<b>At 31 December</b>	25	<b>14,042,346</b>	<b>10,861,699</b>

The notes on pages 110 to 199 are an integral part of these financial statements.

## COMPANY STATEMENT OF CASH FLOWS for the year ended 31 December 2021

KShs '000	Notes	2020	2019
<b>Cash flow from operating activities</b>			
Cash generated from operations	40(b)	(628,100)	(644,641)
Tax paid	11(b)	(88,624)	(41,470)
<b>Net cash used in operating activities</b>		<b>(716,724)</b>	<b>(686,111)</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	14(b)	(35,902)	(11,230)
Purchase of property and equipment	15(b)	(41,308)	(11,456)
Transfer of property from/(to) related party	15(b)	-	(8,651)
Proceeds on sale of property and equipment		115	44
Interest received	6(b)	202,590	179,466
Rent received	6(b)	412,600	364,263
Dividends received	6(b)	1,026,886	900,000
<b>Net cash generated from investing activities</b>		<b>1,564,981</b>	<b>1,412,436</b>
<b>Cash flow from financing activities</b>			
Additional borrowings	31(b)	5,172,560	-
Settlements	31(b)	(5,657,000)	405,647
Payment of lease liabilities	44(d)	(7,073)	(5,703)
Dividends paid	35	(45,656)	(27,316)
<b>Net cash used in financing activities</b>		<b>(438,666)</b>	<b>(623,214)</b>
<b>Decrease in cash and cash equivalents</b>		<b>311,088</b>	<b>287,659</b>
<b>Movement in cash and cash equivalents</b>			
At 1 January		381,819	94,160
Decrease during the year		311,088	287,659
<b>At 31 December</b>	25	<b>692,907</b>	<b>381,819</b>

The notes on pages 110 to 199 are an integral part of these financial statements.



## 1 General information

The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 as a limited liability company, and is domiciled in Kenya. The address of its registered office is UAP Old Mutual Tower, Upper Hill Road, P.O. Box 43013 - 00100 Nairobi. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The separate financial statements relate to the unconsolidated financial statements of the Company.

The Company has seven subsidiaries that operate as insurance companies in Kenya, Uganda, Tanzania, Rwanda and South Sudan with two property companies in Uganda and South Sudan. Four of the Company's insurance subsidiaries are short term including health insurance companies, two are long term ("life") insurance companies and one is a composite insurance company selling both general and life insurance. Long term business comprises life assurance business, deposit administration business and investment contracts. Life assurance business relates to the underwriting of risks relating to death of an insured person and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. Short term insurance business relates to all other categories of insurance business, analysed into several sub-classes of business based on the nature of the assumed risks. The Group also holds investments in UAP Financial Services Limited Uganda that provides stock broking services and fund management services. UAP Properties (Uganda) Limited and UAP Properties (South Sudan) Limited are property holding companies for Nakawa Business Park and Equatorial Towers which are located in Kampala and South Sudan respectively. In 2017, UAP Investments Kenya ceased its operations in stock brokerage and fund management and is currently a dormant entity.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. All reference to financial statements includes the consolidated and separate financial statements.

### (a) Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs) and in the manner required by the Kenyan Companies Act, 2015. For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss.

### (i) Basis of measurement

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety. See note 4 (d).

## 2 Summary of significant accounting policies (Continued)

### (a) Basis of Preparation (Continued)

#### (ii) Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2 (d) – Revenue recognition: whether revenue is recognised over time or at a point in time;
- Note 2 (r) – Consolidation: whether the Group has de facto control over an investee; and
- Note 2 (v) – Lease term: whether the Group is reasonably certain to exercise extension options.

#### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 2 (d) – Revenue recognition: estimate of expected returns;
- Note 26 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 12 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 14 – impairment test of intangible assets and goodwill; key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 41 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

- Note 4 (b) – measurement of ECL allowance for trade and receivables and contract assets: key assumptions in determining the weighted-average loss rate.

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a review of all significant fair value measurements, including the assumptions and estimations made and this has direct oversight by the Group Chief Finance Officer.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is required, such as information from property valuers or market information obtained through our asset management team, Old Mutual Investment Group, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

## 2 Summary of significant accounting policies (Continued)

### (a) Basis of Preparation (Continued)

#### (ii) Use of judgements and estimates (Continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 17 – investment properties; and
- Note 2 (j) – financial instruments.

#### (iii) Statement of compliance

For Kenyan Companies Act, 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss to these financial statements.

#### (iv) Going concern

As at 31 December 2020, the Group and Company incurred a net loss after tax of KShs 1,312m and KShs 1,846m respectively (2019: Net loss of KShs 3,490m and KShs 846m respectively) and as of that date the Group's and Company's total assets exceeded total liabilities by KShs 12,983m and KShs 4,089m (2019: total assets of the Group and Company exceeded total liabilities by KShs 13,780m and KShs 5,935m respectively). The loss in 2020 is largely attributable to mark to market movements on the asset portfolios. As markets recover, the directors expect that these losses will be recouped.

The business also has a KShs 2.2bn facility from Stanbic Bank and KShs 5.8bn loan from Old Mutual Holdings Limited set to mature in January 2021.

The directors and shareholders have instituted the following measures:

- By mutual agreement with the directors of Old Mutual Holdings Limited, the maturity date of the loans maturing in January 2021 totalling KShs 5.8bn have been extended to 2022 as the directors make arrangements to settle the loan.
- Put in place arrangements to refinance the maturing balance of the Stanbic bank loan. These negotiations include discussions with its bankers and the ultimate parent. This refinancing arrangement was concluded after year end in February 2021. The new Facility is for a term of 3 years.
- Part of the loan from Old Mutual Holdings Limited is subordinated to other creditors

The directors, having taken into account the initiatives above and information at hand and on the strength of the actions above, are of the opinion that the Group and Company will be a going concern in the subsequent financial period and that the going concern assumption is appropriate in the preparation of these consolidated and separate financial statements. The consolidated and separate financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## 2 Summary of significant accounting policies (Continued)

### (b) Changes to standards and new interpretations effective in the year 2021

#### (i) New standards, amendments and interpretation effective and adopted during the year by the Group and Company

The Group and Company adopted the following new standards and amendments during the year ended 31 December 2021, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 January 2021. The nature and effects of the changes are explained below:

#### **COVID-19 Related Rent Concessions (Amendment to IFRS 16) - effective for annual periods beginning on or after 1 June 2020**

The IASB provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

The amendment did not have a significant impact on the financial statements of the Group and the Company.

#### **Interest Rate Benchmark (IBOR) Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective for annual periods beginning on or after 1 January 2023**

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 issued amendments focus on the effects of the interest rate benchmark reform on financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments:

Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures related to IBOR reform.

The amendment did not have a significant impact on the financial statements of the Group and the Company.

## 2 Summary of significant accounting policies (Continued)

### (b) Changes to standards and new interpretations effective in the year 2021 (Continued)

#### (ii) New standards, amendments and in issue but not yet effective for the year ended 31 December 2021

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these financial statements as summarized below:

New Standards	Effective for annual periods beginning on or after
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Sale or contribution of assets between an investor and its associate or company (Amendments to IFRS 10 and IAS 28).	To be Determined

The Group does not plan to early adopt these standards. None of these standards are expected to have material impact on the Company and the Group except IFRS 17, Insurance contracts as summarized below:

#### IFRS 17 Insurance Contracts - effective for annual periods beginning on or after 1 January 2023

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

- insurance contracts, including reinsurance contracts, it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:

- the fulfilment cash flows — the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and
- the contractual service margin — the expected profit for providing insurance coverage.

The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

## 2 Summary of significant accounting policies (Continued)

### (b) Changes to standards and new interpretations effective in the year 2021 (Continued)

#### IFRS 17 Insurance Contracts - effective for annual periods beginning on or after 1 January 2023 (Continued)

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, and to provide information about insurance contract profits that the Group expects to recognise in the future. It also requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Group determines that losses are expected.

#### Sale or contribution of assets between an Investor and its associate or company (amendments to IFRS 10 and IAS 28)

IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates.

The entity:

- accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and
- chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the Group faces from issuing insurance contracts

An entity shall apply the standard retrospectively unless impracticable.

The adoption of these changes is expected to have a significant impact on the amounts and disclosures of the Group's financial statements. Management is currently evaluating the impact upon adoption of the standard.

### (c) Insurance contracts

#### Classification

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the group defines as significant insurance risk, 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.

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 and short-term insurance business.

#### (i) Long term insurance business

Includes business of all or any of the following classes, namely; group life business, ordinary life business, deposit administration business and unit linked business.

Life insurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of the liability under superannuation, group life and permanent health insurance policy.

**2 Summary of significant accounting policies (Continued)****(c) Insurance contracts (Continued)  
Classification (Continued)****(ii) Short term insurance business**

Means insurance business of any class or classes not being long term insurance business. Classes of general insurance include aviation insurance, engineering insurance, fire insurance - domestic risks, fire insurance - industrial and commercial risks, liability insurance, marine insurance, motor insurance-private vehicles, motor insurance - commercial vehicles, personal accident insurance, theft insurance, workmen's compensation and employer's liability insurance and miscellaneous insurance (i.e. class of business not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third-party risks but exclusive of transit risks.

Personal accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class. 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.

**Recognition and measurement****(i) 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 short term insurance business, premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date and is computed using the 365ths method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

**(ii) Claims**

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

For short term 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.

## 2 Summary of significant accounting policies (Continued)

### (c) Insurance contracts (Continued)

#### Recognition and measurement (Continued)

##### (iii) Commissions payable and deferred acquisition costs (“DAC”)

Commissions payable are based on the premium written and are recorded as an expense in the period in which they are incurred.

A proportion of commission 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 period end.

##### (iv) Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance 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.

##### (v) Reinsurance contracts held

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

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured

consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in 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 set out under Note 2(k).

##### (vi) 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 income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets classified at amortised cost. The impairment loss is also calculated under the same method used for these financial assets. These processes are described under Note 2 (k).

##### (vii) 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.

**2 Summary of significant accounting policies (Continued)****(c) Insurance contracts (Continued)****(vii) Salvage and subrogation reimbursements (Continued)**

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.

**(d) Revenue recognition****(i) Insurance premium revenue**

The revenue recognition policy relating to insurance contracts is set out under note 2 (c) above.

**(ii) Commissions**

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

**(iii) Interest income**

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

**(iv) Dividend income**

Dividends are recognised as income in the period in which the right to receive payment is established.

**(v) Rental income**

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

**(vi) Fee income**

Fee income consists primarily of administration fees arising from services rendered in relation to the issue and management of deposit administration and investment contracts. Fees are recognised in the accounting period in which the services are rendered and are presented in the income statement within 'other income'.

**(vii) Service income**

Service income relates to recharges issued by the Holding Company to subsidiaries of the Group for the distribution of shared service costs.

**(e) 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 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.

## 2 Summary of significant accounting policies (Continued)

### (e) Investment contracts (Continued)

The best evidence of the fair value of these financial liabilities at initial recognition is the transaction price (i.e. the fair value received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profit at inception.

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.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

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

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

### (f) Property and equipment

All categories of property and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation and impairment losses. 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. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straightline method to write down their cost to their residual values over their estimated useful lives, as follows:

- Motor vehicles -5 years
- Computers & computer equipment -3 years
- Office equipment-5 years
- Furniture & fittings-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the income statement.

With the introduction of IFRS 16: Leases, Right of Use depreciation is applied over the lease tenure using the straight-line method.

### (g) Investment properties

Buildings, or part of a building, (freehold or held under a lease) and land (freehold or held under a lease) held for long term rental yields and/ or capital appreciation and are not occupied by the Group are classified as investment property under noncurrent assets. Investment property is carried at fair value, representing open market value determined annually by external valuers.

**2 Summary of significant accounting policies (Continued)****(g) Investment properties (Continued)**

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

Changes in fair values are included in investment income in the income statement. On a consolidated basis, the business evaluated the proportion of the properties that are owner occupied and reclassified them to Property and Equipment as disclosed in note 15.

The Group evaluates the impairment for goodwill on an annual basis using the discounted cashflow method. Any impairment is recognized in the statement of profit and loss.

**(h) Intangible assets**

The Group's intangible assets relate to computer software and goodwill (note 14). Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets if:-

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- 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 use or sell it are available; and,
- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs that have been expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**(i) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 Summary of significant accounting policies (Continued)

### (j) Financial Instruments

#### Recognition and de-recognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the asset.

Trade receivables and debt securities issued are initially recognised when they are originated. Initial recognition of financial asset is at fair value plus, for all financial assets except those carried at fair value through profit or loss, transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are recognised at amortised cost with the exception of unit-linked investment contracts which are measured at fair value.

Equity investments are carried at fair value. Gains and losses arising from changes in the fair value of equity investments are recognised in profit and loss and other comprehensive income. When equity investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income are transferred to retained earnings.

Dividends on equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Fair values of quoted investments in active markets are based on current bid prices. Fair values for unlisted equity securities are estimated using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

#### Classification and measurement

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to

collect contractual cash flows.

- 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.

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### (k) Impairment of financial assets

The Group's corporate bonds, government securities, receivables, mortgage loans, cash at bank and deposits with financial institutions are classified at amortised cost. The carrying values of various categories of Financial asset and Financial liabilities are shown in note 4 (b). All financial assets that do not meet the above criteria are measured at fair value. Equity investments for life business are classified at fair value through profit or loss. Equity investment for non-life business are classified at fair value through other comprehensive income (note 19).

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Group has a legally enforceable right to set off the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

IFRS 9 uses the 'expected credit loss' (ECL) model and results in credit losses being recognised earlier. The impairment model applies to financial assets measured at amortised cost. The company uses the impairment methodology under IFRS 9 for each of the classes of assets measured at amortised cost.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD).

## 2 Summary of significant accounting policies (Continued)

### (k) Impairment of financial assets (Continued)

Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects an entity's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, an entity should also consider observable market information about the credit risk of the particular financial instrument or similar financial instruments. In the absence of sufficient depth of data, management apply expert judgment within a governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.

Forward-looking information includes but is not limited to macro-economic conditions expected in the future. Forward looking information used in the ECL calculation should reflect the nature and characteristics of the credit risk exposures. All reasonable and supportable information that is available should be used when incorporating forward looking information into the ECL allowance. Forward looking assessments can be performed on an individual or collective basis.

Forward-looking factors should be aligned with risk factors used in risk assessments, stress testing, budgeting as well as strategy and pricing decisions. Relevant factors include factors intrinsic to the entity and its business or derived from external conditions.

Estimates regarding credit risk parameters and the impact of forward-looking information used in the calculation of the ECL loss amount should be reviewed at each reporting date and updated if necessary. The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- **Stage 1:** At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- **Stage 2:** A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- **Stage 3:** A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired. Under IFRS 9, impairment loss allowances are measured on either of the following bases:
- **12-month ECLs:** these are ECLs that result from possible default events within the 12 months after the reporting date; and
- **Lifetime ECLs:** these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

## 2 Summary of significant accounting policies (Continued)

### (k) Impairment of financial assets (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information, based on the Group's historical experience, credit assessment and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the credit score, credit rating, probability of default or arrears aging of a financial instrument.
- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward-looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. Details on the impact of adoption of IFRS 9 impairment of financial instruments is outlined in note 4 (b).

### (l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### (m) Employee benefits

#### (i) Retirement benefit obligations

The Group operates a defined benefit scheme for employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive

on retirement, usually dependent on one or more factors such as age, years of service and compensation and amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

#### (ii) Other entitlements

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the financial reporting date.

The estimated monetary liability for employees' accrued annual leave entitlement at the financial reporting date is recognised as an expense accrual.

### (n) Current and deferred tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2 Summary of significant accounting policies (Continued)

### (n) Current and deferred tax (Continued)

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.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the 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, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the financial reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

### (o) 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 (KShs)', which is the Group's presentation currency, rounded up to the nearest thousands (KShs '000).

#### (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.

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

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

## 2 Summary of significant accounting policies (Continued)

### (o) Functional currency and translation of foreign currencies (Continued)

#### (iii) Group balances

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) 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 end of the reporting period;
- income and expenses for each income statement amount 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 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 equity.

#### (p) Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deductions from the proceeds.

#### (q) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

#### (r) Consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity

and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary 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 remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement 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.

**2 Summary of significant accounting policies (Continued)****(r) Consolidation (Continued)****(i) Subsidiaries (Continued)**

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 subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

**(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 subsidiary 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 remeasured 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) Associates**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is 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.

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 where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, 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.

## 2 Summary of significant accounting policies (Continued)

### (o) Functional currency and translation of foreign currencies (Continued)

#### (iv) Associates (Continued)

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 associates 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 in investments in associates are recognised in the income statement. Currently the Group doesn't have any investments in associates.

#### (s) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the

fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (t) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The group has determined the UAP Holdings Plc Board of Directors to be its CODM.

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

#### (u) Comparatives

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

#### (v) Leases

Right of Use asset and lease liability were recognized in the Statement of Financial Position at the adoption of IFRS 16 Leases. On initial application, the lease liability is measured at discounted lease payments over the lease period. The discount rates applied differ per country and are based upon the cost of borrowing. At inception, the right of use asset is equal to the lease liability plus any contractual restoration costs. During the lifetime of the lease, the right of use asset is depreciated using the straight-line method. Interest expense are computed based on the remaining balance and are recognized as finance costs within the Statement of Comprehensive Income.

## 3 Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3 Critical accounting estimates and judgments in applying accounting policies (Continued)

#### (i) Future benefit payments from long-term insurance contracts

The estimation of future benefit payments from long-term insurance contracts is one of the Group's most critical accounting estimates. There are several sources of uncertainty that

need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Note 27 contains further details on this process.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard mortality tables that reflect historical mortality experience.

The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk. For contracts without fixed terms and with discretionary participation in profits, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. The average estimated rate of investment return is 10.21% p.a.(2019: 11.10% p.a.).

#### ii) Claims reserving and determination of incurred but not reported (IBNR)

The estimation of future contractual cash flows in relation to reported losses and losses incurred but not reported is a key accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Case estimates are computed on the basis of the best information available at the time the records for the year are closed. Further details on the process used to estimate claims incurred but not reported and amounts recorded as liabilities at the end of the current and previous year are set out in note 27 of the financial statements.

#### (iii) Fair value of financial assets

Fair values of certain financial assets recognised in the financial statements are determined using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data.

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example models) are used to determine fair values, they are validated and periodically independently reviewed by qualified senior personnel. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

#### (iv) Recoverable amount of receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables. This process is set out in note 2(k). The carrying amounts of receivables are shown on note 4(b).

### 3 Critical accounting estimates and judgments in applying accounting policies (Continued)

#### (v) Goodwill impairment

Critical estimates have been made by Directors in determining whether the goodwill is impaired. The residual amount in the goodwill account relates to the Uganda CGU. In 2020, no goodwill impairment was applied as the assessment done did not yield the need for an impairment. The assessment was based on discounted cash flows with a discount factor of 21%, the directors deemed goodwill to be impaired relating to investment in Tanzania (UAP Insurance Tanzania). These assumptions are disclosed on note 14.

#### (vi) Treatment of Leases under IFRS 16

In accordance with IFRS 16, the Group has considered that the lease commencement date is the date on which the lessor makes the underlying asset available for use by the lessee. The lease term is deemed to include the non-cancellable period for which the lessee has the right to use the underlying asset. Periods covered by an option to extend the lease term are thus included in the lease term where there is reasonable certainty of renewing the lease. The same rationale has been applied to lease termination options. Restoration costs have been based on estimates provided by our Properties team to restore premises where the terms of the lease stipulate that restorative works should be done.

### 4 Risk governance and risk management system

#### Risk management objectives

Risk management is a central part of the Group's strategic management process hence we continuously seek to enhance the risk management capabilities of the Group. It is anticipated that our risk management practices will increase the probability of success and reduce both the potential of failure and the uncertainty associated with achieving the group's overall objectives.

The objectives of the Group's risk management activities are to achieve sustained competitive advantage via a rigorous, group wide risk management system that is fully aligned to the Group values, strategic business initiatives and processes. At a strategic level, our risk management objectives are to:

- Identify the Group's significant risks in relation to the corporate strategies pursued;
- Formulate the Group's risk appetite and ensure that business profile and plans are consistent with it;
- Optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures;
- Ensure that business growth plans are properly supported by effective risk infrastructure;
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions; and
- Help executives improve the control and coordination of risk taking across the business.

Our risk management strategy defines the extent of the risks we are prepared to incur for our clients and shareholders. The development of our risk strategy is embedded in the annual planning cycle and hence in our business strategy. That is, Integrating Strategy, Risk and Performance management takes place at strategy setting, first with a full Executive management consensus on clearly defined business objectives.

Once Executive management have defined the objectives, they then identify the key risks that may present an opportunity to pursue those business objectives or impede their ability to achieve them.

#### Organisational structure

Our Risk Management supervises risk management Group-wide with the support of decentralized structures in all units of the Group. It is headed by the Group Risk and Compliance Manager (GCRM), who is supported by interdisciplinary teams of highly qualified staff. The Group's activities expose it to a variety of risks, including insurance risk and financial risk. The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by 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.

#### 4 Risk governance and risk management system (Continued) Organisational structure (Continued)

Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Management Framework ensure that staff in our risk management structure and the Group as a whole are kept informed of our risk strategy, organisation and processes, enabling the risks incurred to be actively controlled.

##### **Risk Management Framework**

In order to achieve its mission and objectives, the Group has developed an Enterprise Risk Management (ERM) framework to provide a guide within which key risks affecting the group are identified, measured and managed. This risk management framework also provides management with proven risk management guidelines that support their decision-making responsibilities and processes, together with managing the risks that impact on the objectives of the Group. At the heart of the risk management framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks. The Group articulates the roles and responsibilities for risk management throughout the organization, from the Board of Directors and the Group Chief Executive Officer (GCEO) to its businesses and functional areas, thus embedding risk management in the business. The UAP Risk Management Framework is the Group's main risk governance document; it specifies the Group's Target Risk Management Operating Model including Risk management authorities and responsibilities, procedures and reporting requirements. The risk management framework also classifies the risks the Group faces into broad risk categories. The Group regularly enhances the Enterprise Risk Management Framework to reflect new insights and changes in the Group's environment. One of the key elements of the Group's risk management framework is to foster risk transparency by establishing risk reporting standards throughout the Group. The Group regularly reports on its risk profile, current risk issues, adherence to its risk policies and improvement actions both at a local and on a Group level. The Group has procedures in place for the timely referral of risk issues to senior management and the Board of Directors.

The implementation of the framework is driven by a risk management culture and awareness that permeates throughout the Group and is supported by a set of policies and procedures; Tools; and A robust reporting mechanisms The Group continues to consciously take risks for which it expects an adequate return. This approach requires sound judgment and an acceptance that certain risks can and will materialize in the future.

##### **Significant risks**

According to our classification, significant risks are risks that could have a long-term adverse effect on the Group's assets, financial situation or profitability. We have applied this definition consistently to the individual business units and legal entities, taking account of their individual risk tolerance. The section below summarises the significant risks faced by the group and how they are managed.

#### 4 Risk governance and risk management system (Continued)

##### Significant risks (Continued)

##### (a) Insurance risk

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 and by the maximum insured loss limit included in the terms of the policy. The amounts are the maximum insured loss limit of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts.

For the year ended 31 December 2021:		Maximum insured loss			Total
		KShs 0-15m	KShs 15-250m	KShs 250-1000m	KShs'000
<b>General insurance business</b>					
Motor	Gross	9,275,300	7,583,653	8,783,935	25,642,888
	Net	7,875,976	6,515,061	4,003,108	18,394,145
Fire	Gross	5,672,222	35,236,666	362,836,120	403,745,008
	Net	2,312,517	12,474,645	47,395,732	62,182,894
Accident	Gross	3,295,679	5,219,304	7,340,950	15,855,933
	Net	1,736,362	2,250,957	4,808,858	8,796,177
Other	Gross	7,843,893	29,415,872	118,784,367	156,044,132
	Net	5,480,827	15,036,573	26,611,006	47,128,406
<b>Life assurance business</b>					
Ordinary life	Gross	27,325,227	19,764,469	4,099,235	51,188,931
	Net	25,026,501	10,375,667	358,226	35,760,394
Group life	Gross	629,235,703	21,259,509	872,597,644	1,523,092,856
	Net	611,179,205	9,412,157	477,687,650	1,098,279,012
<b>Total</b>	<b>Gross</b>	<b>682,648,024</b>	<b>118,479,473</b>	<b>1,374,442,251</b>	<b>2,175,569,748</b>
	<b>Net</b>	<b>653,611,388</b>	<b>56,065,060</b>	<b>560,864,580</b>	<b>1,270,541,028</b>

**4 Risk governance and risk management system (continued)**
**(a) Insurance risk (continued)**

For the year ended 31 December 2020:		Maximum insured loss			Total
		KShs 0-15m	KShs 15-250m	KShs 250-1000m	KShs'000
<b>General insurance business</b>					
Motor	Gross	18,691,639	17,120,719	49,870,955	85,683,313
	Net	15,035,748	7,309,519	81,198	22,426,465
Fire	Gross	16,228,396	32,747,797	213,889,079	262,865,272
	Net	9,674,848	21,991,443	17,963,145	49,629,436
Accident	Gross	7,167,464	7,971,517	23,015,759	38,154,740
	Net	4,124,109	5,168,948	2,320,394	11,613,451
Other	Gross	18,107,763	24,330,658	8,884,394,343	8,926,832,764
	Net	12,168,661	12,869,989	14,758,178	39,796,828
<b>Life assurance business</b>					
Ordinary life	Gross	9,597,077	6,917,222	775,914	17,290,213
	Net	9,597,077	6,917,222	775,914	17,290,213
Group life	Gross	52,905,064	50,259,086	530,158,270	633,322,420
	Net	49,165,576	35,449,050	281,145,151	365,759,777
<b>Total</b>	<b>Gross</b>	<b>122,697,403</b>	<b>139,346,999</b>	<b>9,702,104,320</b>	<b>9,964,148,722</b>
	<b>Net</b>	<b>99,766,019</b>	<b>89,706,171</b>	<b>317,043,980</b>	<b>506,516,170</b>

The concentration by sector or maximum insured loss at the end of the year is broadly consistent with the prior year.

## 4 Risk governance and risk management system (continued)

### (b) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk, equity price risk and other price risks.

These risks arise from open positions in interest rate, currency and equity prices, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are liquidity rate risk and equity price risk.

The Group manages these risks through policies set out by the Finance and Investment Committee of the Board (FIC). These policies have been developed to achieve long-term investment returns in excess of the Group's obligations under insurance and investment contracts. The principal technique is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

### Market risk

#### (i) Foreign exchange risk

The Group underwrites some short-term insurance policies contracted in US dollars and maintains foreign currency denominated current accounts with local banks. Additionally, the group invests in offshore stock exchange markets and places deposits in local financial institutions denominated in foreign currencies.

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (Continued)

##### Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

This exposes the group to onward foreign exchange risk arising from the various currency exposures, primarily with respect to the Uganda shillings, US dollar, Euro and Sterling Pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. At 31 December 2020, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the post-tax loss for the year would have been KShs 84 million (31 December 2019: KShs 126 million) higher/lower, mainly as a result of US dollar earnings. At 31 December 2020, and 31 December 2019, the Group had no significant exposure with respect to any other currencies.

##### (ii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified either as fair value through profit or loss or other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with policies set out by the Board. All quoted shares held by the Group are traded on the various Stock Exchanges across the region.

At 31 December 2020, if the NSE and USE Indices had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the indices, equity would have been KShs 138 million higher/lower (31 December 2019: KShs 360 million). There was no concentration of price risk.

##### (iii) Interest rate risk

Fixed interest rate financial instruments expose the Company and Group to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk. The Group's fixed interest rate financial instruments are government securities, deposits with financial institutions and borrowings. The Company's variable interest rate financial instruments are quoted corporate bonds, which are always the treasury bills rate plus some basis points. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments.

Investment contracts with fixed and guaranteed terms, government securities and deposits with financial institutions held to maturity are accounted for at amortised cost and their carrying amounts are not sensitive to changes in the level of interest rates. At 31 December 2020, if interest rates on bonds had been 2% higher/ lower with all other variables held constant, Company and Group post-tax loss for the year would not have been affected as all the corporate bonds either matured or were fully provided for (31 December 2019: KShs 4 million).

If interest rates on loans pegged on the LIBOR plus margin had been 2% higher/lower with all other variables held constant, post-tax loss for the year would have been KShs 226 million higher/lower.

##### (iv) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements;
- Reinsurers' share of insurance liabilities;
- Corporate bonds;
- Government securities;
- Deposits with financial institutions;
- Cash and bank balances;
- Mortgage loans recoverable; and
- Other receivables.

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (Continued)

##### Market risk (Continued)

##### (iv) Credit risk (Continued)

The Group has no significant concentrations of credit risk. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent writeoffs. Finance and Investment committee of the Group Board makes regular reviews to assess the degree of compliance with the Group procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring by the management credit committee.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rates. None of the Group's credit risk counter parties are rated except the Governments in which subsidiary companies are registered. The Company classifies corporates that have issued Corporate Bonds. 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. All defaults were fully recovered.

No collateral is held for any of the above assets other than for staff mortgage loans and car loans included in other receivables. Properties in relation to staff mortgage loans and motor vehicles in relation to staff car loans are charged to the Group as collateral. The fair value of this collateral was KShs 324 million (2019: KShs 385 million) and no collateral had been repossessed at as the end of the year. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. All receivables are classified in group 2.

#### Maximum exposure to credit risk before collateral held – Group

KShs'000	Note	Credit rating/ classification	2021	2020
Receivables arising out of direct insurance arrangements	4 (b) (iv)	Group 2	1,297,251	1,596,639
Receivables arising out of reinsurance arrangements	4 (b) (iv)	Group 2	1,070,638	1,174,377
Reinsurers' share of insurance liabilities	21	Group 2	6,020,275	4,796,343
Other receivables	23 (a)	Group 2	1,920,070	1,498,446
Amounts due from related parties	43 (v)	Group 2	529,816	333,856
Government securities	24	B+ rating	29,870,261	19,826,386
Corporate bonds	24	Group 2	100,880	-
Loans and advances	22	Group 2	266,096	286,408
Deposits with financial institutions	25 (a)	Group 2	11,554,129	9,017,553
Cash at bank	25 (a)	Group 2	2,488,217	1,844,146
			<b>55,117,633</b>	<b>40,374,154</b>

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (continued)

##### Market risk (continued)

##### (iv) Credit risk(continued)

##### Maximum exposure to credit risk before collateral held – Company

KShs'000	Note	Credit rating/ classification	2021	2020
				Restated*
Cash and bank	25(b)	Group 2	103,190	103,998
Deposits with financial institutions	25(b)	Group 2	589,717	277,821
Amounts due from subsidiaries	43(v)	Group 2	3,335,401	3,176,572
Other receivables	23(b)	Group 2	895,338	1,083,969
			<b>4,923,646</b>	<b>4,642,360</b>

None of the above assets are either past due or impaired except for the following amounts in the Group's receivables under direct insurance and reinsurance arrangements.

\*See Note 47

KShs'000	Credit rating/ classification	Receivables arising from direct insurance arrangements		Receivables arising from reinsurance arrangements	
		2021	2020	2021	2020
Past due but not impaired:					
- by up to 30 days	Group 2	226,190	430,062	482,645	358,797
- by 31 to 60 days	Group 2	310,420	390,187	163,182	55,707
- by 61 to 150 days	Group 2	380,799	451,382	279,559	664,101
- by 151 to 365 days	Group 2	379,842	325,008	145,252	95,772
<b>Total past due but not impaired</b>		<b>1,297,251</b>	<b>1,596,639</b>	<b>1,070,638</b>	<b>1,174,377</b>
Past due and impaired:					
- Carrying amount before provision for impairment		903,767	1,115,595	-	-
- Provision for impairment loss		(903,767)	(1,115,595)	-	-
<b>Net carrying amount</b>		<b>1,297,251</b>	<b>1,596,639</b>	<b>1,070,638</b>	<b>1,174,377</b>

No collateral is held in respect of the receivables that are past due but not impaired. Movements on the provision for impairment of receivables arising on direct insurance arrangements are as follows:

All receivables past due by more than 365 days are considered to be impaired, and are carried at their estimated recoverable value.

KShs'000	2021	2020
At 1 January	1,115,595	1,235,649
(Recovery)/provision in the period	(211,828)	(120,054)
<b>As at 31 December</b>	<b>1,297,251</b>	<b>1,596,639</b>

The individually impaired receivables mainly relate to receivables arising out of direct insurance arrangements, the following amounts have been individually assessed:

KShs'000	2021	2020
Brokers	422,776	672,570
Agents	400,601	303,080
Insurance Companies	8,348	56,715
Direct Clients	72,042	83,230
<b>As at 31 December</b>	<b>903,767</b>	<b>1,115,595</b>

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (continued)

##### Market risk (continued)

##### (iv) Credit risk(continued)

##### (i) Group

2021	IFRS 9 impairment provision – allowance for ECL at 31 December 2021				Movement between 1 January 2021 and 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>KShs'000</b>								
Treasury bonds	9,039	-	-	<b>9,039</b>	(5,973)	-	-	<b>(5,973)</b>
Treasury bills	27	-	-	<b>27</b>	(196)	-	-	<b>(196)</b>
Bank deposits	52,598	-	50,000	<b>102,598</b>	634	-	-	<b>634</b>
Corporate bonds	698	-	572,266	<b>572,964</b>	698	-	209,068	<b>209,766</b>
Other receivables at amortized cost	28,774	-	1,015,149	<b>1,043,923</b>	(1,537)	-	(244,015)	<b>(245,552)</b>
<b>Amortised cost</b>	<b>91,136</b>	<b>-</b>	<b>1,637,415</b>	<b>1,728,551</b>	<b>161,135</b>	<b>-</b>	<b>(34,947)</b>	<b>(41,321)</b>

2020	IFRS 9 impairment provision – allowance for ECL at 31 December 2021				Movement between 1 January 2021 and 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>KShs'000</b>								
Treasury bonds	15,012	-	-	<b>15,012</b>	(11,372)	-	-	<b>(11,372)</b>
Treasury bills	223	-	-	<b>223</b>	(1,158)	-	-	<b>(1,158)</b>
Bank deposits	51,964	-	50,000	<b>101,964</b>	25,601	(53,079)	-	<b>(27,478)</b>
Corporate bonds	-	-	363,198	<b>363,198</b>	(1,116)	-	(5,067)	<b>(6,183)</b>
Other receivables at amortized cost	30,311	-	1,259,164	<b>1,289,475</b>	(60,751)	(78,279)	20,108	<b>(118,922)</b>
<b>Amortised cost</b>	<b>91,136</b>	<b>-</b>	<b>1,672,362</b>	<b>1,728,551</b>	<b>(48,796)</b>	<b>(131,358)</b>	<b>15,041</b>	<b>(165,113)</b>

##### (ii) Company

2021	IFRS 9 impairment provision – allowance for ECL at 31 December 2021				Movement between 1 January 2021 and 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>KShs'000</b>								
Cash and bank balances	22	-	-	<b>22</b>	1,780	-	-	<b>1,780</b>
Other receivables at amortized cost	9,571	-	-	<b>9,571</b>	1,843	-	-	<b>1,843</b>
<b>Amortised cost</b>	<b>91,136</b>	<b>-</b>	<b>-</b>	<b>1,728,551</b>	<b>3,623</b>	<b>-</b>	<b>-</b>	<b>3,623</b>

2020	IFRS 9 impairment provision – allowance for ECL at 31 December 2021				Movement between 1 January 2021 and 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>KShs'000</b>								
Cash and bank balances	13	-	-	<b>13</b>	(1,421)	-	-	<b>(1,421)</b>
Other receivables at amortized cost	13,203	-	-	<b>13,203</b>	10,409	-	-	<b>10,409</b>
<b>Amortised cost</b>	<b>13,216</b>	<b>-</b>	<b>-</b>	<b>13,216</b>	<b>8,988</b>	<b>-</b>	<b>-</b>	<b>8,988</b>

# NOTES TO THE FINANCIAL STATEMENTS (Continued)



## 4 Risk governance and risk management system (continued)

- (b) **Financial risk (Continued)**
- Market risk (Continued)**
- (iv) **Credit risk (Continued)**

Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or at fair value through other comprehensive income. The Group and Company has measured the loss allowance for corporate bonds, at each reporting date, at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition and if the credit risk has not increased significantly at an amount equal to the 12 month expected losses. Summary of the expected credit loss impairments are as below:

	31 December 2021			31 December 2020		
	12 month expected credit losses	Lifetime expected Not credit impaired	Lifetime expected Total	12 month expected credit losses	Lifetime expected credit losses	Total
		impaired	impaired			
<b>KSh's'000</b>						
Gross value	101,578	-	572,266	-	-	363,198
Loss allowance	(698)	-	(572,266)	-	-	(363,198)
<b>Amortised cost</b>	<b>100,880</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## (ii) Company

The Company does not have investments in corporate bonds

## Government securities at amortised cost

Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or at fair value through other comprehensive income. The Group has measured the loss allowance for government securities, at each reporting date, at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition and if the credit risk has not increased significantly at an amount equal to the 12 month expected losses.

## Summary of the expected credit loss impairments are as below:

### (i) Group

	31 December 2021			31 December 2020		
	12 month expected credit losses	Lifetime expected Not credit impaired	Lifetime expected Credit impaired	12 month expected credit losses	Lifetime expected credit losses	Lifetime expected Credit impaired
<b>KShs'000</b>						
Gross value	29,879,327	-	-	19,841,621	-	-
Loss allowance	(9,066)	-	-	(15,235)	-	-
<b>Amortised cost</b>	<b>29,870,261</b>	<b>-</b>	<b>-</b>	<b>19,826,386</b>	<b>-</b>	<b>-</b>
			<b>121,684</b>			
			<b>Total</b>			<b>Total</b>
			<b>29,879,327</b>			<b>19,841,621</b>
			<b>(9,066)</b>			<b>(15,235)</b>
			<b>29,870,261</b>			<b>19,826,386</b>

### (ii) Company

The Company does not have investments in government securities.

### Deposits with financial institutions:

Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or at fair value through other comprehensive income. The Group and Company has measured the loss allowance for fixed deposits with financial institutions, at each reporting date, at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition and if the credit risk has not increased significantly at an amount equal to the 12 month expected losses. Summary of the expected credit loss impairments are as below:

### i) Group

	31 December 2021			31 December 2020		
	12 month expected credit losses	Lifetime expected Not credit impaired	Lifetime expected Credit impaired	12 month expected credit losses	Lifetime expected credit losses	Lifetime expected Credit impaired
<b>KShs'000</b>						
Gross value	11,603,367	-	50,000	9,061,413	-	50,000
Loss allowance	(49,238)	-	(50,000)	(43,860)	-	(50,000)
<b>Amortised cost</b>	<b>11,554,129</b>	<b>-</b>	<b>-</b>	<b>9,017,553</b>	<b>-</b>	<b>-</b>
			<b>121,684</b>			
			<b>Total</b>			<b>Total</b>
			<b>11,653,367</b>			<b>9,111,413</b>
			<b>(99,238)</b>			<b>(93,860)</b>
			<b>11,554,129</b>			<b>9,017,553</b>

### (ii) Company

Gross value	589,736	-	-	277,830	-	-
Loss allowance	(19)	-	-	(9)	-	-
<b>Amortised cost</b>	<b>589,717</b>	<b>-</b>	<b>-</b>	<b>277,821</b>	<b>-</b>	<b>-</b>
			<b>589,736</b>			<b>277,830</b>
			<b>(19)</b>			<b>(9)</b>
			<b>589,717</b>			<b>277,821</b>

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4 Risk governance and risk management system (continued)

### (b) Financial risk (Continued)

#### Market risk (Continued)

#### (iv) Credit risk (Continued)

#### Cash and bank balances at amortised cost:

Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or at fair value through other comprehensive income. The Group and Company has measured the loss allowance for cash and bank balances, at each reporting date, at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition and if the credit risk has not increased significantly at an amount equal to the 12 month expected losses. Summary of the expected credit loss impairments are as below:

	31 December 2021				31 December 2020			
	12 month expected credit losses	Not credit impaired	Lifetime expected	121,684	12 month expected credit losses	Lifetime expected credit losses	Credit impaired	Total
<b>(i) Group</b>								
<b>KShs'000</b>								
Gross value	2,491,577	-	-	2,491,577	1,852,250	-	-	1,360,786
Loss allowance	(3,360)	-	-	(3,360)	(8,104)	-	-	(59,346)
<b>Amortised cost</b>	<b>2,488,217</b>	<b>-</b>	<b>-</b>	<b>2,488,217</b>	<b>1,844,146</b>	<b>-</b>	<b>-</b>	<b>1,844,146</b>
<b>(ii) Company</b>								
Gross value	103,193	-	-	103,193	104,002	-	-	104,002
Loss allowance	(3)	-	-	(3)	(4)	-	-	(4)
<b>Amortised cost</b>	<b>103,190</b>	<b>-</b>	<b>-</b>	<b>103,190</b>	<b>103,998</b>	<b>-</b>	<b>-</b>	<b>103,998</b>

**Other receivables and amounts due from related parties at amortised cost:**

Under IFRS 9, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured at amortized cost or at fair value through other comprehensive income. The Group and Company has measured the loss allowance for other receivables and amounts due from related parties, at each reporting date, at an amount equal to the lifetime expected losses if the credit risk on that financial instrument has increased significantly since initial recognition and if the credit risk has not increased significantly at an amount equal to the 12 month expected losses. Summary of the expected credit loss impairments are as below:

	31 December 2021			31 December 2020		
	12 month expected credit losses	Not credit impaired	Lifetime expected Credit impaired	121,684	12 month expected credit losses	Lifetime expected Credit impaired
<b>(i) Group</b>						
<b>KShs'000</b>						
Gross value	1,948,844	-	111,382	2,060,226	1,672,326	-
Loss allowance	(28,774)	-	(111,382)	(140,156)	(73,880)	-
<b>Amortised cost</b>	<b>1,920,070</b>	<b>-</b>	<b>-</b>	<b>1,920,070</b>	<b>1,498,446</b>	<b>-</b>
<b>(ii) Company</b>						
Gross value	3,344,972	-	-	3,344,972	3,190,353	-
Loss allowance	(9,571)	-	-	(9,571)	(13,781)	-
<b>Amortised cost</b>	<b>3,335,401</b>	<b>-</b>	<b>-</b>	<b>3,335,401</b>	<b>3,176,572</b>	<b>-</b>
<b>Receivables arising from direct insurance arrangements</b>						
<b>(i) Group</b>						
<b>KShs'000</b>						
Gross value	-	-	2,201,018	2,201,018	-	2,712,234
Loss allowance	-	-	(903,767)	(903,767)	-	(1,115,595)
<b>Amortised cost</b>	<b>-</b>	<b>-</b>	<b>1,297,251</b>	<b>1,297,251</b>	<b>-</b>	<b>1,596,639</b>

**4 Risk governance and risk management system (continued)**
**(b) Financial risk (continued)**
**Market risk (continued)**
**(v) Liquidity risk**

Liquidity risk is the risk that the Group and Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Group and Company is exposed to daily calls on available cash resources for claims settlement and other administration expenses. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Finance and Investment Committee sets limits on the minimum level of cash balances.

The table below presents the cash flows payable by the Group and Company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date.

Group KShs'000	Contractual Cashflows						
	Carrying Amount	Total	Upto 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
<b>Liabilities</b>							
Insurance contract liabilities	<b>24,751,650</b>	<b>24,751,650</b>	2,403,968	2,004,985	4,331,292	9,634,979	6,376,426
Payable under deposit administration contracts	<b>5,712,730</b>	<b>5,712,730</b>	24,134	43,911	245,867	1,445,761	3,953,057
Unit-linked investment contracts	<b>5,606,971</b>	<b>5,606,971</b>	283,048	121,934	519,273	2,553,379	2,129,337
Borrowed funds	<b>13,564,324</b>	<b>13,564,324</b>	47,710	254,301	267,805	12,909,324	85,184
Lease Liabilities	<b>519,104</b>	<b>983,588</b>	11,195	33,585	89,555	494,936	354,317
Creditors arising from reinsurance arrangements	<b>1,447,267</b>	<b>1,447,267</b>	175,314	331,577	689,186	237,956	13,234
Other payables	<b>6,311,488</b>	<b>6,311,488</b>	1,799,490	1,737,179	1,578,982	435,357	760,480
<b>Total financial liabilities as at 31 December 2021</b>	<b>57,913,534</b>	<b>58,378,018</b>	<b>4,744,859</b>	<b>4,527,472</b>	<b>7,721,960</b>	<b>27,711,692</b>	<b>13,672,035</b>

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (continued)

##### Market risk (continued)

##### (v) Liquidity risk (Continued)

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date.

Group KShs'000	Contractual Cashflows						
	Carrying Amount	Total	Upto 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
<b>Liabilities</b>							
Insurance contract liabilities	17,449,087	17,449,087	2,379,361	1,439,870	1,641,458	7,055,131	4,933,267
Payable under deposit administration contracts	5,112,971	5,112,971	22,714	40,108	212,627	1,261,924	3,575,598
Unit-linked investment contracts	599,240	599,240	67,995	12,442	76,155	306,293	136,355
Borrowed funds	13,066,330	13,066,330	53,154	2,254,018	218,246	9,815,400	725,512
Lease Liabilities	539,968	1,267,964	5,456	16,368	43,642	823,475	379,023
Creditors arising from reinsurance arrangements	1,196,185	1,196,185	148,520	298,395	438,136	262,529	48,605
Other payables	4,333,476	4,333,476	872,302	1,005,493	714,722	1,068,156	672,803
<b>Total financial liabilities as at 31 December 2020</b>	<b>42,297,257</b>	<b>43,025,253</b>	<b>3,549,502</b>	<b>5,066,694</b>	<b>3,344,986</b>	<b>20,592,908</b>	<b>10,471,163</b>

Investment contracts and deposit administration contracts can be surrendered before maturity for a cash surrender value specified in the contractual terms and conditions. Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated surrenders before the contractual maturity dates. In addition, the Group invests only a limited proportion of its assets in investments that are not actively traded. The Group's listed securities are considered readily realisable, as they are actively traded on the Nairobi Securities Exchange and Uganda Stock Exchange.

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the financial reporting date.

KShs'000	Less than 1 year	Greater than 1 year
	2021	2021
Amounts due to related parties (Note 43(iv))	38,216	-
Other payables	2,054,367	-
Lease Liabilities	33,164	-
Borrowed funds	238,398	11,608,217
<b>As at 31 December 2021</b>	<b>2,364,145</b>	<b>11,608,217</b>

#### 4 Risk governance and risk management system (continued)

##### (b) Financial risk (continued)

##### Market risk (continued)

##### (v) Liquidity risk

KShs'000	Less than 1 year	Greater than 1 year
	2020	2020
Amounts due to related parties (Note 43(iv))	202,165	-
Other payables	1,599,269	-
Lease Liabilities	36,339	-
Borrowed funds	8,899,943	2,200,000
<b>As at 31 December 2020</b>	<b>10,737,716</b>	<b>2,200,000</b>

##### (c) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements as set out in the regulations of the jurisdictions in which the Group entities operate in;
- to comply with regulatory solvency requirements as set out in legislation in the jurisdictions in which the Group entities operate in;
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stake holders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Group's paid up capital comprises share capital as disclosed on note 36. The Group manages the minimum paid up capital and regulatory Capital (solvency) held in each subsidiary as capital. Capital adequacy and solvency margin are monitored regularly by the Board of Directors. The required information is filed with the respective authorities.

During the year, the Group held the minimum paid up share capital required. The Group entities also met the solvency margins required in the jurisdictions in which they operate. Appropriate measures, including capital injection and business turn-around initiatives, have been instituted to resolve the solvency gap in this entity. The table below summarises the capital requirements of the Group's entities in the various jurisdictions in which the Group operates and the amount of capital held. Kenya Gazette Notice, Supplement No. 154, granted an extension for all registered insurers to comply with the solvency requirements within Section 41 of the Insurance Act to 1 January 2021 from 1st July 2020.

#### 4 Risk governance and risk management system (continued) (c) Capital management (continued)

As at 31 December 2021:

KShs'000	Kenya		South Sudan		Uganda		Rwanda		Tanzania	
	General insurance	UAP Life Assurance	Old Mutual Life Assurance	Composite insurance	General insurance	Life Assurance	General insurance	General insurance	General insurance	General insurance
Regulatory capital requirements	600,000	400,000	400,000	509,130	127,207	95,405	211,061	110,382		
Amount of paid up capital	1,000,000	4,107,143	4,059,827	342,709	214,939	826,349	1,175,625	1,003,026		
Required solvency	2,570,937	1,897,905	809,634	509,130	818,703	256,078	387,282	87,532		
Solvency margin by Company	5,124,486	4,080,654	937,146	4,543,347	1,825,768	(256,400)	719,181	90,429		
<b>Surplus over required margin</b>	<b>2,553,549</b>	<b>2,182,749</b>	<b>127,512</b>	<b>4,034,217</b>	<b>1,007,065</b>	<b>(512,478)</b>	<b>331,899</b>	<b>2,897</b>		

As at 31 December 2020:

KShs'000	Kenya		South Sudan		Uganda		Rwanda		Tanzania	
	General insurance	UAP Life Assurance	Old Mutual Life Assurance	Composite insurance	General insurance	Life Assurance	General insurance	General insurance	General insurance	General insurance
Regulatory capital requirements	600,000	400,000		491,580	119,470	89,603	189,948	99,703		
Amount of paid up capital	1,000,000	1,585,456		342,709	214,939	826,349	1,175,625	1,003,026		
Required solvency	2,417,050	915,612		491,580	429,724	5,102,723	189,948	84,964		
Solvency margin by Company	5,895,197	1,567,707		3,309,317	708,969	5,252,821	523,214	147,461		
<b>Surplus/(deficit) over required margin</b>	<b>3,478,147</b>	<b>652,095</b>		<b>2,817,737</b>	<b>279,245</b>	<b>150,098</b>	<b>333,266</b>	<b>62,497</b>		

The fair value of government securities at 31 December 2020 is estimated at KShs 20,001 million (2019: KShs 11,446 million) compared to the carrying value KShs 19,826 million (2019: KShs 16,351 million). The fair values of the Group's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Group at the financial reporting date.

IFRS 7 and IFRS 13 require disclosure of fair value measurements by the following levels of 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).

#### 4 Risk governance and risk management system (continued)

##### (d) Fair values of financial assets and liabilities

###### Fair values estimation

The following table presents the Group's assets that are measured at fair value at the end of the year.

###### As at 31 December 2021

KShs'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equity investments	2,675,548	-	130,929	<b>2,806,477</b>
Government securities	7,199,510	-	-	<b>7,199,510</b>
Corporate bonds	-	-	-	-
Investment Properties	-	-	18,025,745	<b>18,025,745</b>
<b>Total</b>	<b>9,875,058</b>	<b>-</b>	<b>18,156,674</b>	<b>28,031,732</b>

###### As at 31 December 2020

KShs'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equity investments	1,604,382	-	116,032	<b>1,720,414</b>
Government securities	1,114,805	-	-	<b>1,114,805</b>
Corporate bonds	-	-	-	-
Investment Properties	-	-	16,458,648	<b>16,458,648</b>
<b>Total</b>	<b>2,719,187</b>	<b>-</b>	<b>16,574,680</b>	<b>19,293,867</b>

The following table presents the Company's assets that are measured at fair value at the end of the year.

###### As at 31 December 2021

KShs'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment Properties	-	-	5,755,883	<b>5,755,883</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,755,883</b>	<b>5,755,883</b>

###### As at 31st December 2020

KShs'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment Properties	-	-	5,802,793	<b>5,802,793</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,802,793</b>	<b>5,802,793</b>

#### 4 Risk governance and risk management system (continued)

##### (d) Fair values of financial assets and liabilities (Continued)

###### Fair values estimation (Continued)

The following table presents the Group's assets that are measured at fair value at the end of the year. The fair value of financial instruments traded in active market is based on quoted market prices at the end of each reporting period. 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 company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise of primarily equity investments quoted on the Nairobi Securities Exchange and the Uganda Stock Exchange.

Financial instruments measured at fair value that are not traded in active market relate to Group's investment in the holding company for an investment property and investments in equities that aren't traded in active markets. Fair value estimate is based on the Group's share of the net asset of the investee company and on use of rental income and a capitalization rate of 8.42%. As the investment property of the investee company is measured at their fair value, the net asset value of the investee company approximates its fair value. This estimate is classified as level 3. There were transfers out of level 3 during the year amounting to KSh 1.5b (2020: KShs 1.5 b) due to the reclassification of owner-occupied investment property to property and equipment.

#### 5. Segmental information

Management has determined the operating segments based on the reports reviewed by the Group's Board of Directors that are used to make strategic decisions.

The Group reviews its operating segments (business units) by type of business and by geography. Based on this, the group's operating segments comprise of General Insurance, Life Assurance, Property, Investment Management and related Financial Services. The group currently has operations in five countries namely Kenya, Uganda, South Sudan, Rwanda and Tanzania.

The reportable operating segments derive their revenue primarily from the underwriting of classes and non-life risks as defined by the Insurance Act and investment property.

Other services offered by the Group that are included within the Kenya and Uganda segments include stock brokerage, investment management and related financial advisory services. The results of these operations are included in the other segments column as they are not material to the Group.

The Group Board of Directors assesses the performance of the reporting segments based on a measure of revenue and profitability.

The segment information provided to the Group Board of Directors for the reportable segments for the year ended 31 December 2021 is as follows:

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. Segmental information (Continued)

Year ended 31 Dec 2021 KShs'm	General insurance						Life assurance						Property											
	Kenya		Uganda		South Sudan		Tanzania		Rwanda		Sub-total		Kenya		Uganda		South Sudan		Sub total		Other Segments		Total	
<b>Gross written premium</b>	13,184	4,670	1,236	759	1,835	21,684	3,264	1,652	70	4,986	-	-	-	-	-	-	-	-	-	-	-	-	26,652	
<b>Gross earned premium</b>	12,042	4,469	1,317	712	1,653	20,193	3,154	1,652	101	4,907	-	-	-	-	-	-	-	-	-	-	-	-	25,100	
Net earned premium	10,057	3,133	1,173	404	1,178	15,945	2,506	1,458	44	4,008	-	-	-	-	-	-	-	-	-	-	-	-	19,953	
Interest income	838	273	293	105	202	1,711	1,917	702	9	2,628	-	-	-	-	-	-	-	-	-	-	-	-	4,068	
Other investment income	(212)	(27)	10	1	(9)	(237)	(98)	(4)	-	(102)	363	136	211	710	161	-	-	-	-	-	-	-	532	
Commissions & other income	600	670	22	88	174	1,554	563	48	8	619	-	-	-	-	-	-	-	-	-	-	-	-	2,498	
Net impairment on financial assets	211	128	(112)	55	4	286	(256)	1	6	(249)	-	(1)	-	(1)	5	-	-	-	-	-	-	-	41	
<b>Total revenue</b>	<b>11,494</b>	<b>4,177</b>	<b>1,386</b>	<b>653</b>	<b>1,549</b>	<b>19,259</b>	<b>4,632</b>	<b>2,205</b>	<b>67</b>	<b>6,904</b>	<b>363</b>	<b>135</b>	<b>211</b>	<b>709</b>	<b>220</b>	-	-	-	-	-	-	-	<b>27,092</b>	
Claims & policyholders' benefits payable	(6,965)	(2,058)	(647)	(158)	(837)	(10,665)	(3,319)	(1,785)	(16)	(5,120)	-	-	-	-	-	-	-	-	-	-	-	-	(15,785)	
Depreciation	(100)	(48)	(106)	(30)	(16)	(300)	(85)	(19)	-	(104)	-	(12)	(50)	(62)	132	-	-	-	-	-	-	-	(334)	
Amortisation	(1)	-	-	(3)	(1)	(5)	-	-	-	-	-	-	-	-	(60)	-	-	-	-	-	-	-	(65)	
Commissions & other operating expenses	(3,818)	(1,349)	(706)	(605)	(433)	(6,911)	(1,400)	(595)	(41)	(2,036)	(75)	(107)	(163)	(345)	(369)	-	-	-	-	-	-	-	(9,661)	
Finance costs	(65)	(14)	(33)	(34)	(2)	(148)	(42)	(31)	-	(73)	(324)	(54)	(338)	(716)	(485)	-	-	-	-	-	-	-	(1,422)	
<b>Profit/(loss) before tax</b>	<b>545</b>	<b>708</b>	<b>(106)</b>	<b>(177)</b>	<b>260</b>	<b>1,230</b>	<b>(214)</b>	<b>(225)</b>	<b>10</b>	<b>(429)</b>	<b>(36)</b>	<b>(38)</b>	<b>(340)</b>	<b>(414)</b>	<b>(562)</b>	-	-	-	-	-	-	-	<b>(175)</b>	
Tax	(253)	(241)	-	(138)	(81)	(713)	(55)	(92)	-	(147)	-	126	-	126	(169)	-	-	-	-	-	-	-	(903)	
<b>Profit/(loss) after tax</b>	<b>292</b>	<b>467</b>	<b>(106)</b>	<b>(315)</b>	<b>179</b>	<b>517</b>	<b>(269)</b>	<b>(317)</b>	<b>10</b>	<b>(576)</b>	<b>(36)</b>	<b>88</b>	<b>(340)</b>	<b>(288)</b>	<b>(731)</b>	-	-	-	-	-	-	-	<b>(1,078)</b>	
Attributable to:																								
- Parent	292	247	(106)	(190)	179	422	(150)	(168)	10	(308)	(36)	69	(238)	(205)	(753)	-	-	-	-	-	-	-	(844)	
- Non-controlling interest	-	220	-	(125)	-	95	(119)	(149)	-	(268)	-	19	(102)	(83)	22	-	-	-	-	-	-	-	(234)	
<b>Profit/(loss) after tax</b>	<b>292</b>	<b>467</b>	<b>(106)</b>	<b>(315)</b>	<b>179</b>	<b>517</b>	<b>(269)</b>	<b>(317)</b>	<b>10</b>	<b>(576)</b>	<b>(36)</b>	<b>88</b>	<b>(340)</b>	<b>(288)</b>	<b>(731)</b>	-	-	-	-	-	-	-	<b>(1,078)</b>	
Other comprehensive income	7	155	111	14	(3)	285	-	2	8	10	-	51	(68)	(17)	141	-	-	-	-	-	-	-	419	
<b>Total comprehensive income</b>	<b>299</b>	<b>623</b>	<b>5</b>	<b>(301)</b>	<b>176</b>	<b>802</b>	<b>(269)</b>	<b>(315)</b>	<b>18</b>	<b>(566)</b>	<b>(36)</b>	<b>139</b>	<b>(408)</b>	<b>(305)</b>	<b>(590)</b>	-	-	-	-	-	-	-	<b>(659)</b>	

## Statement of financial position

	Additions					Disposals					Net change												
	19	4	4	14	3	44	5	4	-	9	-	5	5	4	4	5	5	5	5	5	5	5	5
<b>Property &amp; equipment</b>	19	4	4	14	3	44	5	4	-	9	-	5	5	4	4	5	5	5	5	5	5	5	104
Investment property	4	-	-	-	-	4	5	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	9
Intangible assets	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49
<b>Total assets</b>	<b>17,593</b>	<b>9,177</b>	<b>6,949</b>	<b>1,981</b>	<b>2,949</b>	<b>38,649</b>	<b>15,704</b>	<b>5,821</b>	<b>4,050</b>	<b>21,864</b>	<b>-</b>	<b>4,050</b>	<b>3,509</b>	<b>7,559</b>	<b>12,802</b>	<b>80,874</b>							
<b>Total equity</b>	<b>5,975</b>	<b>2,739</b>	<b>4,170</b>	<b>364</b>	<b>995</b>	<b>14,243</b>	<b>4,012</b>	<b>(107)</b>	<b>880</b>	<b>(1,134)</b>	<b>-</b>	<b>880</b>	<b>(2,014)</b>	<b>(1,134)</b>	<b>(4,020)</b>	<b>13,229</b>							

## 5. Segmental information (Continued)

Year ended 31 Dec 2020	General insurance						Life assurance			Property					
	South Uganda		South Sudan		Tanzania		Rwanda		Kenya		Uganda		Other Segments	Total	
	Kenya	Uganda	South Sudan	South Sudan	Kenya	Uganda	Kenya	Uganda	Sub-total	Kenya	Uganda	Sub-total			
<b>Gross written premium</b>	10,606	3,912	1,162	666	1,413	17,759	1,151	1,447	125	2,723	-	-	-	20,482	
<b>Gross earned premium</b>	10,250	3,770	1,255	700	1,337	17,312	1,139	1,447	136	2,722	-	-	-	20,034	
Net earned premium	8,932	2,625	1,134	453	1,022	14,166	839	1,399	47	2,285	-	-	-	16,451	
Interest income	769	210	281	112	166	1,538	1,076	580	3	1,659	-	-	(282)	2,915	
Other investments income	(215)	(40)	184	17	-	(54)	(285)	(14)	(4)	(303)	364	347	638	1,349	
Commissions & other income	358	249	24	78	90	799	148	4	18	170	-	-	-	1,017	
Net impairment on financial assets	28	57	(30)	(15)	43	82	(38)	-	4	(34)	(6)	(6)	122	165	
<b>Total revenue</b>	<b>9,872</b>	<b>3,101</b>	<b>1,593</b>	<b>645</b>	<b>1,321</b>	<b>16,532</b>	<b>1,740</b>	<b>1,969</b>	<b>68</b>	<b>3,777</b>	<b>364</b>	<b>341</b>	<b>638</b>	<b>1,343</b>	<b>21,467</b>
Claims & policyholders' benefits payable	(5,817)	(1,497)	(566)	(109)	(598)	(8,587)	(1,303)	(1,564)	6	(2,861)	-	-	-	-	(11,448)
Depreciation	(101)	(43)	(107)	(30)	(20)	(301)	(24)	(7)	-	(31)	-	19	(44)	(63)	(368)
Amortisation	(4)	-	-	-	(1)	(5)	-	(1)	-	(1)	-	-	-	(75)	(81)
Commissions & other operating expenses	(3,162)	(1,334)	(536)	(663)	(489)	(6,184)	(939)	(390)	(82)	(1,411)	(82)	(302)	(156)	(540)	(9,318)
Finance costs	(68)	(14)	(155)	(10)	(7)	(254)	(12)	(6)	-	(18)	(232)	(67)	(343)	(642)	(1,300)
<b>Profit/(loss) before tax</b>	<b>720</b>	<b>213</b>	<b>229</b>	<b>(167)</b>	<b>206</b>	<b>1,201</b>	<b>(538)</b>	<b>1</b>	<b>(8)</b>	<b>(545)</b>	<b>50</b>	<b>(47)</b>	<b>95</b>	<b>98</b>	<b>(1,048)</b>
Tax	(267)	(73)	-	47	(45)	(338)	53	(48)	-	(5)	-	25	(9)	16	(289)
<b>Profit/(loss) after tax</b>	<b>453</b>	<b>140</b>	<b>229</b>	<b>(120)</b>	<b>161</b>	<b>863</b>	<b>(485)</b>	<b>(47)</b>	<b>(8)</b>	<b>(540)</b>	<b>50</b>	<b>(22)</b>	<b>86</b>	<b>114</b>	<b>(1,337)</b>
Attributable to:															
- Parent	453	74	229	(72)	161	845	(485)	(25)	(8)	(518)	50	(17)	60	93	(1,119)
- Non-controlling interest	-	66	-	(48)	-	18	-	(22)	-	(22)	-	(5)	26	21	(218)
<b>Profit/(loss) after tax</b>	<b>453</b>	<b>140</b>	<b>229</b>	<b>(120)</b>	<b>161</b>	<b>863</b>	<b>(485)</b>	<b>(47)</b>	<b>(8)</b>	<b>(540)</b>	<b>50</b>	<b>(22)</b>	<b>86</b>	<b>114</b>	<b>(1,337)</b>
Other comprehensive income	6	152	45	50	14	267	-	18	16	34	-	69	(93)	(24)	540
<b>Total comprehensive income</b>	<b>459</b>	<b>292</b>	<b>274</b>	<b>(70)</b>	<b>175</b>	<b>1,130</b>	<b>(485)</b>	<b>(29)</b>	<b>8</b>	<b>(506)</b>	<b>50</b>	<b>47</b>	<b>(7)</b>	<b>90</b>	<b>(797)</b>

Statement of financial position															
Additions															
Property & equipment	28	24	6	9	3	70	5	11	-	16	-	39	39	15	140
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	33	-
Intangible assets	2	-	-	-	-	2	-	-	-	-	-	-	-	-	13
<b>Total assets</b>	<b>16,659</b>	<b>7,423</b>	<b>6,932</b>	<b>2,147</b>	<b>2,341</b>	<b>35,502</b>	<b>12,815</b>	<b>5,334</b>	<b>424</b>	<b>18,573</b>	<b>-</b>	<b>4,417</b>	<b>4,008</b>	<b>8,425</b>	<b>63,459</b>
<b>Total equity</b>	<b>6,678</b>	<b>2,115</b>	<b>3,092</b>	<b>663</b>	<b>819</b>	<b>13,367</b>	<b>1,434</b>	<b>222</b>	<b>218</b>	<b>1,874</b>	<b>-</b>	<b>1,127</b>	<b>(1,054)</b>	<b>73</b>	<b>(2,331)</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. Segmental information (continued) (a) Segmental information by business line

	31 December 2021					31 December 2020						
	Kenya	Uganda	South Sudan	Rwanda	Tanzania	Total	Kenya	Uganda	South Sudan	Rwanda	Tanzania	Total
<b>KShs'000</b>												
<b>Short - term insurance</b>												
Gross written premium	13,183,224	4,670,423	1,235,849	1,834,676	759,398	21,683,570	10,605,343	3,912,348	1,162,002	1,413,355	666,184	17,759,232
Gross earned premium	12,041,567	4,469,363	1,317,099	1,652,751	711,246	20,192,026	10,250,106	3,770,330	1,254,699	1,337,492	699,414	17,312,041
Net earned premium	<b>10,056,766</b>	<b>3,132,862</b>	<b>1,172,685</b>	<b>1,178,327</b>	<b>403,693</b>	<b>15,944,333</b>	<b>8,931,923</b>	<b>2,624,560</b>	<b>1,133,737</b>	<b>1,021,963</b>	<b>452,727</b>	<b>14,164,910</b>
<b>Long - term business</b>												
Gross written premium	3,246,276	1,651,952	70,387	-	-	<b>4,968,615</b>	1,151,313	1,444,614	124,823	-	-	<b>2,723,050</b>
Gross earned premium	3,154,092	1,651,952	101,461	-	-	<b>4,907,505</b>	1,138,970	1,444,614	135,853	-	-	<b>2,721,737</b>
Net earned premium	<b>2,505,627</b>	<b>1,459,150</b>	<b>43,716</b>	-	-	<b>4,008,493</b>	<b>839,114</b>	<b>1,399,739</b>	<b>47,154</b>	-	-	<b>2,286,007</b>
<b>Total</b>												
Gross written premium	16,429,500	6,322,375	1,306,236	1,834,676	759,398	<b>26,652,185</b>	11,756,656	5,359,262	1,286,825	1,413,355	666,184	<b>20,482,282</b>
Gross earned premium	15,195,659	6,121,315	1,418,560	1,652,751	711,246	<b>25,099,531</b>	11,389,076	5,217,244	1,390,552	1,337,492	699,414	<b>20,033,778</b>
<b>Net earned premium</b>	<b>12,562,393</b>	<b>4,592,012</b>	<b>1,216,401</b>	<b>1,178,327</b>	<b>403,693</b>	<b>19,952,826</b>	<b>9,771,037</b>	<b>4,024,299</b>	<b>1,180,891</b>	<b>1,021,963</b>	<b>452,727</b>	<b>16,450,917</b>
Investment income	2,147,614	1,484,702	669,071	192,364	106,496	<b>4,600,247</b>	2,086,022	902,940	549,607	165,464	128,599	<b>3,832,632</b>
Commission earned	703,356	369,219	29,995	174,120	88,191	<b>1,364,881</b>	478,273	302,650	37,998	104,916	77,615	<b>1,001,452</b>
Other income	751,268	381,558	-	-	-	<b>1,132,826</b>	28,081	(1,395)	4,160	(14,083)	-	<b>16,763</b>
Net impairment loss on financial assets	(40,849)	127,386	(105,706)	4,078	56,412	<b>41,321</b>	(18,672)	181,559	(26,236)	42,835	(14,373)	<b>165,113</b>
<b>Total revenue</b>	<b>16,123,782</b>	<b>6,954,877</b>	<b>1,809,761</b>	<b>1,548,889</b>	<b>654,792</b>	<b>27,092,101</b>	<b>12,344,741</b>	<b>5,410,053</b>	<b>1,746,420</b>	<b>1,321,095</b>	<b>644,568</b>	<b>21,466,877</b>

### ii) Asset allocation by country

	31 December 2021					31 December 2020						
	Kenya	Uganda	South Sudan	Rwanda	Tanzania	Total	Kenya	Uganda	South Sudan	Rwanda	Tanzania	Total
<b>KShs'000</b>												
Property and equipment	1,008,906	422,166	661,065	6,017	44,473	<b>2,142,627</b>	1,030,110	433,779	711,748	7,282	41,722	<b>2,224,641</b>
Investment property	10,835,778	4,137,872	3,052,095	-	-	<b>18,025,745</b>	9,346,908	4,090,369	3,021,371	-	-	<b>16,458,648</b>
Intangible assets	94,657	4	-	426	11,638	<b>106,725</b>	118,186	-	-	936	83	<b>119,205</b>
<b>Total assets</b>	<b>45,439,204</b>	<b>19,561,592</b>	<b>10,942,756</b>	<b>2,949,431</b>	<b>1,980,959</b>	<b>80,873,942</b>	<b>31,085,416</b>	<b>17,074,112</b>	<b>10,810,739</b>	<b>2,341,471</b>	<b>2,147,384</b>	<b>63,459,122</b>
<b>Total equity</b>	<b>5,407,349</b>	<b>3,926,765</b>	<b>2,536,016</b>	<b>994,978</b>	<b>363,828</b>	<b>13,228,936</b>	<b>6,504,987</b>	<b>3,294,139</b>	<b>1,702,303</b>	<b>818,777</b>	<b>662,672</b>	<b>12,982,878</b>

## 5. Segmental information (continued)

### (b) By class of insurance

#### (i) Gross premiums

The premium income of the Group can be analysed between the main classes of business as shown below:-

KShs'000	Gross written premium		Gross earned premium	
	2021	2020	2021	2020
<b>Short term insurance business</b>				
Engineering	716,759	676,277	714,859	775,000
Fire	2,059,658	1,741,100	1,978,870	1,700,700
Liability	320,786	280,925	305,163	258,282
Marine	269,323	260,049	280,950	250,465
Motor	3,325,343	3,165,825	3,241,333	3,170,030
Workmen's compensation	1,038,511	270,227	867,828	268,554
Personal accident and medical	493,856	443,472	455,037	446,975
Theft	503,963	469,021	500,713	457,810
Medical	12,453,646	10,239,926	11,497,057	9,812,015
Others	501,725	212,410	350,216	172,210
<b>Short term business</b>	<b>21,683,570</b>	<b>17,759,232</b>	<b>20,192,026</b>	<b>17,312,041</b>
<b>Long term business</b>				
Ordinary life	2,701,891	1,601,478	2,701,891	1,601,478
Group life	2,266,724	1,121,572	2,205,614	1,120,259
<b>Long term business</b>	<b>4,968,615</b>	<b>2,723,050</b>	<b>4,907,505</b>	<b>2,721,737</b>
<b>Total</b>	<b>26,652,185</b>	<b>20,482,282</b>	<b>25,099,531</b>	<b>20,033,778</b>

Gross written premium represents the total premiums receivable by the Group before adjusting for the unearned proportion of the premiums. It is reported in the income statement for information purposes only. Revenue comprises gross earned premiums.

All revenue is earned from external customers.

**5. Segmental information (continued)**
**(b) By class of insurance**
**(ii) Reinsurance ceded and amounts recoverable from reinsurers**

KShs'000	Reinsurance ceded		Amounts recoverable from reinsurers	
	2021	2020	2021	2020
<b>Short term insurance business</b>				
Engineering	611,104	674,546	30,901	1,090,577
Fire	1,378,321	1,181,189	52,932	1,101,693
Liability	153,074	124,668	6,550	(78,759)
Marine	140,919	131,079	(101,529)	19,748
Motor	203,892	119,614	166,183	30,977
Workmen's compensation	527,953	38,185	114,394	8,124
Personal accident	160,739	120,889	79,047	14,890
Theft	206,043	196,095	(34,124)	122,149
Medical	547,057	407,754	643,848	455,310
Others	318,591	153,113	1,334,421	38,474
<b>Short term business</b>	<b>4,247,693</b>	<b>3,147,132</b>	<b>2,292,623</b>	<b>2,803,183</b>
<b>Long term business</b>	899,012	435,729	511,239	195,185
<b>Total</b>	<b>5,146,705</b>	<b>3,582,861</b>	<b>2,803,862</b>	<b>2,998,368</b>

**(iii) Commissions earned and commissions payable**

KShs'000	Commissions earned		Commissions payable	
	2021	2020	2021	2020
Short-term business	1,117,084	803,037	2,470,370	2,037,927
Long-term business	216,043	153,294	755,920	271,629
Brokerage/Investment management	31,754	45,121	104,989	52,381
<b>Total</b>	<b>1,364,881</b>	<b>1,001,452</b>	<b>3,331,279</b>	<b>2,361,937</b>

## 6. Investment income

### (a) Group

KShs'000	2021	2020
Interest from government securities	3,338,599	2,207,381
Bank deposit interest	715,714	683,714
Loan interest receivable	12,845	23,570
Rental income from investment properties	1,276,405	1,284,329
Dividends receivable from equity investments	76,097	80,531
<b>Gross investment income</b>	<b>5,419,660</b>	<b>4,279,525</b>
Loss on sale of equities	(117,481)	(340,574)
Profit on sale of property and equipment	2,144	(87)
Miscellaneous (costs)/income	345,106	190,065
<b>Rent, interest, dividends received and other investment income</b>	<b>5,649,429</b>	<b>4,128,929</b>
Fair value losses on investment properties (note 17)	(1,089,922)	(111,345)
Fair value gains/(losses) on equity investments at fair value through profit or loss (note 19(b))	188,715	(314,263)
Fair value gains on government securities assets at fair value through profit or loss	(111,925)	36,755
Foreign exchange gains	(36,050)	92,556
<b>Fair value losses</b>	<b>(1,049,182)</b>	<b>(296,297)</b>
<b>Net Investment Income</b>	<b>4,600,247</b>	<b>3,832,632</b>

### (b) Company

KShs'000	2021	2020
Bank deposit interest	22,360	10,985
Loan interest receivable	180,230	168,481
Rental income from investment properties	412,600	364,263
Dividends receivable from equity investments	<b>1,026,886</b>	<b>900,000</b>
<b>Rent, interest and dividends received</b>	<b>1,642,076</b>	<b>1,443,729</b>
Profit on sale of property and equipment	115	44-
Income from sublease	1,403	1,303
Miscellaneous income	6,473	3,362
<b>Rent, interest, dividends received and other investment income</b>	<b>1,650,067</b>	<b>1,448,438</b>
Fair value losses on investment properties (note 17)	(46,910)	14,296
Foreign exchange gains	(22,783)	(44,538)
<b>Fair value losses</b>	<b>(69,693)</b>	<b>(30,242)</b>
<b>Net Investment Income</b>	<b>1,580,374</b>	<b>1,418,196</b>

## 7. Other income

### (a) Group

KShs'000	2021	2020
Fee income	6,327	28,119
Bargain on purchase	671,142	-
Other income	455,357	(11,356)
<b>Total</b>	<b>1,132,826</b>	<b>16,763</b>

Fee income relates to administration fees arising from services rendered in relation to the issue and management of deposit administration and other investment contracts. There are no individually significant items included in other category.

### (b) Company

KShs'000	2021	2020
Shared services and direct cost recoveries	1,388,435	1,057,771
<b>Total</b>	<b>1,388,435</b>	<b>1,057,771</b>

## 8. Claims and policyholder benefits payable

### (a) Group

KShs'000	2021	2020
<b>Short term insurance</b>		
Engineering	86,456	1,114,653
Fire	141,179	1,182,901
Liability	45,895	(45,308)
Marine	(74,351)	65,855
Motor	2,075,673	1,599,195
Workmen's compensation	170,545	59,848
Personal accident	175,033	80,506
Theft	5,362	179,849
Medical	8,905,707	7,007,547
Others	1,426,089	145,546
<b>Short term insurance</b>	<b>12,957,588</b>	<b>11,390,592</b>
<b>Long term insurance business</b>		
Death, maturity and benefits payable	4,556,301	1,937,747
Increase in policy owners' liabilities	789,831	1,076,250
Interest payable on deposit administration and unit linked investments contracts	285,261	41,666
<b>Long term insurance business</b>	<b>5,631,393</b>	<b>3,055,663</b>
<b>Total</b>	<b>18,588,981</b>	<b>14,446,255</b>

## 9. Operating and other expenses

### (a) Group

KShs'000	2020	2019
Staff costs (Note 10 (a))	2,854,593	2,637,486
Office running costs	1,201,610	1,285,914
Other expenses*	186,629	1,326,103
Publicity and marketing expenses	662,485	534,710
Depreciation – Property & equipment (Note 15 (a))	287,953	273,729
Depreciation – Right of use asset (Note 16 (a))	45,791	94,629
Impairment loss on property, plant & equipment (Note 15 (a))	-	20,116
Audit Fees	58,606	59,617
Consultancy Fees & Expenses	409,732	290,121
Software costs	137,831	116,961
Premium Tax costs	340,135	235,357
Director's Expenses	158,304	129,768
Recurrent property tax	202,059	154,848
Travel costs	55,599	66,989
	21,059	22,701
Amortisation of intangible assets (Note 14)	64,744	79,897
Repairs & maintenance costs	32,144	19,642
Subscriptions costs	11,283	12,288
Other insurance expenses	(1,467)	44,008
<b>Total</b>	<b>6,729,090</b>	<b>7,404,884</b>

### (b) Company

KShs'000	2020	2019
Other expenses*	1,443,175	2,161,040
Staff costs (Note 10 (a))	592,131	637,985
Software costs	416,629	271,022
Consultancy fees and expenses	117,933	64,365
Depreciation – Property & equipment (Note 15 (b))	53,124	66,470
Depreciation - Right of use asset depreciation (Note 16 (b))	4,812	4,811
Amortisation of intangible assets (Note 14)	56,398	75,081
Office running costs	27,204	23,314
Publicity and marketing expenses	2,805	68,473
Directors expenses	26,578	31,382
Travel costs	4,229	6,605
Repairs and maintenance costs	16,968	23,395
Licenses costs	1,014	1,041
Subscriptions costs	2,223	2,744
<b>Total</b>	<b>2,765,223</b>	<b>3,437,728</b>

\*In 2019, other expenses include an amount of KShs. 6.2 million relating to impairment of the investment in UAP Investment Kenya which is 100% owned by UAP Holdings Plc. In 2020, it includes the impairment of UAP South Sudan dividends worth KShs 1,034 million as well as the impairment of the Investment in Uganda Life assurance business by KShs 143 million.

## 10. Staff costs

KShs'000	2021	2020
<b>a) Group</b>		
Salaries and wages	2,366,441	2,034,670
Social security benefits costs	72,000	72,344
<b>Retirement benefit costs:</b>		
Defined benefits scheme (Note 26)	6,502	6,363
Defined contribution scheme	158,044	141,208
Other staff costs	251,606	382,901
<b>Total</b>	<b>2,854,593</b>	<b>289,463</b>
<b>b) Company</b>		
Salaries and wages	547,837	588,739
Social security benefits costs	44,294	49,246
<b>Total</b>	<b>592,131</b>	<b>637,985</b>

## 11. Income tax expense

### (a) Group

KShs'000	2021	2020
Current income tax	764,226	669,192
Deferred tax (Note 12)	40,292	(354,720)
Deferred tax through other comprehensive income (Note 12)	(7,125)	(25,009)
Deferred tax derecognised in the year	110,230	-
Prior year over-provision of deferred tax (Note 12)	2,172	-
<b>Total</b>	<b>909,795</b>	<b>289,463</b>

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

KShs'000	2021	2020
Loss before tax	(177,994)	(1,047,985)
Tax calculated at statutory tax rate	(52,499)	(237,864)
Less: tax effect of income not subject to tax	(644,574)	(433,812)
Add: tax effect of expenses not deductible for tax purposes	1,435,844	973,804
Tax effect of tax rate changes	161,727	(37,674)
Prior year over provision of deferred tax	2,172	-
<b>Total charge through income statement</b>	<b>902,670</b>	<b>264,454</b>
Amount recognised in other comprehensive income		
Tax effect on revaluation of property, plant and equipment	7,125	25,009
<b>Total</b>	<b>909,795</b>	<b>289,463</b>

\*Tax rates applicable in the respective countries are; Kenya 30% (2020: 25%), Uganda, Rwanda and Tanzania 30% (2020: 30%) and South Sudan 20% (2020: 20%)

## 11. Income tax expense (Continued)

### (a) Group (Continued)

Movement in the tax (payable)/recoverable account is as follows:

KShs'000	2021	2020
At 1 January	95,199	116,327
Acquisition of subsidiary	50,123	-
Taxation charge	(764,224)	(669,192)
Taxation paid	998,937	648,064
<b>At end of the year</b>	<b>380,033</b>	<b>95,199</b>
Disclosed as follows:		
Current income tax recoverable	486,175	197,240
Current income tax payable	(106,142)	(102,041)
<b>Total</b>	<b>380,033</b>	<b>95,199</b>

### (b) Company

KShs'000	2021	2020
Current income tax	-	-
Deferred tax (Note 12)	88,165	(170,402)
Prior year under/(over) provision for deferred tax	2,172	-
<b>Total</b>	<b>90,337</b>	<b>(170,402)</b>

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

KShs'000	2021	2020
Loss before tax	(1,035,047)	(2,016,688)
Tax calculated at a tax rate of 30% (2019: 30%);	(310,514)	( 504,172)
Less: tax effect of income not subject to tax	(430,649)	( 567,873)
Add: tax effect of expenses not deductible for tax purposes	817,602	929,924
Tax effect of tax rate changes	11,727	( 28,281)
Prior year under/(over) provision for deferred tax	2,172	-
<b>Total</b>	<b>90,337</b>	<b>( 170,402)</b>

## 11. Income tax expense (Continued)

Movement in the tax payable account is as follows:

KShs'000	2021	2020
At 1 January	134,843	93,373
Taxation charge	-	-
Taxation paid	88,624	41,470
<b>At end of the year</b>	<b>223,467</b>	<b>134,843</b>
Disclosed as follows;		
Current income tax recoverable	223,467	134,843
Current income tax payable	-	-
<b>Total</b>	<b>223,467</b>	<b>134,843</b>

## 12. Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%).

The movement on the deferred income tax account is as follows:

### (a) Group

KShs'000	2020	Restated* 2019
At start of year:	783,614	(423,938)
Credit to profit or loss (Note 11(a))	42,464	(354,720)
Credit to other comprehensive income (Note 11(a))	(7,125)	(25,009)
Prior year under provision	110,230	-
Translation difference	17,512	20,053
<b>Total</b>	<b>(620,533)</b>	<b>783,614</b>
Disclosed as follows;		
Deferred tax asset	(1,040,867)	(1,308,760)
Deferred tax liability	420,334	525,146
<b>Total</b>	<b>(620,533)</b>	<b>(783,614)</b>

\*See Note 46

## 12. Deferred income tax (Continued)

Deferred tax assets and liabilities and deferred tax charge/(credit) in the income statement for the Group are attributable to the following items:

### Year ended 31 December 2021

KShs'000	1 Jan 2021	(Charge)/ Credit Income Statement	(Charge)/ credit OCI	Translation reserves	Derecognized in the year	December 2021
Property and equipment: - on historical cost basis	(376,980)	14,398	-	762	-	(361,820)
Investment property fair value gains/(losses)	(706,921)	16,616	7,125	(47,334)	-	(730,514)
Tax losses	1,861,711	306,303	-	-	(110,230)	2,057,784
Other provisions	5,804	(379,781)	-	29,060	-	(344,917)
<b>Net deferred tax (liability)/asset</b>	<b>783,614</b>	<b>(42,464)</b>	<b>7,125</b>	<b>(17,512)</b>	<b>(110,230)</b>	<b>620,533</b>

### Year ended 31 December 2020

KShs'000	1 Jan 2020	(Charge)/ Credit Income Statement	(Charge)/ credit OCI	Transla- tion reserves	Derecognized in the year	December 2020
Property and equipment: - on historical cost basis	(410,646)	33,120	-	1	-	376,980
Investment property fair value gains/(losses)	(846,118)	175,877	25,009	(61,689)	-	(706,921)
Tax losses	1,991,177	(129,466)	-	-	-	1,861,711
Other provisions	(311,020)	275,189	-	41,635	-	5,804
<b>Net deferred tax assets</b>	<b>423,938</b>	<b>354,720</b>	<b>25,009</b>	<b>(20,053)</b>	<b>-</b>	<b>783,614</b>

In Kenya, the unutilized tax losses can be carried forward indefinitely based on the finance Act 2021. We have done an assessment of the deferred tax asset as at 31 December 2021 based on projected performance and management approved derecognition of historical tax losses amounting to KES 367 million, the deferred tax impact is KES 110 million.

\* See Note 47

## 12. Deferred income tax (continued)

Year ended 31 December 2020

KShs'000	As at 1 Jan 2020	(Charge)/ credited	Under/ (Over)	As at 31 December 2020
Property and equipment: - on historical cost basis	1,299,323	24,945	-	1,324,268
Investment property fair value gains	( 40,629)	(715)	-	( 41,344)
Unrealized exchange gains	9,436	78,713	-	88,149
<b>Deferred tax liabilities</b>	<b>1,268,130</b>	<b>102,943</b>	<b>-</b>	<b>1,371,073</b>
Provisions	( 27,388)	(119,452)	-	( 146,840)
Unrealized exchange losses	-	( 87,187)	-	( 87,187)
Tax losses	(1,747,767)	( 66,686)	-	(1,814,453)
<b>Deferred tax assets</b>	<b>(1,775,155)</b>	<b>(273,345)</b>	<b>-</b>	<b>(2,048,500)</b>
<b>Net deferred tax assets</b>	<b>( 507,025)</b>	<b>(170,402)</b>	<b>-</b>	<b>(677, 427)</b>

In Kenya, the unutilized tax losses can be carried forward indefinitely based on the finance Act 2021. we have done a valuation of the deferred tax asset as at 31 December 2021 based on projected performance and management approved derecognition of historical tax losses amounting to KES 367 million , the deferred tax impact is KES 110 million.

## 13. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Loss attributable to equity holders of the company (KShs'000)	(843,781)	(1,094,167)
Number of shares in issue (in thousands)	211,718	211,718
Basic and diluted earnings per share (KShs)	(3.99)	( 5.17)

## 14 Goodwill and other intangible assets

### (a) Group

KShs'000	Computer software			
	Goodwill	In use	Work in progress	Total
<b>Cost</b>				
<b>Balance as at 1 January 2020</b>	<b>240,030</b>	<b>831,404</b>	<b>10,201</b>	<b>1,081,635</b>
Additions	-	13,473	-	13,473
Translation differences	-	94	-	94
<b>Balance as at 31 December 2020</b>	<b>240,030</b>	<b>844,971</b>	<b>10,201</b>	<b>1,095,202</b>
Acquisition of subsidiary (Note 45)	-	3,238	-	3,238
Additions	-	49,028	-	49,028
Translation differences	-	(2)	-	(2)
<b>Balance as at 31 December 2021</b>	<b>240,030</b>	<b>897,235</b>	<b>10,201</b>	<b>1,147,466</b>
<b>Amortisation and impairment losses</b>				
<b>Balance as at 1 January 2020</b>	<b>174,363</b>	<b>656,070</b>	<b>-</b>	<b>830,433</b>
Amortisation charge for the year	-	79,897	-	79,897
<b>Balance as at 31 December 2020</b>	<b>174,363</b>	<b>735,967</b>	<b>-</b>	<b>910,330</b>
Amortisation charge for the year	-	64,744	-	64,744
<b>Balance as at 31 December 2021</b>	<b>174,363</b>	<b>800,711</b>	<b>-</b>	<b>975,074</b>
<b>Net carrying value as at:</b>				
<b>31 December 2020</b>	<b>65,667</b>	<b>109,004</b>	<b>10,201</b>	<b>184,872</b>
<b>31 December 2021</b>	<b>65,667</b>	<b>96,524</b>	<b>10,201</b>	<b>172,392</b>

The goodwill arose from acquisition of UAP Century Tanzania in 2013 (KShs 174m) and UAP Old Mutual Insurance Uganda Limited in 2004 (KShs 66m) and is therefore all allocated to the Tanzania and Uganda Cash Generating Units (CGUs) for the purposes of impairment assessment. The goodwill allocated to the Tanzania CGU was written down to zero in 2018. No goodwill write down was proposed for the Uganda CGU as the business remained profitable in 2021.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. The growth rates do not exceed the long-term average growth rates for the respective businesses in which CGUs operate.

The key assumptions used for the value in use calculations are:

	2021	2020
Discount rate %	24.07%	21.4%
Growth rate %	4.4%	10%

Management determined budgeted profit from operating activities based on past performance and its expectations for the market developments. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the Uganda segment. Work in Progress relates to software developments done for the Group which have not yet been completed.

## 14 Goodwill and other intangible assets (Continued)

### (b) Company

KShs'000	2021	2020
<b>As at 1 January</b>	<b>114,087</b>	<b>177,938</b>
Additions	35,902	11,230
Amortisation charge for the year	56,398	(75,081)
<b>At end of year</b>	<b>93,591</b>	<b>114,087</b>

The above balances relate to computer software.

## 15. Property and equipment

### (a) Group

Included in equipment are assets with a gross value of KShs 1bn(2019 – KShs 0.7bn) which are fully depreciated and still in use. Such assets would have attracted a notional depreciation of KShs 264m (2019 – KShs 178m). The revaluation deficit in buildings relates to the portion of fair value losses on investment properties which is owner occupied. The owner-occupied portion of investment property was transferred to buildings as detailed below and in note 17.

KShs'000	Buildings	Office furniture & equipment	Motor vehicles	Capital work in progress	Telephone equipment	Total
<b>Cost</b>						
<b>At 1 January 2021</b>	<b>2,147,527</b>	<b>2,234,578</b>	<b>148,250</b>	<b>73,687</b>	<b>114,025</b>	<b>4,718,067</b>
Acquisition of subsidiary (Note 45)	-	385,056	-	-	-	<b>385,056</b>
Additions	-	98,310	2,064	-	4,106	<b>104,480</b>
Disposals	-	(1,224)	(7,286)	(891)	-	<b>(9,401)</b>
Revaluation gain	35,604	-	-	-	-	<b>35,604</b>
Translation difference	-	45,477	4,502	2,721	1,085	<b>53,785</b>
<b>At 31 December 2021</b>	<b>2,183,131</b>	<b>2,762,197</b>	<b>147,530</b>	<b>75,517</b>	<b>114,025</b>	<b>5,287,591</b>
<b>Depreciation</b>						
<b>At 1 January 2021</b>	<b>692,660</b>	<b>1,559,483</b>	<b>130,131</b>	<b>7,026</b>	<b>104,126</b>	<b>2,493,426</b>
Acquisition of subsidiary (Note 45)	-	333,970	-	-	-	<b>333,970</b>
Charge for the year	33,518	234,751	12,111	2,329	5,244	<b>287,953</b>
Transferred from related company	-	(1,038)	(7,286)	-	-	<b>(8,324)</b>
Translation difference	-	32,169	3,938	867	965	<b>37,939</b>
<b>At 31 December 2021</b>	<b>726,178</b>	<b>2,159,335</b>	<b>138,894</b>	<b>10,222</b>	<b>110,335</b>	<b>3,144,964</b>
<b>Net book value as at 31 December 2021</b>	<b>1,456,953</b>	<b>602,862</b>	<b>8,636</b>	<b>65,295</b>	<b>8,881</b>	<b>2,142,627</b>

## 15. Property and equipment (continued)

### (a) Group (Continued)

KShs'000	Buildings	Office furniture & equipment	Motor vehicles	Capital work in progress	Telephone equipment	Total
<b>Cost</b>						
<b>At 1 January 2020</b>	<b>2,025,523</b>	<b>2,071,319</b>	<b>127,136</b>	<b>135,106</b>	<b>108,783</b>	<b>4,467,867</b>
Additions	-	118,797	14,306	3,096	3,578	<b>139,777</b>
Disposals	-	(2,630)	-	(71,072)	(347)	<b>(74,049)</b>
Transferred from investment property (Note 17)	-	(33,494)	-	-	-	<b>(33,494)</b>
Transferred from work in progress	-	8,129	-	(14,738)	522	<b>8,651</b>
Revaluation loss	122,004	-	-	-	-	<b>122,004</b>
Translation difference	-	72,457	6,808	6,557	1,489	<b>87,311</b>
<b>At 31 December 2020</b>	<b>2,147,527</b>	<b>2,234,578</b>	<b>148,250</b>	<b>73,687</b>	<b>114,025</b>	<b>4,718,067</b>
<b>Depreciation</b>						
<b>At 1 January 2020</b>	<b>644,094</b>	<b>1,287,006</b>	<b>110,910</b>	<b>3,476</b>	<b>99,818</b>	<b>2,145,304</b>
Charge for the year	28,450	227,923	12,754	2,265	2,337	<b>273,729</b>
Accumulated depreciation on disposals	-	(1,886)	-	-	-	<b>(1,886)</b>
Impairment loss	-	-	-	-	-	<b>8,456</b>
Translation difference	20,116	-	-	-	-	<b>47,707</b>
	-	38,506	6,467	1,285	1,449	
<b>At 31 December 2020</b>	<b>692,660</b>	<b>1,559,483</b>	<b>130,131</b>	<b>7,026</b>	<b>104,126</b>	<b>2,493,426</b>
<b>Net book value as at 31 December 2020</b>	<b>1,454,867</b>	<b>675,095</b>	<b>18,119</b>	<b>66,661</b>	<b>9,899</b>	<b>2,224,641</b>

### Carrying amounts for buildings if measured at historical costs less accumulated depreciation

KShs'000	2021	2020
<b>At 1 January 2020</b>	<b>1,688,447</b>	<b>1,769,688</b>
Additions	-	-
Accumulated depreciation	(163,006)	(136,295)
Translation difference	28,623	55,054
<b>At end of the year</b>	<b>1,554,064</b>	<b>1,688,447</b>

### (b) Company

KShs'000	Buildings	Office furniture & equipment	Motor vehicles	Capital work in progress	Telephone equipment	Total
<b>Cost</b>						
<b>At 1 January 2021</b>	<b>94,670</b>	<b>299,287</b>	<b>32,177</b>	<b>891</b>	<b>43,715</b>	<b>470,740</b>
Additions	253	37,324	-	-	3,731	<b>41,308</b>
Disposals	-	(930)	-	-	-	<b>(930)</b>
Transfers from working in progress	-	-	-	(891)	-	<b>(891)</b>
Transfer from related party	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>94,923</b>	<b>335,681</b>	<b>32,177</b>	<b>-</b>	<b>47,446</b>	<b>510,227</b>

**15. Property and equipment (continued)**
**(b) Company (Continued)**

KShs'000	Buildings	Office furniture & equipment	Motor vehicles	Capital work in progress	Telephone equipment	Total
<b>Depreciation</b>						
<b>At 1 January 2021</b>	<b>41,897</b>	<b>261,214</b>	<b>16,224</b>	<b>-</b>	<b>38,031</b>	<b>357,336</b>
Charge for the year	11,237	32,366	5,824	-	3,697	53,124
Disposals	-	(770)	-	-	-	(770)
Transfer from related party	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>53,134</b>	<b>292,810</b>	<b>22,048</b>	<b>-</b>	<b>41,728</b>	<b>409,720</b>
<b>Net book value as at 31 December 2021</b>	<b>41,789</b>	<b>42,871</b>	<b>10,129</b>	<b>-</b>	<b>5,719</b>	<b>100,507</b>

KShs'000	Office furniture & equipment	Computer equipment	Motor vehicles	Capital work in progress	Telephone equipment	Total
<b>Cost</b>						
<b>At 1 January 2020</b>	<b>90,643</b>	<b>285,343</b>	<b>32,177</b>	<b>17,998</b>	<b>42,667</b>	<b>468,828</b>
Additions	1,373	9,557	-	-	526	11,456
Disposals	-	(1,088)	-	-	-	(1,088)
Transfers	-	-	-	(17,107)	-	(17,107)
Transfer from/(to) related party	2,654	5,475	-	-	522	8,651
<b>At 31 December 2020</b>	<b>94,670</b>	<b>299,287</b>	<b>32,177</b>	<b>891</b>	<b>43,715</b>	<b>470,740</b>

<b>Depreciation</b>						
<b>At 1 January 2020</b>	<b>28,129</b>	<b>209,467</b>	<b>9,631</b>	<b>-</b>	<b>36,038</b>	<b>283,265</b>
Charge for the year	11,308	47,098	6,593	-	1,471	66,470
Disposals	-	(826)	-	-	-	(826)
Transfer from related party	2,460	5,475	-	-	522	8,457
<b>At 31 December 2020</b>	<b>41,897</b>	<b>261,214</b>	<b>16,224</b>	<b>-</b>	<b>38,031</b>	<b>357,366</b>
<b>Net book value as at 31 December 2020</b>	<b>52,773</b>	<b>38,073</b>	<b>15,953</b>	<b>891</b>	<b>5,684</b>	<b>113,374</b>

Included in equipment are assets with a gross value of KShs 248m (2018: KShs 148m) which are fully depreciated and still in use. Such assets would have attracted a notional depreciation of KShs 77m (2018: KShs 48m).

## 16 Right of use assets

### (a) Group

KShs'000	Buildings	Office equipment	Total
<b>Cost</b>			
<b>At 1 January 2021</b>	<b>633,711</b>	<b>29,966</b>	<b>663,677</b>
Acquisition of subsidiary (Note 45)	312,680	-	312,680
Additions	179,160	-	(179,160)
Disposals	(110,604)	-	(110,604)
Translation difference	8,943	-	8,943
<b>At 31 December 2021</b>	<b>665,570</b>	<b>29,966</b>	<b>695,536</b>
<b>Depreciation</b>			
<b>At 1 January 2021</b>	<b>158,803</b>	<b>7,180</b>	<b>165,983</b>
Acquisition of subsidiary (Note 45)	68,678	-	68,678
Charge for the year	42,045	3,746	45,791
Accumulated depreciation on disposals	(49,470)	-	(49,470)
Translation difference	3,650	-	3,650
<b>At 31 December 2021</b>	<b>223,706</b>	<b>10,926</b>	<b>234,632</b>
<b>Net book amount as at:</b>			
<b>31 December 2021</b>	<b>441,864</b>	<b>19,040</b>	<b>460,904</b>
<b>At 1 January 2020</b>			
<b>At 1 January 2020</b>	<b>544,229</b>	<b>29,966</b>	<b>574,195</b>
Additions	133,743	-	133,743
Disposals	(64,248)	-	(64,248)
Translation difference	19,987	-	19,987
<b>At 31 December 2020</b>	<b>633,711</b>	<b>29,966</b>	<b>663,677</b>
<b>Depreciation</b>			
<b>At 1 January 2020</b>	<b>84,662</b>	<b>3,434</b>	<b>88,096</b>
Charge for the year	90,883	3,746	94,629
Accumulated depreciation on disposals	(17,379)	-	(17,379)
Translation difference	637	-	637
<b>At 31 December 2020</b>	<b>158,803</b>	<b>7,180</b>	<b>165,983</b>
<b>Net book amount as at:</b>			
<b>31 December 2020</b>	<b>474,908</b>	<b>22,786</b>	<b>497,694</b>

**(16 Right of use assets (continued))**
**b) Company**

KShs'000	Buildings	Office equipment	Total
<b>Cost</b>			
At 1 January 2021	11,548	29,966	41,514
Additions	-	-	-
At 31 December 2021	11,548	29,966	41,514
<b>Amortisation</b>			
At 1 January 2021	2,132	7,179	9,311
Charge for the year	1,066	3,745	4,812
At 31 December 2021	3,198	10,925	14,123
<b>Net book amount as at:</b>			
31 December 2021	8,350	19,041	27,391
<b>At 1 January 2020</b>			
At 1 January 2020	11,548	29,966	41,514
Additions	-	-	-
At 31 December 2020	11,548	29,966	41,514
<b>At 1 January 2020</b>			
At 1 January 2020	1,066	3,434	4,500
Charge for the year	1,066	3,745	4,811
At 31 December 2020	2,132	7,179	9,311
<b>Net book amount as at:</b>			
31 December 2020	9,416	22,787	32,203

**17. Investment properties**
**a) Group**

KShs'000	2021	2020
<b>At start of year</b>	<b>16,458,648</b>	<b>16,012,712</b>
Acquisition of subsidiary (Note 45)	2,140,000	-
Additions	9,187	-
Unrealised fair value losses - P & L	(1,089,922)	(111,345)
Unrealised fair value losses - Unit linked	796	-
Translation difference	507,036	523,787
Transferred from/(to) Property and equipment (Note 15)	-	33,494
<b>At end of year</b>	<b>18,025,745</b>	<b>16,458,648</b>

## 17. Investment properties (Continued)

### a) Group (Continued)

Details of the investment properties held by the Group are shown in the table below:

KShs'000		2020	2019
<b>UAP Holdings Plc</b>	UAP Old Mutual Tower	5,565,000	5,610,000
	Rwanda Land	190,883	192,793
<b>UAP Insurance, Kenya</b>	UAP Center	1,524,389	2,120,000
	UAP Place	1,360,000	1,360,000
	Plot	2,700	2,700
<b>UAP Life, Kenya</b>	Union House	790,000	815,000
<b>Old Mutual Life Assurance</b>	Kimathi House	1,176,000	-
	Upper Hill Building	970,000	-
<b>UAP Insurance, South Sudan</b>	Juba Apartments	606,430	730,816
	Plot	55,552	53,637
<b>UAP Properties, South Sudan</b>	Equatoria Tower	2,742,084	2,742,084
<b>UAP Insurance, Uganda</b>	Plot	294,948	294,948
	Nakawa House	401,088	401,572
<b>UAP Properties, Uganda</b>	Nakawa Business Park	3,803,624	3,756,163
		<b>19,482,698</b>	<b>17,913,515</b>
Transfer to Property, plant and Equipment		1,456,953)	(1,454,867)
<b>At end of year</b>		<b>18,025,745</b>	<b>16,458,648</b>

The Group's investment properties were revalued in December 2021 and 2020 by Knight Frank Valuers Limited, professional independent valuers in Kenya, South Sudan, Rwanda and Uganda respectively on the basis of open market and the comparative and income approach. The open market value of all properties was determined using recent market prices. The rental income earned by the Group from its investment properties leased out under operating leases amounted to KShs 1,276million (2020: KShs 1,284million). Direct operating expenses arising on investment properties amounted to KShs 200million (2020: KShs 155million). All investment properties are classified as non-current assets. Transfers of investment property to property and equipment in 2021 and 2020 relates to the reclassification of the owner-occupied portions of the properties.

## 17. Investment properties (Continued)

### a) Group (Continued)

Details of the Group's investment properties and information about fair value hierarchy as at 31 December are as follows:

KShs'000	2021	2020
Level 3	18,025,745	16,458,648
<b>Fair value as at 31 December 2019</b>	<b>18,025,745</b>	<b>16,458,648</b>

### b) Company

KShs'000	2021	2020
<b>At start of year</b>	<b>5,802,793</b>	<b>5,788,497</b>
Fair value losses unrealised	46,910)	14,296
<b>At end of year</b>	<b>5,755,883</b>	<b>5,802,793</b>

Details of the investment properties held by the Company are shown in the table below:

KShs'000	2021	2020
UAP Old Mutual Tower	5,565,000	16,012,712
Rwanda Land	190,883	192,793
<b>Fair value as at 31 December 2019</b>	<b>5,755,883</b>	<b>5,802,793</b>

Details of the Company's investment properties and information about fair value hierarchy as at 31 December are as follows:

KShs'000	2021	2020
Level 3	5,755,883	5,802,793
<b>At end of year</b>	<b>5,755,883</b>	<b>5,802,793</b>

The carrying value of the investment properties is the fair value of the property as determined by a registered independent valuer having an appropriate recognized professional qualification and experience in the category of the property being valued.

The investment properties are leased to third parties under operating leases as well as being partly occupied by companies of the Group though the owner-occupied portion (occupied by the UAP Group) has been reclassified to property and equipment in the consolidated financial statements. No contingent rents are charged.

There is neither restriction on the realisability of the investment properties nor are there contractual obligations pegged to the investment properties.

## 17. Investment properties (continued)

### b) Company (Continued)

All investment properties as at 31 December 2021 are measured at fair value.

Valuation Methodology	Valuation Considerations	Valuation Bases
<p>The Income Approach was used to value the investment properties. The Income approach is predicated on the principal of anticipation which holds that the present value is indicated by the expectations of future benefits.</p> <p>This method is used for valuation of income producing properties. Given a known or estimated stream of net rental income, the end value is thus driven by the rate of return that is expected. The choice of return is made by comparison with such other investments as bear the nearest relationship in such matters as the physical characteristics, use and degree of risk and life of the investment.</p> <p>For the Income Approach market value can be expressed in a formula: Market Value = Annual Income/Rate of Return or the capitalization rate(MV=A/R)</p>	<ol style="list-style-type: none"> <li>1. Passing Rents</li> <li>2. Yield of asset class</li> <li>3. Existing lease terms</li> <li>4. Estimated occupancy levels over the holding period</li> <li>5. Estimated reversionary rent</li> <li>6. Estimated yield on reversion</li> <li>7. 10 year holding period</li> <li>8. Estimated rentals for vacant space</li> <li>9. Irrecoverable landlord expenses</li> <li>10. Estimated market growth rate and rent terms on expiry of current leases</li> </ol>	<p>Market Value is defined within RICS Valuation –Professional Standards/International Valuation Standards as:</p> <p>“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”</p>

## 18. Investments in subsidiaries

	Country of incorporation	Interest held	2021 KShs'000	2020 KShs'000
UAP Insurance Company Limited	Kenya	100%	600,000	600,000
UAP Life Assurance Limited	Kenya	100%	1,609,095	1,510,791
UAP Insurance Limited	S.Sudan	100%	339,442	339,442
UAP Insurance Limited	Uganda	53%	202,507	202,507
UAP Financial Services Limited	Kenya	100%	-	-
UAP Financial Services Limited	Uganda	89%	140,861	140,861
UAP Properties Limited	Uganda	79%	488,743	488,743
UAP Investments (Kenya) Limited	Kenya	100%	-	-
UAP Insurance Tanzania Limited	Tanzania	60%	-	-
UAP Rwanda Limited	Rwanda	100%	-	-
UAP Life Uganda Limited	Uganda	53%	67,833	497,019
UAP Properties Limited	S.Sudan	70%	-	-
UAP Africa Limited	Mauritius	100%	2,197,735	2,197,735
UAP Global Services Limited	Mauritius	100%	-	-
			<b>5,646,216</b>	<b>5,977,098</b>

## 18. Investments in subsidiaries (Continued)

During the year, the Company increased/(impaired) its investments in subsidiaries as follows:

KShs'000	Country of Incorporation	2021	2020
UAP Africa Limited	Mauritius	-	597,962
UAP Investments (Kenya) Limited	Kenya	98,304	(6,179)
UAP Life Uganda Limited	Uganda	(429,187)	(143,519)
<b>Total</b>		<b>(330,883)</b>	<b>454,443</b>

In 2021, there were no investments in subsidiaries made. However, during the year Uganda Life business was impaired by KShs 429m during the year following an assessment for impairment performed by Old Mutual Investment Group using discounted cashflows.

Annual assessments of goodwill are carried out for the Cash Generating Units (CGU's) acquired.

## 19. Equity investments

The Group's equity investments are measured at fair value with fair value changes recorded through the income statements for different portfolios of equity investments, as follows:

### (a) Equity investments at fair value through profit or loss

KShs'000	2021	2020
<b>At 1 January</b>	<b>1,720,414</b>	<b>4,035,923</b>
Acquisition of subsidiary (Note 45)	1,539,519	-
Additions	10,610	56,679
Disposals	(674,632)	(2,082,800)
Fair value (losses)/gains charged to profit or loss	188,715	(314,263)
Translation difference	21,851	24,875
<b>At end of the year</b>	<b>2,806,477</b>	<b>1,720,414</b>

For purpose of the cashflow statement, the proceeds from sale of equity investments are KShs 557m (2020: KShs 1,742m) being the disposal amounts in note 19 (a) above plus loss on sale of equities of KShs 117m (2020: KShs 341m) as per note 6 (a).

### (b) Equity investments (listed and unlisted)

KShs'000	2021	2020
<b>(i) Listed securities</b>		
<b>At 1 January</b>	<b>1,604,382</b>	<b>3,918,961</b>
Acquisition of subsidiary (Note 45)	1,539,519	-
Additions	55	56,679
Disposals	(674,632)	(2,082,800)
Fair value gains/(losses) charged to profit or loss	188,086	(308,926)
Translation difference	18,136	20,468
<b>At end of the year</b>	<b>2,675,546</b>	<b>1,604,382</b>

## 19. Equity investments (Continued)

### (b) Equity investments (listed and unlisted) (Continued)

#### (ii) Unlisted securities

	2021	2020
<b>At 1 January</b>	<b>116,032</b>	<b>116,962</b>
Additions	10,555	-
Fair value gains charged to profit or loss	629	(5,337)
Translation difference	3,715	4,407
<b>At end of the year</b>	<b>130,931</b>	<b>116,032</b>
<b>Total equity investment (listed and unlisted)</b>	<b>2,806,477</b>	<b>1,720,414</b>

## 20. Deferred acquisition costs

#### KShs'000

	2021	2020
<b>At 1 January</b>	<b>492,699</b>	<b>453,859</b>
Additions	135,211	506,110
Amortisation charge	(15,236)	(476,529)
Translation difference	8,448	9,259
<b>At end of the year</b>	<b>621,122</b>	<b>492,699</b>

## 21. Reinsurers' share of policyholder liabilities (Group)

#### KShs'000

	2021	2020
<b>Reinsurers' share of:</b>		
Unearned premium (Note 32)	1,760,313	1,346,533
<b>Notified claims outstanding:</b>		
- short term insurance (Note 30)	3,278,221	2,576,463
- long term insurance contract liabilities (Note 30)	209,836	196,394
Claims incurred but not reported short term insurance (Note 30)	771,905	676,953
<b>At end of the year</b>	<b>6,020,275</b>	<b>4,796,343</b>

Amounts due from reinsurers in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements on the statement of financial position. Movements in the above reinsurance assets are shown in note 30.

## 22. Loans and advances (Group)

KShs'000	2021	2020
At 1 January	286,408	313,149
Acquisition of subsidiary (Note 45)	8,656	
Loans advanced	95,200	79,766
Loan repayments	125,653	107,976
Translation difference	1,485	1,469
<b>At end of the year (Note 43(iii))</b>	<b>266,096</b>	<b>286,408</b>

### Maturity profile of loans

KShs'000	2021	2020
Loans maturing:		
Within 1 year	15,116	86,354
In 1-5 years	88,207	48,276
In over 5 years	162,773	151,778
<b>At end of the year (Note 43(iii))</b>	<b>266,096</b>	<b>286,408</b>

There is no concentration of credit risk with respect to the loans and advances.

## 23. Other receivables and other assets

### (a) Group

KShs'000	2021	2020
Prepayments	203,776	188,157
Accrued income	39,106	20,923
Staff debtors	145,553	149,286
Others	1,531,635	1,140,080
<b>As at 31 December</b>	<b>1,920,070</b>	<b>1,498,446</b>

### (b) Company

KShs'000	2021	2020
		<b>Restated*</b>
Prepayments	66,635	70,749
Staff debtors	62,014	42,236
Others**	766,689	970,984
<b>As at 31 December</b>	<b>895,338</b>	<b>1,083,969</b>

\* See note 47 \*\*Others for both Group and Company includes VAT and withholding tax receivables and rent debtors.

## 24. Investments and government securities

### (a) Corporate bonds

KShs'000	2021	2020
At 1 January	-	222,640
Additions	100,880	-
Redemptions	-	(165,146)
Fair value losses charged to profit or loss	-	(57,494)
<b>As at 31 December</b>	<b>100,880</b>	<b>-</b>
Corporate bonds – fair value	-	-
Corporate bonds – amortised cost	100,880	-
<b>As at 31 December</b>	<b>100,880</b>	<b>-</b>

## 24. Investments and government securities (Continued)

### (b) Government securities

KShs'000	2021	2020
Treasury bills and bonds maturing:		
Within 91 days	-	-
91 days to 1 year	3,432,236	1,174,375
In 1-5 years	4,576,875	5,609,725
After 5 years	21,861,150	13,042,286
<b>As at 31 December</b>	<b>29,870,261</b>	<b>19,826,386</b>
<b>At 1 January</b>	<b>19,826,386</b>	<b>16,351,305</b>
Acquisition of subsidiary (Note 45)	7,004,827	-
Purchases	3,150,973	3,438,326
Fair value losses charged to profit or loss	(111,925)	36,755
<b>As at 31 December</b>	<b>29,870,261</b>	<b>19,826,386</b>
Government securities – fair value	7,199,510	1,114,805
Government securities – amortised cost	22,670,751	18,711,581
<b>As at 31 December</b>	<b>29,870,261</b>	<b>19,826,386</b>
<b>Investments &amp; government securities at 31 December (a+b)</b>	<b>29,971,141</b>	<b>19,826,386</b>

## 25. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

### (a) Group

KShs'000	2021	2020
Cash and bank balances	2,491,577	1,852,250
Impairment losses	(3,360)	(8,104)
<b>Net cash and bank balances</b>	<b>2,488,217</b>	<b>1,844,146</b>
Deposits with financial institutions	11,653,367	9,111,413
Impairment losses	(99,238)	(93,860)
<b>Net deposits with financial institutions</b>	<b>11,554,129</b>	<b>9,017,553</b>
<b>As at 31 December</b>	<b>14,042,346</b>	<b>10,861,699</b>

### (b) Company

KShs'000	2021	2020
Cash and bank balances	103,193	104,002
Impairment losses	(3)	(4)
<b>Net cash and bank balances</b>	<b>103,190</b>	<b>103,998</b>
Deposits with financial institutions	589,736	277,830
Impairment losses	(19)	(9)
<b>Net deposits with financial institutions</b>	<b>589,717</b>	<b>277,821</b>
<b>As at 31 December</b>	<b>692,907</b>	<b>381,819</b>

## 26. Retirement benefit obligation

### Description of plan

The Group operates a funded final salary defined benefit pension scheme. The Fund is closed to new members with effect from 31 December 2014 and to future accrual of benefits with effect from 30 June 2016. All employees now contribute to the UAP Staff Pension (DC) Scheme ("the DC Scheme"). These Disclosures are in respect of the Fund and exclude the DC Scheme. The Fund is established under irrevocable trust. The Fund assets are invested in quoted equities, government securities, corporate bonds, fixed deposits and in a guaranteed fund.

The amounts recognised in the statement of financial position are determined as follows:

KShs'000	2021	2020
<b>Opening retirement benefit asset</b>	-	-
<b>Adjustments through statement of profit or loss</b>		
Expected Return on Assets	(42,691)	(42,325)
Current and past service cost	6,096	5,975
Interest cost	43,097	42,713
<b>Total adjustment through profit or loss</b>	<b>6,502</b>	<b>6,363</b>
<b>Adjustments through other comprehensive income</b>		
Return on plan assets	12,189	1,636
Actuarial (loss)/gain due to experience/financial assumptions	39,811	(1,663)
Effect of asset ceiling	(58,502)	(6,336)
<b>Total adjustment through other comprehensive income</b>	<b>(6,502)</b>	<b>(6,363)</b>
<b>Present value of over/under-funding</b>	<b>-</b>	<b>-</b>

## 26. Retirement benefit obligation (continued)

The movement in the fair value of funded obligations is as follows:

KShs'000	2021	2020
At start of year	151,557	177,208
Current service cost	6,096	5,975
Interest cost	17,874	20,166
Actuarial gain due to experience	39,811	(1,663)
Benefits paid	(40,436)	(50,129)
<b>As at 31 December</b>	<b>174,902</b>	<b>151,557</b>

The movement in the fair value of the plan assets is as follows:

KShs'000	2021	2020
At start of year	341,206	350,646
Interest on scheme assets	42,691	42,325
Actuarial gains/(losses)	(12,189)	(1,636)
Benefits paid	(40,436)	(50,129)
<b>As at 31 December</b>	<b>331,272</b>	<b>341,206</b>

KShs'000	2021	2020
Present value of funded obligations	174,902	151,557
Fair value of plan assets	(331,272)	(341,206)
Effect of asset ceiling	156,370	189,649
<b>As at 31 December</b>	<b>-</b>	<b>-</b>

Plan assets comprise:

KShs'000	2021	%	2020	%
Equity instruments	27,023	8.16%	18,164	5.32%
Debt instruments	296,375	89.47%	253,207	74.21%
Other	7,874	2.38%	69,835	20.47%
<b>As at 31 December</b>	<b>331,272</b>	<b>100.00%</b>	<b>341,206</b>	<b>100.00%</b>

The amounts recognised in the profit or loss for the year are as follows:

KShs'000	2021	2020
Current service cost net of contributions	(6,096)	(5,975)
Net interest cost	(43,097)	(42,713)
Return on scheme assets (excluding interest)	42,691	42,325
Change in effects of asset ceiling	-	-
<b>Total change included in employee benefit expense (note 10 (a))</b>	<b>(6,502)</b>	<b>(6,363)</b>

## 26. Retirement benefit obligation (continued)

### Financial Assumptions

The principal actuarial assumptions used were as follows:

KShs'000	2021	2020
Discount rate	13.7%	13.3%
Future salary increases	8.0%	8.0%
Future pension increases	3.0%	3.0%
Normal retirement age (years)	60	60

### Demographic Assumptions

The principal demographic assumptions used were as follows:

#### a.) Mortality

- ◇ Pre-retirement: A1949/52 mortality table (as per the previous valuation) was assumed
- ◇ Post-retirement: The a(55) life table was assumed.
- ◇ AIDS: No allowance for additional deaths due to the impact of AIDS has been made.

#### b.) Retirement

It was assumed that members will retire at their Normal Retirement Date. No allowance for ill-health retirement, early retirement or late retirement was made.

### Sensitivity analysis of the above actuarial assumptions

#### Defined benefit obligations

2021	Current Discount Rate	Discount Rate 1%
Present value of obligation	Kes 174.9m	Kes 182,7m
2020	Current Discount Rate	Discount Rate 1%
Present value of obligation	Kes 151.6m	Kes 155.7m

## 27. Insurance contract liabilities

KShs'000	2021	2020
Short term insurance contracts		
- claims reported and claims handling expenses	7,487,163	6,263,961
- claims incurred but not reported	2,248,718	2,098,607
<b>As at 31 December</b>	<b>9,735,881</b>	<b>8,362,568</b>
Long term contracts		
- claims reported and claims handling expenses	15,015,769	9,086,519
<b>As at 31 December</b>	<b>24,751,650</b>	<b>17,449,087</b>

Movements in insurance liabilities and reinsurance assets are shown in Note 30.

### (i) Short term insurance contracts liabilities

Gross claims reported, claims handling expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 31 December 2021 and 31 December 2020 are not material.

## 27. Insurance contract liabilities (Continued)

### (i) Short term insurance contracts liabilities (Continued)

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 Groups' ability to estimate the ultimate value of claims. The table below illustrates how the Groups' estimate of total claims outstanding for each accident year has changed at successive year ends.

KShs'000	Accident year					Total
	2017	2018	2019	2020	2021	
Estimate of ultimate claims costs						
At end of accident year	7,078,935	8,267,119	9,175,405	9,335,941	13,269,825	<b>47,127,225</b>
One years later	8,437,754	9,987,716	10,552,065	10,152,831	-	<b>39,130,366</b>
Two years later	8,612,077	10,026,152	10,689,497	-	-	<b>29,327,726</b>
Three years later	8,659,582	10,008,857	-	-	-	<b>18,668,439</b>
Four years later	8,752,185	-	-	-	-	<b>8,752,185</b>
Current estimate of cumulative claims	8,752,185	10,008,857	10,689,497	10,152,831	13,269,825	<b>52,873,195</b>
Less: Cumulative payments to date	(8,470,128)	(9,691,003)	(10,265,065)	(8,848,115)	(8,797,255)	<b>(46,071,566)</b>
<b>Liability in the Balance sheet</b>	<b>282,057</b>	<b>317,855</b>	<b>424,432</b>	<b>1,304,716</b>	<b>4,472,570</b>	<b>6,801,630</b>
Liability in respect of prior years	-	-	-	-	1,011,767	1,011,767
Incurred but not reported	-	-	-	-	1,922,484	1,922,484
<b>Total gross claims liability included in the balance sheet</b>	<b>282,057</b>	<b>317,855</b>	<b>424,432</b>	<b>1,304,716</b>	<b>7,406,821</b>	<b>9,735,881</b>

### (ii) Long term business contracts

The Group determines its liabilities on long term insurance contracts by conducting Actuarial Valuations based on assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. A margin for risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the Appointed Actuaries and actuarial valuations are carried out on an annual basis.

#### Actuarial valuation assumptions

The latest actuarial valuations of the life funds were carried out as at 31 December 2020 by the Internal Actuarial Function and reviewed by QED Actuaries & Consultants (Pty) Ltd and Zamara Actuaries, Administrators & Consultants Ltd. The valuation of the UAP Life Kenya Ltd (UAPLK) life fund has been conducted on two bases; the Published/ Internal Reporting Basis (PRB) and the Statutory RBC basis. Both are discounted cash flow GPV bases with ASSA SAP104 (version 9) margins applied on the published basis and IRA margins applied on the Statutory RBC as required by the Insurance Act (as amended). The valuation of the UAP Old Mutual Life Assurance Uganda Ltd (UAPLUG) life fund has been conducted on a single basis which is a discounted cashflow basis with ASSA SAP104 (version 9) margins applied. The Gross Premium valuation (GPV) method places a realistic value (with an appropriate allowance for margins) on the liabilities of a life insurance Company. This method is based on a discounted cash flow approach taking into account the expected cash flows from existing in-force business. By setting appropriate assumptions this method determines liabilities which are consistent with the value of assets included in the accounts. The more significant valuation assumptions are summarised below. The assumptions used for the previous yearend valuation are shown in brackets:

**a) Mortality** – The Company used the following tables as base tables of standard mortality;

- I. UAP Life Kenya Published Basis - SA56-62 (2019: SA56-62)
- II. UAP Life Kenya Statutory Basis - KE07-10 (2019: KE07-10)
- III. UAP Old Mutual Life Uganda – SA85-90 (2019: SA85-90)

## 27. Insurance contract liabilities (Continued)

### (ii) Long term business contracts (Continued)

Statistical methods are used to adjust the rates reflected in the table based on the Company's experience. An allowance for AIDS is made based on the Actuarial Society of South Africa's 2003 AIDS tables. For contracts insuring survivorship the a(90) (2019: a(90)) life table was used as a base; no allowance is made for future mortality improvements. Persistency - The Company does not have sufficient historical data to allow statistical methods to be used to determine an appropriate persistency rate. The persistency rates used in the valuation were set largely according to the experience observed (by the Appointed Actuary) in the Company's data.

### (iii) Long term business contracts

Investment return assumptions are derived with reference to the expected return on long term fixed interest investments available and adjusted to reflect the actual underlying mix of assets. For the current valuation, the base discount rates used are;

- i. UAP Life Kenya – 11.13% p.a. (2020: 10.21% p.a.) for the published basis and the prevailing NSE yield curve as at 31st December 2020 with a margin of 3.2% used to value annuity contracts.
- II) UAP Life Kenya RBC basis - The prevailing NSE Yield curve as at 31st December 2021 was used as per the amended act and RBC guidelines.
- III) Old Mutual Life Kenya 11.13% p.a. (2020: 10.21% p.a.) for the published basis
- IV) UAP Life Uganda – 12.08% (2020: 12%)
- v. Expenses, tax and inflation – The current level of renewal expenses was taken to be an appropriate expense base. Expenses pertaining to business establishment and expansion were excluded from the valuation assumption. The expense inflation applied for the UAP Life Kenya valuation on both bases is assumed to be 7.5% p.a. (2020: 7.5% p.a.) while for UAP Old Mutual Life Uganda the inflation rate assumed is 7% (2020: 7%). It has been assumed that the current tax legislation and rates continue unaltered.

### Sensitivity analysis

The following table presents the sensitivity of the value of long-term insurance liabilities to movements in key assumptions used in the estimation of liabilities. For liabilities under insurance contracts with fixed and guaranteed terms, key assumptions are unchanged for the duration of the contract. For long term insurance contracts without fixed terms and with discretionary participation in profits, the liability is set approximately equal to the value of the underlying asset of the contract. Hence, there is no sensitivity analysis for these types of contracts.

	Change in variable	Increase in liability 2021 KShs'000	Increase in liability 2020 KShs'000
<b>Contracts with fixed and guaranteed terms – Variable cost</b>			
Worsening of mortality	+10%	39,629	48,162
Lowering of investment returns p.a.	-1%	309,545	308,818
Worsening of expense inflation rate	+1%	31,213	39,770
Worsening of lapse rate	+10%	10,650	(8,469)
		<b>391,037</b>	<b>388,281</b>

## 28. Amounts payable under deposit administration contracts

Deposit administration contracts are recorded at amortized cost. Movements in amounts payable under deposit administration contracts during the period 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 customers' accounts at a weighted average rate of 6% for the year (2020: 6 %).

KShs'000	2021	2020
At start of year	5,112,973	4,940,271
Pension fund deposits received	730,855	629,294
Surrenders and annuities paid	(633,969)	(675,680)
Interest payable to policyholders	257,962	37,005
Other movements	192,229	128,544
Translation difference	52,680	53,537
<b>As at 31 December</b>	<b>5,712,730</b>	<b>5,112,971</b>

## 29. Unit-linked 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.

KShs'000	2021	2020
At start of year	599,240	828,256
Acquisition of subsidiary (Note 45)	5,767,071	-
Premium received	700,222	33,501
Interest credited	229,035	(234,885)
Liabilities released for payment	(1,700,315)	(36,472)
Other movements	8,336	4,711
Translation difference	3,382	4,129
<b>As at 31 December</b>	<b>5,606,971</b>	<b>599,240</b>

Other movements relate to increase in actuarial liabilities.

**30. Movements in insurance liabilities and reinsurance assets**

KShs'000	31 December 2021			31 December 2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Short term insurance business</b>						
Notified claims	6,263,963	(2,576,466)	<b>3,687,497</b>	4,258,705	(1,105,904)	<b>3,152,801</b>
Incurred but not reported	2,098,607	(676,953)	<b>1,421,654</b>	1,805,713	(562,965)	<b>1,242,748</b>
<b>Total at beginning of year</b>	<b>8,362,570</b>	<b>(3,253,419)</b>	<b>5,109,151</b>	<b>6,064,418</b>	<b>(1,668,869)</b>	<b>4,395,549</b>
Cash paid for claims settled in year	(6,217,917)	1,123,797	<b>(5,094,120)</b>	(4,477,548)	832,343	<b>(3,645,205)</b>
<b>Increase in liabilities</b>						
- arising from current year claims	4,000,850	(1,645,593)	<b>2,355,257</b>	2,617,712	(1,943,968)	<b>673,744</b>
- arising from prior year claims	3,390,379	(145,874)	<b>3,244,505</b>	4,003,433	(418,667)	<b>3,584,766</b>
Translation difference	199,997	(129,036)	<b>70,961</b>	154,553	(54,255)	<b>100,298</b>
<b>As at 31 December</b>	<b>9,735,879</b>	<b>(4,050,125)</b>	<b>5,685,754</b>	<b>8,362,568</b>	<b>(3,253,416)</b>	<b>5,109,152</b>
Notified claims	7,487,165	(3,278,221)	<b>4,208,944</b>	6,263,964	(2,576,463)	<b>3,687,501</b>
Incurred but not reported	2,248,716	(771,905)	<b>1,476,811</b>	2,098,604	(676,953)	<b>1,421,651</b>
<b>As at 31 December</b>	<b>9,735,881</b>	<b>(4,050,126)</b>	<b>5,685,755</b>	<b>8,362,568</b>	<b>(3,253,416)</b>	<b>5,109,152</b>
<b>Long term insurance business</b>						
At 1 January	9,086,519	(196,394)	<b>8,890,125</b>	7,643,118	(156,343)	<b>7,486,775</b>
Premium received/valuation premium	5,037,701	(453,149)	<b>4,584,552</b>	2,659,251	(299,856)	<b>2,359,395</b>
Liabilities released for payments and interest credited	645,162	440,213	<b>1,085,375</b>	(1,447,995)	260,499	<b>(1,187,496)</b>
Translation difference	246,387	(506)	<b>245,881</b>	232,145	(694)	<b>231,451</b>
<b>As at 31 December</b>	<b>15,015,769</b>	<b>(209,836)</b>	<b>14,805,933</b>	<b>9,086,519</b>	<b>(196,394)</b>	<b>8,890,125</b>
<b>Total as at 31 December</b>	<b>24,751,650</b>	<b>(4,259,962)</b>	<b>20,491,688</b>	<b>17,449,087</b>	<b>(3,449,810)</b>	<b>13,999,277</b>

### 31. Borrowed funds

#### (a) Group

KShs'000	2021	2020
At start of year	13,066,331	11,412,672
Proceeds from borrowings	5,172,560	404,273
Repayments	(6,109,077)	-
Interest cost payable	1,357,856	1,146,368
Unrealised forex loss/(gain) on borrowings	59,862	(13,401)
Translation difference	16,792	116,418
<b>As at 31 December</b>	<b>13,564,324</b>	<b>13,066,330</b>

The breakdown of the borrowings is shown below:

Lender	Borrower	Maturity	2021 KShs'000	2020 KShs'000
Old Mutual Holdings Limited (Short term financing)	UAP Holdings Plc	2023	4,229,036	6,859,905
Old Mutual Holdings Limited (subordinated debt)	UAP Holdings Plc	2023	2,230,652	2,001,953
Old Mutual Investments Services Limited	UAP Holdings Plc	2025	183,158	-
Stanbic Bank Limited	UAP Holdings Plc	2024	2,289,659	2,238,085
ABSA Bank Limited	UAP Insurance South Sudan	2024	2,914,110	-
State Finance Corporation (SFC)	UAP Insurance South Sudan	2024	452,560	437,316
DFCU Holdings	UAP Properties Limited Uganda	2024	1,039,383	1,161,061
Norfund	UAP Properties South Sudan	2028	112,626	184,005
International Finance Corporation (IFC)	UAP Properties South Sudan	2023	113,140	184,005
<b>As at 31 December</b>			<b>13,564,324</b>	<b>13,066,330</b>

#### (b) Company

KShs'000	2021	2020
At start of year	11,099,943	10,463,883
Proceeds from borrowings, net of transaction costs	5,172,560	-
Repayments	(5,657,000)	(405,647)
Finance costs – interest on borrowings	1,231,112	1,041,707
<b>As at 31 December</b>	<b>11,846,615</b>	<b>11,099,943</b>

On 5th February 2021, the Group obtained a 3 year KShs 2.8b loan from Absa Bank to repay a short-term loan owed to Old Mutual Holdings Limited (OMHL). The OMHL facility had been borrowed to repay U\$ 27m owed to Nedbank in 2020. On the same date, the existing bridge facility of KES 2.2.b owed to Stanbic Bank was rolled over on similar terms to the KShs 3b loan. The new facility interest rate of Average 6-month T-bill + 4.1%.

The business has two facilities with Old Mutual Holdings

1. USD 16.5 million which bears an interest rate of 3 months LIBOR plus 7.5% and KShs 1 billion at interest rate of 12.5%;
2. Subordinated loan of USD 13.7m at an interest rate of 3 months LIBOR + 8.45%.

### 31. Borrowed funds (continued)

The Group also has borrowed USD 1.6m from Old Mutual Investment Services, a related company which is 100% owned by OMHL. The loan is a 4-year facility at an interest rate of LIBOR + 5.25% UAP Properties Uganda borrowed USD 11.2 million from DFCU Bank in 2020. The debt is tied to the construction of Nakawa Business Park. The loan is a 8-year facility at an interest rate of 3-month LIBOR plus 4.5%.

UAP Insurance South Sudan also assisted in financing the project through a 5-year loan with SFC Finance Limited which is a USD 4 million facility at an interest rate of 9.5%. In 2020, the term of this loan was extended by a further 3 years. It is now set to mature in 2024.

#### Breaches

During the year, a breach was recorded for the Norfund and IFC facilities in UAP Properties South Sudan. The balance outstanding on the two facilities as at 31 December 2021 was United States dollars (USD) 3.3 million split equally between both lenders. Repayments continue to be made on the loans timeously. To remedy the breach, management is engaging the lenders to renegotiate the covenants.

### 32. Unearned premium reserve

Unearned premium represents the liability for short term business contracts where the Group's obligations are not expired at the year end. Movements in the reserve are shown below:

KShs'000	31 December 2021			31 December 2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At beginning of the year	7,135,908	(1,346,533)	<b>5,789,375</b>	6,490,536	(1,175,873)	<b>5,314,663</b>
Increase in the year	1,680,708	(412,410)	<b>1,268,298</b>	602,977	(167,706)	<b>435,271</b>
Translation difference	17,567	(1,370)	<b>16,197</b>	42,393	(2,954)	<b>39,439</b>
<b>As at 31 December</b>	<b>8,834,183</b>	<b>(1,760,313)</b>	<b>7,073,870</b>	<b>7,135,906</b>	<b>(1,346,533)</b>	<b>5,789,373</b>

### 33. Creditors arising from reinsurance arrangements

KShs'000	2021	2020
<b>At start of year</b>	<b>1,196,185</b>	<b>1,057,647</b>
Additions / (repayments)	215,784	77,029
Translation difference	35,298	61,509
<b>As at 31 December</b>	<b>1,447,267</b>	<b>1,196,185</b>

### 34. Other payables and other liabilities

#### (a) Group

KShs'000	2021	2020
Deferred income	59,676	36,364
Accrued expenses	794,048	866,644
Accrued leave	81,766	64,374
Withheld taxes	105,246	137,786
Other liabilities	5,270,752	3,228,308
<b>As at 31 December</b>	<b>6,311,488</b>	<b>4,333,476</b>

There are no individually significant items under other liabilities category. Included in the other liabilities are provisions for unpaid withholding taxes and provisions for staff costs.

### 34. Other payables and other liabilities (continued)

#### (b) Company

KShs'000	2021	2020
Accrued expenses	126,549	132,785
Accrued leave	26,869	23,110
Other liabilities	1,900,922	1,443,374
<b>Total</b>	<b>2,054,367</b>	<b>1,599,269</b>

There are no individually significant items under other liabilities category. Included in the other liabilities are provisions for unpaid withholding taxes and provisions for staff costs.

### 35. Dividends

KShs'000	2021	2020
<b>At beginning of the year</b>	<b>415,770</b>	<b>443,086</b>
Payments	(45,656)	(27,316)
<b>Total</b>	<b>370,114</b>	<b>415,770</b>

The Directors do not recommend the payment of a dividend (2020: Nil). Payment of dividends is subject to withholding tax at a rate of either 0%, 5% or 15% depending on the nature and residence of the respective shareholders.

### 36. Ordinary share capital and share premium account

The total authorised number of ordinary shares is 220 million (2020: 220 million) with a par value of KShs 5 per share. At 31 December 2021, 220 million ordinary shares were in issue and were fully paid.

	Number of shares (thousands)	Ordinary shares KShs'000	Share premium KShs'000
<b>Balance at 1 January 2019</b>	<b>211,718</b>	<b>1,058,590</b>	<b>4,612,626</b>
Adjustment of error (Note 47)	-	-	52,175
<b>Restated Balance at 1 January 2020</b>	<b>211,718</b>	<b>1,058,590</b>	<b>4,612,626</b>
Balance at 1 January 2021	211,718	1,058,590	4,612,626
<b>At 31 December 2019</b>	<b>211,718</b>	<b>1,058,590</b>	<b>4,612,626</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium.

### 37. Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the Company, except for cumulative fair value profit on the investment properties of KShs 172 million (31 December 2020: KShs 1,262 million) and common control reserve of KShs 671 million (31 December 2020 : nil) whose distribution is subject to restrictions imposed by regulation.

**38. Fair value reserve for equity investments**

The fair value reserves relate to unrealised gains or losses on the Group's equity investments that are carried at fair value through other comprehensive income. This reserve is not distributable.

**39. Reserves****i) Translation reserve**

The translation reserve compiles all foreign currency differences arising from the translation of the financial statements of foreign operations. The translation reserve is not distributable to shareholders unless the foreign operation is abandoned or closed.

**ii) Statutory reserve**

The statutory fund reserves balance represents cumulative statutory reserves and relates to the unappropriated UAP Life Assurance Limited fund surplus/(deficit) net of the corresponding deferred tax.

**iii) Contingency reserve**

The contingency reserve represents amounts set up in the Group's Ugandan insurance-based subsidiaries 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 of UAP Insurance Uganda Limited.
- a capital reserve calculated at 5% of net profits of UAP Insurance Uganda Limited.

The reserve is available for distribution to the extent that the minimum amounts required by the Uganda Insurance Act are maintained.

In addition, the Insurance Act in Tanzania requires that a minimum capital is maintained which is the higher of 50% of Net Written Premiums and the minimum statutory requirement. Further the act requires that a contingent reserve be established which is:

- the higher of 3% of net written premium and 20% of net profit.

As at 31st December 2021, the subsidiaries held a contingent reserve of KShs 458m (2020: KShs 445m).

**iv) Revaluation Surplus**

The revaluation surplus represents upward movement in the proportion of owner-occupied Investment Properties transferred to Property and Equipment.

## 40. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations

### (a) Group

KShs'000	2021	2020
<b>Loss before tax</b>	<b>(174,994)</b>	<b>(1,047,985)</b>
Adjustments for:		
Investment income (Note 6 (a))	(4,600,247)	(3,832,632)
Other income arising on acquisition of subsidiary	(671,142)	
Depreciation - Property & equipment (Note 15)	287,953	273,729
Depreciation - Right of use asset (Note 16)	45,791	94,629
Impairment loss (Note 15)	-	20,116
Amortisation (Note 14)	64,744	79,897
Interest cost - borrowings (Note 31)	1,357,856	1,146,368
Interest cost - lease liability (Note 44)	63,751	153,786
Write off - Work-in-Progress (Note 15)	891	71,072
Miscellaneous income (Note 6 (a))	345,106	190,065
Net impairment on financial assets (Note 4(b))	(41,321)	(165,113)
<b>Changes in:</b>		
Insurance contract liabilities (net)	2,252,126	3,702,782
Deposit administration contracts	599,759	172,700
Unit-linked contracts	(759,340)	(229,016)
Unearned premium (net)	1,698,277	645,370
Re-insurance and other payables	986,364	1,639,285
Direct insurance, re-insurance and other receivables (including foreign exchange movements)	(1,194,552)	(2,166,895)
Deferred acquisition costs	(128,423)	(38,840)
Retirement benefit asset	6,502	6,363
<b>Cash generated from operations</b>	<b>139,101</b>	<b>715,681</b>

### (b) Company

KShs'000	2021	2020
<b>Loss before tax</b>	<b>(1,035,047)</b>	<b>(2,016,689)</b>
Adjustments for:		
Investment income (Note 6 (b))	(1,601,639)	(1,418,196)
Depreciation - right of use assets (Note 16 (b))	4,812	4,811
Depreciation - Property and equipment (Note 15 (b))	53,124	66,470
Depreciation - transfer from related party (Note 15 (b))	-	8,457
Amortisation (Note 14 (b))	56,398	75,081
Interest costs (Note 31 (b))	1,231,112	1,041,707
Interest costs - lease liability (Note 44)	3,898	4,233
Miscellaneous income (Note 6 (b))	6,473	3,362
Net impairment of Investment in subsidiaries (Note 18)	330,883	(454,443)
Loss on disposal (Note 15 (b))	45	262
Write off of working in progress (Note 15 (b))	891	17,107

#### 40. Cash generated from operations (Continued)

##### (b) Company (Continued)

KShs'000	2021	2020
<b>Changes in:</b>		
Other payables	455,097	973,955
Other receivables (including foreign exchange movements)	188,631	550,580
Net movements in related party balances	(322,778)	498,662
<b>Cash generated from operations</b>	<b>(628,100)</b>	<b>(644,641)</b>

#### 41. Contingent liabilities

##### Legal Proceedings

The holding Company, UAP Holdings Plc, has a pending legal suit which seeks a declaration that the sale of the property known as Land Reference No. 209/13453 Upper hill, Nairobi and on which the development known as UAP OldMutualTowers sits, is null and void. On 30 April 2020, the Court ruled in our favour and agreed with our contention and arguments rendering the title clean. The plaintiff's estate then filed a Notice of Appeal in the Court of Appeal but did not file the appeal however there has been no movement in the case since then and it is unlikely the plaintiff will pursue the appeal, therefore the matter has now been held in abeyance. Management, based on legal advice, do not foresee the appeal being successful and has therefore made no provision in the financial statements. Old Mutual Life Assurance Company Limited (OMLAC) has a pending legal suit filed against it, where the plaintiff is seeking an award for loss profits of Shs 64 million together with interest at court rates. The contingent liability is estimated as the amount claimed and cumulative interest from the date of filing suit at approximately Shs. 250 million. Based on legal advice management do not foresee the suit being successful and has therefore made no provision in the financial statement. 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 these litigations will not have a material effect on the financial position or profits of the Group.

##### Tax contingent liabilities

In 2016, the Kenya Revenue Authority (KRA) carried out an audit of UAP Life Assurance Limited's tax affairs for the periods January 2011 to December 2014 and issued an assessment of KShs 68 million under the tax heads of Excise Duty, Pay As You Earn (PAYE) and Corporation Tax. UAP Life Assurance Limited resolved to pay the principal tax amounts of the Corporation Tax and Excise Duty but objected on the PAYE assessment. On 4th November 2019, the High Court ruled that tied agents were not employees hence the PAYE assessed was not payable. KRA gave a notice to appeal the case in the court of appeal. We await the appeal process on the matter. The Company and its subsidiaries has other assessments and litigations by the various revenue authorities in the countries in which it operates arising in the normal course of insurance business. The directors are of the opinion that these will not have a material effect on the financial position or profits of the Group.

## 42. Financial instruments by category

### (a) Financial assets

#### i) Group

The Group's financial assets are summarised by measurement category in the table below:

KShs'000	2021	2020
At amortised cost	47,918,123	39,259,349
At fair value	10,005,987	2,835,219
<b>As at 31 December</b>	<b>57,924,110</b>	<b>42,094,568</b>
<b>(i) Financial assets at amortised cost</b>		
Government securities	22,670,751	18,711,581
Corporate bonds	100,880	-
Receivables arising out of direct insurance arrangements	1,297,251	1,596,639
Receivables arising out of reinsurance arrangements	1,070,638	1,174,377
Reinsurers' share of insurance liabilities	6,020,275	4,796,343
Other receivables	1,920,070	1,498,446
Amounts due from related parties	529,816	333,856
Deposits with financial institutions	11,554,129	9,017,553
Cash and bank balances	2,488,217	1,844,146
Mortgage loans receivable	266,096	286,408
<b>As at 31 December</b>	<b>47,918,123</b>	<b>39,259,349</b>
<b>(ii) Financial assets at fair value</b>		
Equity investments:		
At fair value through profit or loss	2,806,477	1,720,414
Corporate bonds	-	-
Government securities	7,199,510	1,114,805
<b>As at 31 December</b>	<b>10,005,987</b>	<b>2,835,219</b>

#### ii) Company

The Company's financial assets are summarised by measurement category in the table below:

KShs'000	2021	2020
At amortised cost	4,028,308	4,238,087
At fair value	-	-
<b>As at 31 December</b>	<b>4,028,308</b>	<b>4,238,087</b>
<b>KShs'000</b>		
<b>(i) Financial assets at amortised cost</b>		
Other receivables	3,335,401	3,856,268
Deposits with financial institutions	103,190	277,821
Cash and bank balances	589,717	103,998
<b>As at 31 December</b>	<b>4,028,308</b>	<b>4,238,087</b>

The Company does not have financial assets held at fair value.

## 42. Financial instruments by category (Continued)

### (b) Financial liabilities

Except for unit-linked investment contracts, which are measured at fair value, the Group's financial liabilities are measured at amortised cost. The carrying value of the Group's and the Company's financial liabilities at the end of 2021 and 2020 is shown in note 4(b).

### 43. Related party transactions

The Group is controlled by Old Mutual Limited incorporated in South Africa being the ultimate parent of the Group. There are other companies that are related to UAP Holdings Plc through common shareholdings or common directorship.

The following transactions were carried out with related parties:

KShs'000	2021	2020
<b>i) Administration of staff pension scheme - Group</b>		
Contributions paid	161,736	174,546
Benefits paid	110,423	83,480
<b>ii) Balances with related parties - Company</b>		
Interest paid to UAP Insurance Kenya	9,884	34,911
Interest received from UAP Properties South Sudan	27,588	27,011
Interest received from UAP Insurance South Sudan	7,623	1,736
Interest received from UAP Properties Uganda	143,522	139,412
<b>iii) Balances with related parties - Group</b>		
Nedbank loan (note 31)	-	-
Old Mutual Holdings Limited (note 31)	6,459,688	8,861,858
Loans and advances (note 22)	266,096	286,408
	<b>6,725,784</b>	<b>9,148,266</b>

Mortgages to staff are fully secured on the mortgage properties and are charged interest at 6% (2019: 6%).

### 43. Related party transactions (continued)

#### iv) Payables to related parties - Group

	2021	2020
Faulu Micro Finance Bank	-	-
Old Mutual Securities Limited	699	124
<b>As at 31 December</b>	<b>699</b>	<b>124</b>

#### iv) Payables to related parties - Company

UAP Insurance Kenya	-	165,783
UAP Insurance Uganda	38,216	36,382
<b>As at 31 December</b>	<b>38,216</b>	<b>202,165</b>
<b>Total payable to related parties</b>	<b>-</b>	<b>202,289</b>

#### v) Receivable from related parties - Group

Old Mutual Investment Group Limited	1,389	24,692
Old Mutual Life Assurance Company Limited	-	10,556
Old Mutual Africa Holding	235,611	70,155
Old Mutual Holdings Limited	280,895	224,271
Old Mutual Investment Services	-	-
Faulu Micro Finance Bank	11,921	4,182
<b>As at 31 December</b>	<b>529,816</b>	<b>333,856</b>

#### v) Receivable from related parties - Company

UAP Life Assurance Kenya	2,413	96,400
UAP Insurance Kenya	19,790	-
UAP Life Assurance Uganda	17,000	876
UAP Insurance South Sudan	524,918	220,139
UAP Properties Uganda	1,723,773	1,523,101
UOld Mutual Life Assurance Company Limited	18,280	-
UAP Properties South Sudan	231,722	191,330
Old Mutual Insurance Rwanda	16,077	16,092
UAP Investments Kenya	378	276
UAP Global Services Mauritius	457,242	914,910
UAP Africa Mauritius	22,106	17,110
UAP Insurance Tanzania	300,461	196,188
UAP Financial Services, Uganda	1,241	150
<b>As at 31 December</b>	<b>3,335,401</b>	<b>3,176,572</b>
<b>Total receivable from related parties</b>	<b>3,865,217</b>	<b>3,510,428</b>

The amounts payable to related parties have no specific repayment date.

**43. Related party transactions (continued)**

	2021	2020
	Kshs '000	Kshs '000
<b>vi) Key management compensation – Group</b>		
Salaries (including executive directors' salaries)	604,493	623,047
Retirement benefits costs	57,939	59,377
	<b>662,432</b>	<b>682,424</b>
<b>vi) Key management compensation - Company</b>		
Salaries (Including executive directors' salaries)	154,636	178,438
Retirement benefits costs	16,000	14,144
	<b>170,636</b>	<b>192,582</b>
<b>vii) Directors emoluments - Group</b>		
Executive salaries (included in key management compensation above)	44,157	81,189
Fees	123,073	102,507
	<b>167,230</b>	<b>191,411</b>
<b>vii) Directors emoluments - Company</b>		
Executive salaries (included in key management compensation above)	44,157	39,137
Fees	24,814	20,771
	<b>68,971</b>	<b>98,163</b>
<b>viii) Leases – Group</b>		
Old Mutual Investment Group	5,928	5,646
Old Mutual Life Assurance Company Limited	37,508	35,722
Old Mutual Services Limited	1,423	1,355
Faulu Micro Finance Bank	252	240
	<b>45,111</b>	<b>42,963</b>
<b>viii) Leases – Company</b>		
Old Mutual Investment Group	5,928	5,646
Old Mutual Life Assurance Company Limited	37,508	35,722
Old Mutual Services Limited	1,423	1,355
Faulu Micro Finance Bank	252	240
UAP Insurance Kenya Limited	52,802	50,288
UAP Life Assurance Limited	11,422	10,878
	<b>109,335</b>	<b>104,129</b>

#### 44. Operating lease agreements

##### (a) The Group as a lessor

Rental income earned during the year was KShs 1,284m; 2019 (KShs 935m). At the reporting date, the Group had contracted with tenants for the following future lease receivables:

The following table sets out the maturity analysis of lease settlements, showing the undiscounted lease settlements from tenants to be received after the reporting date.

KShs'000	2021	2020
Less than one year	722,864	498,008
One to two years	651,164	725,243
Two to three years	631,747	615,709
Three to four years	654,598	558,539
Four to five years	112,432	297,298
More than five years	265,901	125,390
	<b>3,038,706</b>	<b>2,820,187</b>

Leases are negotiated for an average term of 6 years and rentals are reviewed every two years. The leases are cancellable with a penalty when the tenants do not give three months' notice to vacate the premises.

##### (b) The Group as a lessee

At the reporting date, the Group had outstanding commitments under operating leases which fall due as follows:

KShs'000	2020	2019
Less than one year	134,335	65,466
One to two years	159,864	371,057
Two to three years	171,397	289,851
Three to four years	163,675	162,567
Four to five years	171,772	152,493
More than five years	182,545	226,530
	<b>983,588</b>	<b>1,267,964</b>

Operating lease payments represent rentals payable by the Company for its branch premises. Leases are negotiated for an average term of 5 years.

Lease liabilities movement for the year was;

KShs'000	Lease liability	Restoration provisions	Total
<b>At 1 January 2021</b>	<b>539,968</b>	<b>15,794</b>	<b>555,762</b>
Interest charge	63,751	-	<b>63,751</b>
Additions to right of use assets	157,981	4,528	<b>162,509</b>
Derecognition of right of use assets	(125,163)	(2,805)	<b>(127,968)</b>
Payment	(125,769)	-	<b>(125,769)</b>
Translation	8,336	18	<b>8,354</b>
<b>At 31 December 2021</b>	<b>519,104</b>	<b>17,535</b>	<b>536,639</b>

**44. Operating lease agreements (Continued)**

KShs'000	Lease liability	Restoration provisions	Total
<b>At 1 January 2020</b>	<b>506,392</b>	<b>15,216</b>	<b>521,608</b>
Interest charge	153,786	-	<b>153,786</b>
Additions to right of use assets	74,273	1,953	<b>76,226</b>
Derecognition of right of use assets	(70,277)	(1,460)	<b>71,737</b>
Payment	(132,957)	-	<b>(132,957)</b>
Translation	8,751	85	<b>8,836</b>
<b>At 31 December 2020</b>	<b>539,968</b>	<b>15,794</b>	<b>555,762</b>

**(c) The Company as a lessor**

Rental income earned during the year was KShs 364m (2019: 317m). At the reporting date, the company had contracted with tenants for the following future lease receivables:

KShs'000	2021	2020
Less than one year	434,695	378,240
One to two years	456,430	395,729
Two to three years	479,251	405,779
Three to four years	503,214	426,106
Four to five years	-	299,099
<b>Total</b>	<b>1,873,590</b>	<b>1,904,953</b>

Leases are negotiated for an average term of 6 years and rentals are reviewed every two years. The leases are cancellable with a penalty when the tenants do not give three months' notice to vacate the premises.

**(d) The Company as a lessee**

At the reporting date, the Company had outstanding commitments under operating leases which fall due as follows:

KShs'000	2021	2020
Less than one year	7,273	7,073
One to two years	14,947	14,627
Two to three years	15,196	15,284
<b>Total</b>	<b>37,416</b>	<b>36,984</b>

Operating lease payments represent rentals payable by the Company for its branch premises. Leases are negotiated for an average term of 5 years.

#### 44. Operating lease agreements (Continued)

##### (d) The Company as a lessee (Continued)

Lease liabilities movement for the year was;

KShs'000	Lease liability	Restoration provisions	Total
<b>At 1 January 2021</b>	<b>36,339</b>	<b>278</b>	<b>36,617</b>
Interest charge	3,898	-	3,898
Additions to right of use assets	157,981	-	-
Sub lease payment	(1,403)	-	(1,403)
Payment	(5,670)	-	(5,670)
<b>At 31 December 2021</b>	<b>33,164</b>	<b>278</b>	<b>33,442</b>

KShs'000	Lease liability	Restoration provisions	Total
<b>At 1 January 2020</b>	<b>39,112</b>	<b>278</b>	<b>39,390</b>
Interest charge	4,233	-	4,233
Additions to right of use assets	-	-	-
Sub lease payment	(1,303)	-	(1,303)
Payment	(5,703)	-	(5,703)
<b>At 31 December 2020</b>	<b>36,339</b>	<b>278</b>	<b>36,617</b>

#### 45 Acquisition of subsidiary under common control

The acquisition of Old Mutual Life Assurance Company Limited (OMLAC) shares by UAP Life Assurance Limited (UAPAL), (the acquisition) was effective 25th January 2021 following approvals by the board of directors of the two companies and the regulatory authorities. The acquisition was effected through:

- Cash settlement by UAPAL to the individual minority shareholders; and
- Settlement by issue of equivalent value of shares in UAPAL to Old Mutual Holdings Limited (OMHL).

The arrangement, resulted in UAP Holdings Plc continuing to exercise control in UAPAL, although its shareholding was reduced from 100% to 55.7% while the remaining 44.3% was held by Old Mutual Holdings Limited.

The acquisition is considered a common control transaction as the combining entities (UAP Life and OMLAC) are ultimately controlled by the same party (OMHL) both before and after the business combination, and that control is not transitory.

#### 45 Acquisition of subsidiary under common control (Continued)

The impact of this on the consolidated financial statements is as below:

##### a) Consideration paid for the acquisition of 100% of OMLAC shares

KShs'000	
Cash	70,759
Shares in UAPAL	2,521,687
<b>Total consideration</b>	<b>2,592,446</b>

The consideration was determined based on a valuation of the two businesses at the time of the acquisition.

##### b) Identifiable assets acquired and liabilities assumed

In line with predecessor value method, the assets and liabilities of OMLAC were recorded at their existing carrying values at the date of acquisition. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

KShs'000	
Property and equipment	51,086
Right of use asset	244,002
Intangible assets	3,238
Investment property	2,140,000
Financial assets at fair value – Equity instruments	1,539,519
Financial assets at fair value – Government securities	8,656
Loans secured by mortgages on real property	120,786
Loans on life assurance within their surrender value	334,651
Other assets	50,123
Tax recoverable	2,522,784
Cash and cash equivalents	(5,050,437)
Insurance contract liabilities	(5,767,071)
Lease liability	(289,725)
Outstanding claims	(319,481)
Amount due to reinsurers	(14,896)
Deferred revenue on investment contracts	(8,017)
Other payables and accruals	(900,911)
<b>Total identifiable net assets acquired</b>	<b>1,669,134</b>

##### c) Common control reserve

Assets and liabilities of the acquired business are recorded at their existing carrying values rather than at fair value and no new asset, in form of goodwill, is recorded. The difference between the consideration given, over and above the aggregate book value of the assets and liabilities (otherwise referred to as goodwill) is included in equity in retained earnings or in a separate reserve.

## 45 Acquisition of subsidiary under common control (Continued)

### c) Common control reserve (Continued)

On acquisition of OMLAC by UAPAL a common control reserve arising from the acquisition has been recognised as follows.

KShs'000	
Total consideration (Note 45 (a))	2,592,446
Less: Net assets acquired	(1,669,134)
<b>Debit to common control reserves</b>	<b>923,312</b>

### d) Gain on reorganisation in UAP Life Assurance Limited

The difference between UAPH's share of the net assets of UAP Life (55.7% after the acquisition of OMLAC) and the value of UAPH's investment in UAP Life, has been recognised as follows.

KShs'000	
UAPH's share of UAP Life net asset value	2,280,237
Less: Value of UAPH's investment in UAP Life	(1,609,095)
<b>Gain (included in other income)</b>	<b>671,142</b>

### e) Transfer to non-controlling interest

At acquisition, 44% of the net assets of both UAPAL and OMLAC was transferred to NCI as per the table below:

KShs'000	Net asset	NCI %	
Net assets at acquisition - UAPAL	4,095,474	44%	1,815,350
Net assets at acquisition - OMLAC	1,669,134	44%	739,856
<b>Total transferred to NCI</b>			<b>2,555,206</b>

### f) Impact on retained earnings

KShs'000	
Debit to common control reserves (Note 45 (c))	2,280,237
OMLAC net assets transferred to NCI from retained earnings (Note 45 (e))	(1,609,095)
UAPAL retained earnings	39,113
<b>Total impact on retained earnings</b>	<b>1,702,281</b>

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 46. Non-controlling interest (NCI)

KShs '000'	UAP Life Assurance Limited (Kenya)	Old Mutual Life Assurance (Kenya)	UAP Insurance Limited (Uganda)	UAP Life Assurance Limited (Uganda)	UAP Financial Services Limited (Uganda)	UAP Properties Limited (Uganda)	UAP Properties Limited (Sudan)	UAP Insurance (Tanzania)	Intra-group Eliminations	Total
<b>NCI Percentage</b>	44.33%	44.33%	47.00%	47.00%	11.35%	21.15%	30.00%	40.00%		
Assets	15,703,675	13,640,201	9,177,208	5,820,870	513,368	4,050,147	3,515,790	1,980,959	-	54,470,473
Liabilities	11,691,808	12,179,773	6,437,776	5,928,010	98,403	3,170,638	5,523,121	1,617,131	-	46,735,922
<b>Net assets</b>	4,011,867	1,460,428	2,739,432	(107,140)	414,965	879,509	2,007,331	363,828	-	7,734,551
Net assets attributable to NCI	1,778,461	647,408	1,287,534	(50,356)	47,099	186,016	(602,199)	145,531	(530,851)	2,898,770
Revenue	2,345,872	2,541,291	4,049,830	2,205,161	436,413	136,087	218,190	598,380	-	12,531,224
Profit/(loss)	(59,926)	208,706	468,198	(316,101)	176,657	88,201	(332,403)	313,171	-	(517,440)
OCI	-	-	155,926	1,576	21,209	51,480	(67,864)	14,327	-	175,837
<b>Comprehensive income</b>	(59,926)	(208,706)	624,124	(314,525)	197,866	139,681	(400,267)	298,844	-	(341,603)
Profit/(loss) allocated to NCI	(26,565)	(92,519)	220,053	(148,567)	20,050	18,654	(99,721)	(125,268)	-	(243,372)
OCI allocated to NCI	-	-	73,285	740	2,407	10,888	(20,359)	5,731	-	72,308
<b>Total comprehensive income attributable to NCI</b>	(26,565)	(92,519)	293,338	(147,827)	22,457	29,542	(120,080)	(119,537)	-	171,064
cash flows from operating activities	(417,851)	(54,711)	280,018	181,126	203,327	156,416	157,056	201,159		
cash flows from investment activities	92,836	236,960	(275,612)	58,267	196,572	-	(5,236)	237,521		
cash flows from financing activities (dividends to NCI: nil)	19,670	50,302	(94,698)	10,232	(3,916)	(194,180)	(150,853)	24,135		
<b>Net increase/(decrease) in cash and cash equivalents as at 31 December 2021</b>	530,357	131,947	(90,292)	229,161	395,983	(37,764)	967	414,545		

## 46. Non-controlling interest (NCI)

KShs '000'	UAP Insurance Limited (Uganda)	UAP Life Assurance Limited (Uganda)	UAP Financial Services Limited (Uganda)	UAP Properties Limited (Uganda)	UAP Properties Limited (Sudan)	UAP Insurance (Tanzania)	Intra-group Eliminations	Total
<b>NCI Percentage</b>	47.00%	47.00%	11.35%	21.15%	30.00%	40.00%	-	-
Assets	7,423,074	5,334,026	286,746	4,030,266	3,454,906	2,147,385	-	22,676,403
Liabilities	5,307,766	5,112,122	69,648	3,290,437	5,061,969	1,484,713	-	20,326,655
<b>Net assets</b>	2,115,308	(221,904)	217,098	739,839	1,607,063	662,672	-	2,349,748
Net assets attributable to NCI	994,196	104,295	24,641	156,474	(482,119)	265,068	(542,676)	519,879
Revenue	3,043,587	1,970,045	254,852	(39,989)	84,838	658,941	-	5,972,274
Profit/(loss)	139,869	(46,607)	110,753	(408,460)	(466,971)	(120,488)	-	(791,904)
OCI	151,778	18,166	12,204	69,099	(92,632)	50,141	-	208,756
<b>Comprehensive income</b>								
Profit/(loss) allocated to NCI	65,738	(21,905)	12,570	(86,389)	(140,091)	48,195	-	(218,272)
OCI allocated to NCI	71,337	8,538	1,385	14,614	27,790	20,056	-	88,140
<b>Total comprehensive income attributable to NCI</b>	137,075	(13,367)	13,955	(71,775)	(167,881)	(28,139)	-	(130,132)
cash flows from operating activities	530,048	2,239,203	61,348	107,299	331,042	115,306	-	-
cash flows from investment activities	323,112	(1,100,431)	(21,529)	(325)	(184,097)	(38,263)	-	-
cash flows from financing activities (dividends to NCI: nil)	(95,866)	50,782	(16,837)	(31,808)	145,653	631	-	-
<b>Net increase/(decrease) in cash and cash equivalents as at 31 December 2020</b>	757,294	1,189,554	22,982	75,166	1,292	77,674	-	-

#### 47. Correction of errors

During the year ended 31 December 2021, the company corrected a misstatement in share premium and other receivables (equity investments included in other receivables) that arose in 2019. This related to non-recognition of share premium following a share swap between UAP Holdings Plc and the former shareholders of Old Mutual Life Assurance Company Limited (OMLAC). In the share swap, the former OMLAC minorities were issued with a total of 298,000 UAP Holdings Plc shares (par value of KShs 5 per share) valued at KShs 180 per share. However, only the par value element, KShs 5 per share and total KShs 1.49m was recorded in share capital and KShs 175 per share and total KShs 52m was erroneously omitted. The impact was that share premium was understated and the investment in OMLAC shares was also understated by an equivalent amount.

The misstatement was material to the separate financial statements of the Company the error has been corrected by restating the comparative amounts for 2020 and the opening balances for 2020 in accordance with IAS 8. The restatement did not have an impact on the statement of profit or loss, statement of other comprehensive income or statement of cash flows. The following table summarises the impact of the corrections in the statement of financial position:

#### As at 31 December 2020

KShs '000'	As previously reported	Adjustment	As Restated
<b>Capital employed</b>			
Share capital	1,058,590	-	1,058,590
Share premium	4,612,626	52,175	4,664,801
Retained earnings	(1,582,692)	-	(1,582,692)
<b>Total equity</b>	<b>4,088,524</b>	<b>52,175</b>	<b>4,140,699</b>
<b>Assets</b>			
Other receivables	1,031,794	52,175	1,083,969
Total – other assets	16,410,216	-	16,410,216
<b>Total assets</b>	<b>17,442,010</b>	<b>52,175</b>	<b>17,494,185</b>
<b>Liabilities</b>			
<b>Total liabilities</b>	<b>13,353,486</b>	<b>-</b>	<b>13,353,486</b>
<b>Net assets</b>	<b>4,088,524</b>	<b>52,175</b>	<b>4,140,699</b>

#### 47. Correction of errors - Company (continued)

As at 1 January 2020 KShs '000' Capital employed	As previously reported	Adjustment	As Restated
Share capital	1,058,590	-	1,058,590
Share premium		4,612,626	
Retained earnings	263,595	7,441	685,637
<b>Total Equity</b>	<b>5,934,811</b>	<b>52,175</b>	<b>5,986,986</b>
<b>Assets</b>			
Other receivables	1,380,976	52,175	1,433,151
Total – other assets	16,751,477	-	16,751,477
<b>Total assets</b>	<b>18,132,453</b>	<b>52,175</b>	<b>18,184,628</b>
<b>Liabilities</b>			
<b>Total liabilities</b>	<b>12,197,642</b>	<b>-</b>	<b>12,197,642</b>
<b>Net assets</b>	<b>5,934,811</b>	<b>52,175</b>	<b>5,986,986</b>

#### 48. Holding company

The ultimate holding company is Old Mutual Limited, a company incorporated and domiciled in South Africa.

#### 49. Subsequent events

##### (a) Additional capital injection in UAP Old Mutual Life Assurance Uganda Limited

The Uganda Insurance Regulatory Authority (IRA), following Industry lobby, rescinded its decision to enforce the 200% Capital Adequacy Ratio (CAR) Compliance requirement by the 31 December 2021.

They allowed for a staggered approach to capital injection as:

1. 100% compliance on review of Q4 2021 Returns which were required by 17 January 2022;
2. 120% compliance on review of audited financial statements due by 31 March 2022 and
3. 200% compliance by 30 September 2022 (UGX 21.7Bn).

The Board subsequently approved capital injection to allow for 120% compliance by 31 March 2022.

- \* Capital injection and on-boarding of OMAHL as a significant shareholder was approved by IRA Uganda. Minority participation in the capital call has been availed to ensure the protection of all shareholders even as the Group moves to capitalize the Company.
- Engagements with the South African (SA) Regulator and the Reserve Bank were concluded to allow for the capital

##### (b) Update on merger of UAP Life Assurance Limited and Old Mutual Life Assurance Company Limited

Following the acquisition of Old Mutual Life Assurance Company Limited (OMLAC) by UAP Life Assurance Limited (UAPAL) in 2021, OMLAC sought approval from the Insurance Regulatory Authority to run OMLAC as a closed fund with a view of efficiently operating one life company in the Kenya market. This approval was obtained subsequent to year end. Under this approval, no new business will be written in OMLAC and all renewals and new business will instead be written under the UAPAL.

A man with a serious expression is driving a green tractor in a barn. He is wearing a blue short-sleeved button-down shirt and grey pants. The tractor is green with some wear and tear. The background shows the wooden structure of a barn.

**PLAN FOR,**  
**GROW &**  
**PROTECT**  
WHAT YOU  
**VALUE**



DOING GREAT THINGS EVERYDAY

**ANNUAL  
GENERAL  
MEETING**



**NOTICE OF THE 14TH  
ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Fourteenth Annual General Meeting of the shareholders of UAP Holdings Plc will be held on Thursday, 12th May 2022 at 11.00 a.m. at Sarova Panafric Hotel and on electronic platforms, to transact the following business:

**1. Reading of Notice**

The Secretary to read the notice convening the meeting, table the proxies and to confirm the presence of quorum.

**2. Confirmation of Minutes**

Confirmation of the Minutes of the 13th Annual General Meeting held on 25th June 2021.

**ORDINARY BUSINESS****3. Consideration of Reports**

To receive, consider and if thought fit, adopt the Audited Financial Statements for the year ended 31st December 2021 and the Reports of the Chairman, Directors' and Auditors' thereon.

**4. Declaration of Dividend**

To consider and adopt the recommendation of the Directors that no dividend be declared or paid in respect of the financial year ended 31st December 2021.

**5. Remuneration Report**

To approve the directors' remuneration for the year ended 31st December 2021 as provided for in the Financial Statements.

**6. Election of Directors**

To approve that Mr. Joseph Wanjui Jr. who was appointed to fill a casual vacancy in accordance with Article 116 of the Articles of Association of the Company and being eligible offers himself for election as a director.

**7. Rotation of Directors**

To approve that in accordance with the Company's Articles of Association:

- i. Mr. Richard Treagus retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association.
- ii. Mr. Shailesh Devchand, retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association.
- iii. Mr. George Maina retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association.
- iv. Ms. Susan Omanga, retires by rotation at the dissolution of the meeting and does not offer herself for re-election.

**8. Board Audit Committee**

In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors being member of the Board Audit Committee be elected to continue to serve as members of the Committee:

- i. Mr. Robert Mbugua - Chairman
- ii. Mr. George Maina
- iii. Dr. Catherine Adeya

## 9. Appointment of External Auditors

In accordance with Section 721 of the Companies Act, 2015, and subject to the approval by the Insurance Regulatory Authority Kenya (IRA), to approve the appointment of Ernest & Young LLP (EY) as the external auditors of the Company in place of KPMG Kenya (whose term expires) until the conclusion of the next Annual General Meeting and to authorize the directors to fix their remuneration in accordance with Section 724(2) of the Companies Act, 2015.

## SPECIAL BUSINESS

### 10. Approve the Change of Name for the Company


To approve that subject to approval of the Registrar of Companies, the name of the company be changed from UAP Holdings Plc to Old Mutual Holdings Plc as is required under Section 62 of the Companies Act, 2015.

## ANY OTHER BUSINESS

### 11. Any other Business

To transact any other business which may be properly transacted at an annual general meeting and for which a valid notice has been issued in accordance with the Articles of Association of the Company.

### By Order of The Board



**Nannette Miingi**  
**Secretary**  
**February 2022**

### Notes:

1. This annual general meeting is being convened virtually in accordance with the Company's Articles of Association and shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in the manner detailed under the 2021 Instruction Note to shareholders available on the Company's website: <https://www.uapoldmutual.com/images/UAPH-2021-Notes-for-virtual-AGM.pdf>
2. In accordance with Article 171 and 173 of the Articles of Association of the Company, the following documents:  
(a) Notice of the AGM and Proxy Form - <https://www.uapoldmutual.com/images/UAPH-AGM-2021-Proxy-Form-and-Voting-Card.pdf>; (b) the 2021 audited financial statements - <https://www.uapoldmutual.com/images/UAP-Holdings-PLC-2020-Audited-Financial-Statements.pdf> are available on the company website.

# NOTICE OF THE 14TH ANNUAL GENERAL MEETING (Continued)

## Notes:

1. In accordance with Article 171 and 173 of the Articles of Association of the Company, the following documents: (a) Notice of the AGM and Proxy Form; (b) the 2021 audited financial statements are available on the company website: [www.uapoldmutual.com/investor-relations](http://www.uapoldmutual.com/investor-relations).
2. Any shareholder wishing to participate in the AGM is required to register for the meeting through the link to the AGM Platform available on the online portal <https://digital.candrgroup.co.ke> or by dialing \*384\*041# and following the various prompts regarding the registration process. Shareholders will not incur any cost for such registration. In order to complete the registration process, shareholders will need to have their ID/Passport numbers which were used to purchase their shares and their Shares Account.
3. Registration for the AGM opens on Wednesday 16 June 2022 at 8:00 a.m. and will close on Thursday 24 June 2022 at 12:00 noon. Shareholders will not be able to register after Thursday 24 June 2022 at 12:00 noon.
4. For assistance, shareholders should dial the following helpline numbers: **+254 20 7608216** from 8:00 a.m. to 4:00 p.m. during the registration open period. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email to [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke).
5. Shareholders can access the Virtual AGM by clicking the AGM link to view the livestream and vote and submit questions. Shareholders without internet access can access the Virtual AGM and vote and submit questions using their log in credentials via USSD **\*384\*041#**.
6. Shareholders wishing to raise any questions may do so prior to the AGM (during the registration open period) or during the AGM by:
  - a. During the AGM**
    - i) Shareholders accessing Virtual AGM via <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select **UAP Holdings PLC** AGM; Select Q&A option tab and submit questions in text box provided; or
    - ii) Shareholder accessing Virtual AGM via USSD platform; Dial **\*384\*041#** Use the menu prompts to Select option for Q&A and submit their questions (within 160 character limit for sms text).
  - b. Prior to AGM**
    - i) Accessing <https://digital.candrgroup.co.ke>; Select Attend Event; Select **UAP Holdings PLC** AGM; Select Q&A option tab and submit their questions in the text box provided; or
    - ii) Sending their written questions by email to [digital@candrgroup.co.ke](mailto:digital@candrgroup.co.ke) ; or
    - iii) To the extent possible, physically delivering their written questions with a return physical address or email address to the offices of Custody and Registrars Services Ltd, Company's AGM Administrator, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue.
      - Shareholders sending questions by email or delivering to C&R Group must provide their full details (full names and Shares Account Number) when submitting their questions and clarifications. Also attach a copy of your ID/Passport.
      - All questions and clarification must reach the C&R Group on or before Wednesday 23rd June 2022 at 12:00 Noon.

7. Shareholders wishing to vote may do so prior to the AGM (during the registration open period) or during the AGM by:
- a. During the AGM**
- i) Shareholders accessing Virtual AGM via <https://digital.candrgroup.co.ke> platform; Select Attend Event; Select UAP Holdings PLC AGM; Select Voting option tab and vote; or
- ii) Shareholder accessing Virtual AGM via USSD platform; Dial **\*384\*041#** Use the menu prompts to Select the option for Voting and follow the various prompts regarding the voting process
- b. Prior to AGM**
- iii) Follow the same process as that of questions set out in 6 b above.
8. In accordance with section 298(1) of the Companies Act, 2015, every member entitled to vote at the above meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer 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 authorized attorney of such body corporate. A proxy need not be a member of the Company. A form of proxy is available on the company website [www.uapoldmutual.com](http://www.uapoldmutual.com). A completed form of proxy should be emailed to [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) or delivered to **Custody and Registrars Services Ltd**, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue, so as to be received not later than Wednesday, 23rd June 2021 at 12.00 noon. When nominating a proxy, the ID/Passport No., email and/or mobile number details of the proxy must be submitted to facilitate registration. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Thursday 24th June 2021 to allow time to address any issues.
9. The Virtual AGM will be accessible to shareholders and proxies who have duly registered and received the log-in credentials. 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 two hours ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in two hours' time and providing a link to the live stream.
10. Results of the AGM voting shall be announced in the meeting and within 48 hours following conclusion of the AGM on the Company's website: [www.uapoldmutual.com](http://www.uapoldmutual.com) under the Investor Relations tab.
11. **Shareholders are encouraged to continuously monitor the Company's website [www.uapoldmutual.com](http://www.uapoldmutual.com) for updates relating to the AGM due to the continuous evolving situation with COVID-19 pandemic and the Government directives being subject to change. Additionally, you are reminded to keep your electronic gadgets fully charged ahead of the meeting. This will minimize dropping off from the meeting should there be an extended power interruption/fluctuation in your area. We appreciate the understanding of our shareholders as we navigate the changing business conditions posed by COVID-19 pandemic.**

*Kindly also register your consent below and return this consent to Custody & Registrars Services Ltd (C&R Group) Group by email or by return mail at their registered offices.*

#### **Approval of registration**

I/We register to participate in the virtual AGM to be held on Thursday 12 May 2022 at 11:00 a.m.

#### **Consent for the use of Mobile number and email address:**

I/We provide my/our consent for the use of my mobile phone number and or email address for purposes of voting and participating at the AGM.

## FORM OF PROXY

I/WE .....  
being a member\* / members of UAP HOLDINGS PLC hereby appoint:

.....  
of P.O. Box ..... and failing him/her  
the Chairman of the meeting to be my/our Proxy, to vote for me/us at an Annual General Meeting of the company to be held on Friday, 25th June 2021 via electronic means at 11:00 a.m. or at any adjournment thereof. As witness by my/our hands this ..... day of ..... 2021..

Signed .....

Please indicate with a tick in the appropriate block how you wish your vote to be cast:

Agenda item	Ordinary Business	For	Against
2	To confirm the Minutes of the 12th Annual General Meeting held on 25th June 2021	<input type="checkbox"/>	<input type="checkbox"/>
3	To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2021 together with the Chairman's, Directors' & Auditors' reports thereon	<input type="checkbox"/>	<input type="checkbox"/>
4	To consider and adopt the recommendation of the Directors that no dividend be declared or paid in respect of the financial year ended 31st December 2021	<input type="checkbox"/>	<input type="checkbox"/>
5	To approve the directors' remuneration for the year ended 31st December 2021 as provided for in the Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>
6	<b>Election of Directors</b> To approve that Mr. Joseph Wanjui Jr. who was appointed to fill a casual vacancy in accordance with Article 116 of the Articles of Association of the Company and being eligible offers himself for election as a director.	<input type="checkbox"/>	<input type="checkbox"/>
7	<b>Rotation of Directors</b> To approve that in accordance with the Company's Articles of Association: i) Mr. Richard Treagus retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association. ii) Mr. Shailesh Devchand retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association. iii) Mr. George Maina, retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Articles 119, 120 and 121 of the Company's Articles of Association.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

8	<b>Board Audit Committee</b> To approve that the directors below, be re-elected and appointed as directors of the Company in accordance with the Company's Articles of Association: <ul style="list-style-type: none"> <li>• Mr. Robert Mbugua – Chairman</li> <li>• Mr. George Maina</li> <li>• Dr.Catherine Adeya</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
9	<b>Appointment of External Auditors</b> In accordance with Section 721of the Companies Act, 2015, and subject to the approval by the Insurance Regulatory Authority Kenya (IRA), to approve the appointment of Ernest & Young LLP (EY) as the external auditors of the Company in place of KPMG Kenya (whose term expires) until the conclusion of the next Annual General Meeting and to authorize the direc- tors to fix their remuneration in accordance with Section 724(2) of the Companies Act, 2015	<input type="checkbox"/>	<input type="checkbox"/>
<b>Agenda Item</b>	<b>Special Business</b>	<b>For</b>	<b>Against</b>
10	To approve that subject to approval of the Registrar of Companies, the name of the company be changed from UAP Holdings Plc to Old Mutual Holdings Plc as is required under Section 62 of the Companies Act, 2015.	<input type="checkbox"/>	<input type="checkbox"/>

**Notes:**

In accordance with section 298(1) of the Companies Act, 2015, every member entitled to vote at the above meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed and should be returned to the Company Secretary's office, [Secretariat@uap-group.com](mailto:Secretariat@uap-group.com) **UAP Old Mutual Tower, 6th Floor, Upper Hill Road P.O. Box 43013 - 00100**, Nairobi or sent to the AGM administrator, Custody and Registrar Services Ltd (C & R Group) [proxy@candrgroup.co.ke](mailto:proxy@candrgroup.co.ke) Tower B, , P.O. Box 8484 - 00100, Nairobi, to arrive **no later than 48 hours** before the meeting or any adjournment thereof.









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