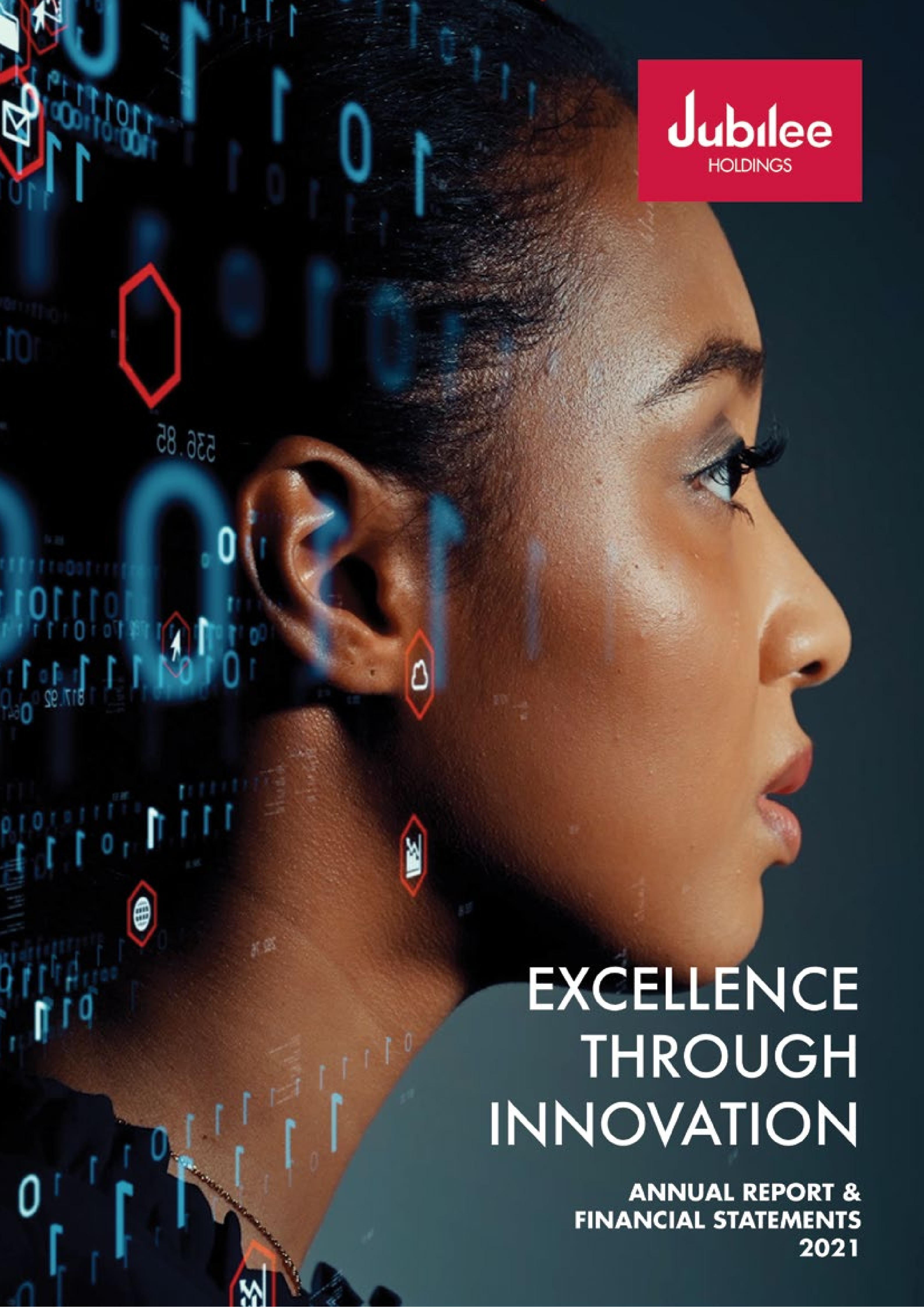

Jubilee HOLDINGS

# EXCELLENCE THROUGH INNOVATION

**ANNUAL REPORT & FINANCIAL STATEMENTS 2021**

## OUR VISION

Enabling people to overcome uncertainty.

## OUR MISSION

To provide solutions to protect the future of our customers.

## OUR VALUES

Integrity, Passion, Excellence and Teamwork.

Live Free!

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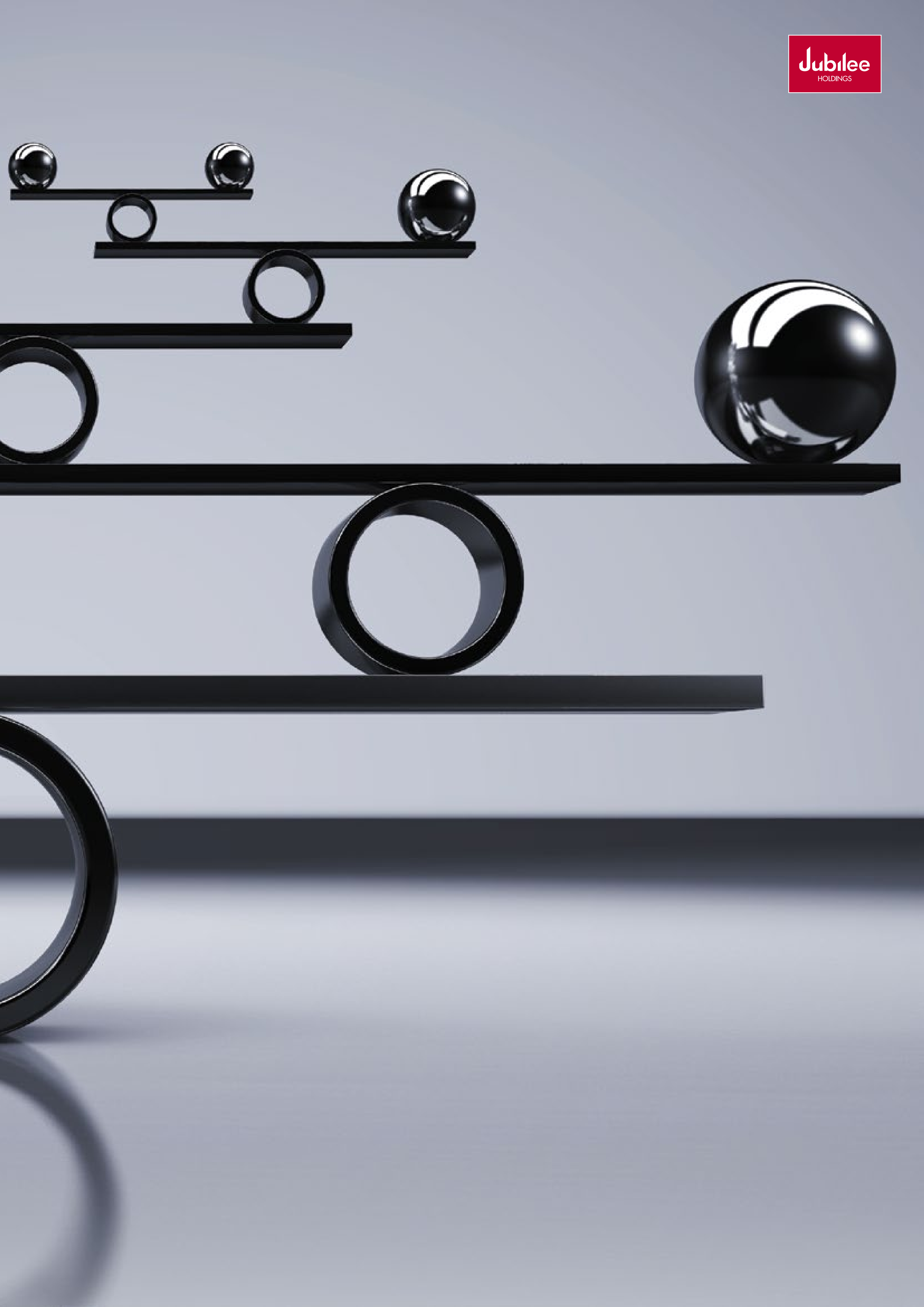
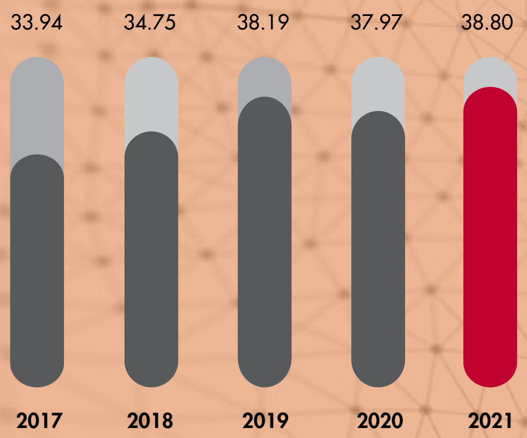
Jubilee HOLDINGS

# Excellence

excellence is not a destination; it's a journey that never ends. **our customers** deserve nothing less!

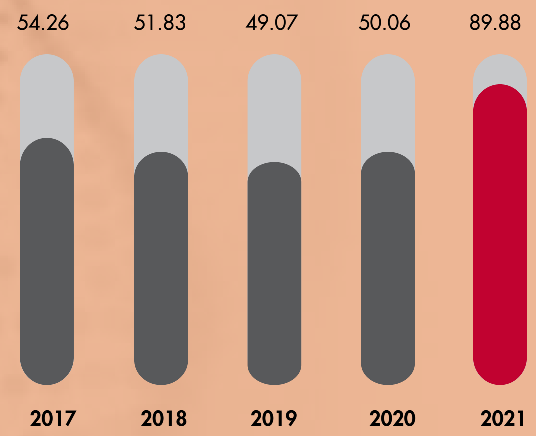


**Gross Written Premiums and Deposit Administration Contributions (Kes Billion)**



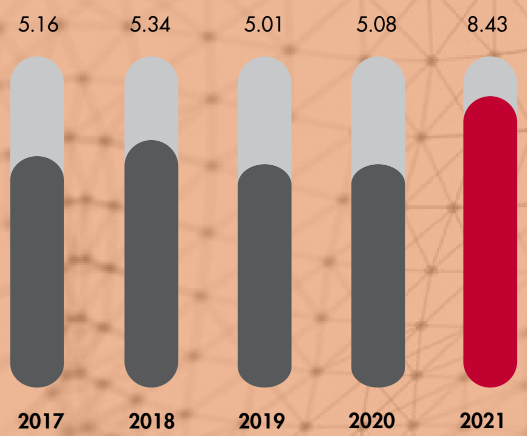

Gross Written Premiums and Deposit Administration Contributions increased to Kes 38.80 billion in 2021 representing a 2% growth. The core Individual Life portfolio grew by 9% and medical business grew by 12% to compensate the partial loss of General Insurance.

**Earnings per share (Kes per share)**



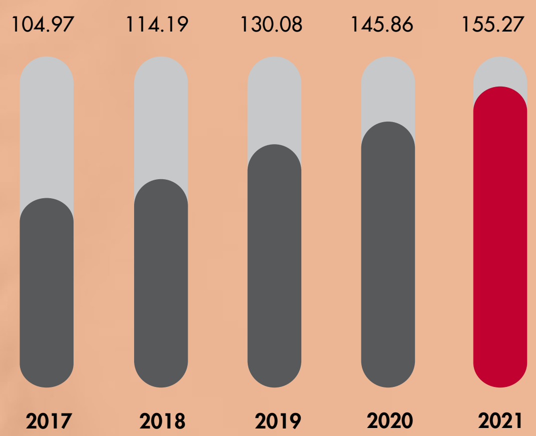

Earnings per share increased to Kes 89.88 from Kes 50.06 due to gain on disposal of subsidiaries and high returns on investments in associates.

**Profit Before Tax (Kes Billion)**




Profit before tax increased by 66% to Kes 8.4 billion in 2021 attributable to gain on disposal of subsidiaries and high returns on investments in associates.

**Total Assets (Kes Billion)**




Total assets grew by 6% to Kes 155.27 billion mainly as a result of increased funds generated from sale of subsidiaries and from growth in Life, Health and Investments Uganda.

| Capital and reserves | 2021<br>Kes' 000 | 2020<br>Kes' 000 |
|---|---|---|
| Authorised Capital | 450,000 | 450,000 |
| Issued & Paid-up Capital | 362,365 | 362,365 |
| Retained Earnings | 33,181,864 | 27,411,368 |
| Shareholders' fund | 39,457,193 | 32,722,201 |

**Registered Office**

Jubilee Insurance House
Wabera Street
P.O.Box 30376–00100 GPO, Nairobi, Kenya
Telephone: 3281000, E-mail: jic@jubileekenya.com; Website: www.jubileeinsurance.com

**Subsidiaries**

Jubilee Life Insurance Limited (100%)
Jubilee Health Insurance Limited (100%)
The Jubilee Health Company of Uganda Limited (65%)
Jubilee Life Insurance Company of Uganda Limited (65%)
Jubilee Health Insurance Company of Tanzania Limited (51%)
Jubilee Life Insurance Corporation of Tanzania Limited (51%)
Jubilee General Insurance Company of Tanzania Limited (51%)
Jubilee Life Insurance Company of Burundi S.A (70%)
Jubilee Insurance (Mauritius) Limited (80%)
Jubilee Financial Services Limited (100%)
Jubilee Investments Company Limited (Uganda) (100%)
Jubilee Investments Tanzania Limited (100%)
Jubilee Investments Burundi S.U. (100%)
Jubilee Center Burundi S.P.R.L. (80%)
JHL Properties Limited (100%)

**Associates**

PDM (Holdings) Limited (37.1%)
IPS Cable Systems Limited (33.3%)
FCL Holdings Limited (30.0%)
IPS Power Investment Limited (27.0%)
Bujagali Holding Power Company Limited (40.90%)
Jubilee General Alliance Kenya Limited (34%)
Jubilee Allianz General Insurance (U) Company Limited (34%)
Jubilee Insurance Company of Burundi SA (19%)

**Auditor**

PricewaterhouseCoopers LLP
PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P. O. Box 43963 -00100,
Nairobi, Kenya

**Corporate Lawyers**

Oraro & Company Advocates, Nairobi, Kenya
Anjarwalla & Khanna Advocates, Nairobi, Kenya

**Share Registrar**

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

**Group Principal Bankers**

Diamond Trust Bank (Burundi, Kenya, Mauritius, Tanzania, Uganda)
Standard Chartered Bank (Kenya, Tanzania, Uganda)
KCB (Burundi, Kenya, Tanzania, Uganda)
Citibank N.A (Kenya, Tanzania, Uganda)
Habib Bank Limited (Kenya, Mauritius, Tanzania, Uganda)
CRDB Bank (Burundi, Tanzania)
State Bank of Mauritius (Mauritius)
Stanbic Bank (Kenya, Tanzania, Uganda)
Absa Bank (Kenya, Mauritius, Tanzania, Uganda)


Jubilee Insurance New Headquarters in Upperhill, Nairobi

**Bujagali Holding Power Company Limited (BHPCL)**

BHPCL is an investment company which through its subsidiary, has invested in the equity of Bujagali Energy Limited, an electricity generation company in Uganda. The 250MW Bujagali Hydro Power Plant contributes up to 49% of Uganda's effective energy capacity. The project is Africa's largest privately financed hydropower project and currently the largest Clean Development Mechanism project registered in a Least Developed Country. The project was awarded Africa Deal of the Year 2007' by EuroMoney Project Finance Magazine in London.

**Jubilee Allianz**

The group entered into a partnership with Allianz for sale of majority stake in its general businesses across the region, during the year, the sale for two subsidiaries namely; Jubilee General Insurance company of Kenya and Jubilee General Insurance company of Uganda was completed with the expectation to close on the sale of short term business in Burundi, Tanzania and Mauritius in first half of 2022.

**IPS Cable Systems Limited (Seacom)**

This is an investment company which has invested in the $650 million, 15,000 km Seacom submarine fiber optic cable project. This project, which links South Africa, Mozambique, Madagascar, Kenya and Tanzania with other international broadband cables, will provide low cost and high quality broadband capacity.

**FCL Holdings Limited (Farmers Choice Limited)**

FCL Holdings Limited is an investment vehicle company which has invested in the equity of Farmers Choice Limited, a company whose main objective is the sale of fresh and processed meat products.

**PDM (Holdings) Limited**

PDM (Holdings) Limited is an East African real estate company that has pioneered innovative developments in Kenya for more than 50 years, shaping the direction of real estate trends in the country by pursuing a philosophy of developing properties that serve an economic purpose and also uplift the quality of life for the community.

PDM's landmark developments in Kenya include the IPS Building, which was the first high rise building in Nairobi, Nation Centre and the award winning Courtyard along General Mathenge Drive, Westlands.

**IPS Power Investment Limited (Tsavo Power Company Ltd)**

This is an investment vehicle company which, through its subsidiary, has invested in the equity of Tsavo Power Company which was established to own and operate the 74.5MW Kipevu II thermal power project located in Mombasa, generating power for the Kenyan grid.

## SUBSTANTIAL SHAREHOLDING IN OTHER COMPANIES

| Entity | % Shareholding |
|---|---|
| Industrial Promotion Services (IPS (K) Ltd | 18.30% |
| All-Pack | 12.50% |
| Diamond Trust Bank | 9.95% |
| TPS Serena | 4.24% |
| Kenya-Re | 2.66% |

Bujagali Holding Power Company Limited

Jubilee Allianz Partnership

IPS Cable Systems Limited (Seacom)

IPS Power Investment Limited (Tsavo Power)

PDM (Holdings) Limited (Vienna Court)

FCL Holdings Limited (Farmers Choice Limited)

Jubilee HOLDINGS

# NOTICE ON THE ANNUAL GENERAL MEETING

Notice is hereby given that pursuant to Article 49A of the Company's Articles of Association, the 84th Annual General Meeting of the Shareholders of the Company will be held by way of a **Virtual Meeting on Wednesday 22nd June 2022 at 11:00a.m.** to conduct the following business:

## ORDINARY BUSINESS

1. To consider and, if thought fit, to adopt the audited consolidated financial statements for the year ended 31st December 2021 together with the reports of the Chairman, Directors and Auditor thereon.
2. To confirm the payment of the interim dividend for the year 2021 of Kes 1.00 per share paid on 11th October, 2021 and approve the payment of a final dividend for the year 2021 of Kes 8.00 per share and a special dividend of Kes 5.00 per share to be paid on 26 July, 2022 to Shareholders registered as at 22nd June 2022.
3. Election of Directors:
   a. To re-elect Mr. Owen Koimburi who was appointed by the Board on 31st March 2022 in accordance with Article 90 of the Company's Article of Association and who being eligible, offers himself for re-election.
   b. To re-elect the following Directors who retire by rotation in accordance with Article 86 Company's Articles of Association and who being eligible, offer themselves for re-election:
      (i) Nizar Juma
      (ii) Jane Mwangi
   c. In accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 20215 Mr. Mr. Zul Abdul offers himself for re-election having attained the age of 70 years.
4. In Accordance with the provisions of Sec. 769 of the Companies Act, 2015, the following Directors being members of the Board Audit and Compliance Committee be confirmed to continue to serve as members of the said Committee:
   (i) Mr. Zul Abdul
   (ii) Mr. John Metcalf
   (iii) Mr. Owen Koimburi
5. To approve the Directors' Remuneration Report for the year ended 31 December 2021 and authorize the Board to set the Directors' remuneration.
6. To note that the independent auditors, PricewaterhouseCoopers LLP, will continue in office in accordance with Sec. 721 of the Companies Act, 2015 and to authorise the Directors to set their remuneration.

## SPECIAL BUSINESS

7. To ratify the incorporation of JHL Properties Limited:
   On 28th May 2021 JHL Properties Limited was incorporated wholly subsidiary of JHL to own the property LR No. 209/18216 Upper Hill Nairobi

**BY ORDER OF THE BOARD**

Margaret Muhuni-Kipchumba
Company Secretary
31 March 2022

**Notes:**

Pursuant to the Companies Act 2015 (as amended by The Business Laws (Amendment) (No. 2) Act, 2021 and Article 49A of the Company's Articles of Association, the AGM shall be conducted as a Virtual Meeting. The Annual Report and full financial statements are available on the Company's website and may be obtained from the Company Secretary at the registered office of the Company.

**1. Registration for AGM:**

(i) Any shareholder wishing to follow the virtual meeting should register for the AGM by dialing {*483*394#} for all mobile networks and following the various prompts regarding the registration process. Any shareholder outside Kenya can send their request to **jhlagm@image.co.ke**

(ii) In order to complete the registration process, Shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, please dial the following helpline number: 0709170000 from 9am to 3pm on any business day.

(iii) Registration for the AGM opens on {31 May 2022} at 11:00 a.m. and will close on 20 June 2022 at 11:00 a.m.

**2. Material for the AGM:**

In accordance with Sec. 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website at **www.jubileeinsurance.com**:

- a copy of this Notice and the proxy form.
- Company's Annual Report and financial statements for the year 2021.

**3. Questions regarding the AGM and the financials:**

(i) Shareholders wishing to raise any question or clarifications regarding the AGM and the financials, may do so by:

- sending their written questions by email to **jhlagm@image.co.ke**; or
- to the extent possible, physically delivering their written questions with an email address to the registered office of the Company at Jubilee Insurance House, Wabera Street or Image Registrars offices at 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

(ii) Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions.

(iii) All questions must reach the Company on or before 20 June 2022 at 11:00 a.m.

(iv) Following receipt of the questions, the Directors shall provide written responses to the questions received to the email address provided by the Shareholder and on the Company's website no later than 12 hours before the start of the meeting and shall publish a full list of all questions received and the answers thereto on the Company's website after the meeting.

**4. Proxy Form:**

(i) In accordance with Sec. 298(1) of the Companies Act, 2015 Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy form is attached to this Notice and is available on the Company's website **www.jubileekenya.com**.

(ii) A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

(iii) Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street and at Jubilee Insurance House.

(iv) A proxy must be signed by the appointer or his/her attorney duly authorized in writing, or, if the appointer is a company, either under seal, or under the hand of an officer or attorney duly authorized by the company. A completed form of proxy should be emailed to **jhlagm@image.co.ke** or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 11:00a.m. on Monday 20 June 2022.

(v) Any person appointed as a proxy should submit his/her mobile telephone number to the Company on the proxy form. Any proxy registration that is rejected will be communicated to the Shareholder concerned through the email address provided no later than 3:00p.m. on 20 June 2022.

**5. Participation at AGM through Live Stream:**

(i) The AGM will be streamed live via a link which shall be provided to all Shareholders who will have registered to participate in the AGM. 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 as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered Shareholders and proxies that the AGM will begin in an hours' time and providing a link to the livestream.

(ii) Duly registered Shareholders and proxies may follow the proceedings of the AGM using the livestream platform and may access the agenda. Duly registered Shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts.

(iii) Results of the AGM shall be published on the Company's website within 24 hours following conclusion of the AGM.

# CHAIRMAN'S STATEMENT

**DEAR SHAREHOLDERS,**

I am pleased to present Jubilee Holdings Limited ("JHL"/ "Jubilee") 2021 Annual Report and Financial Statements. The year 2021 was a recovery year for the regional insurance markets supported by the re-opening of most sectors of the economy. Navigating through the recovery Jubilee proved its adaptability and resilience, therefore, I am pleased to inform you that Jubilee achieved excellent results cementing the company's position as the most stable and reliable insurance group in East Africa. Over a long period of time, we have demonstrated our ability to deliver profits consistently, thereby maintaining the financial strength and capacity to pay claims, which after all the reason why people insure; as well as provide value to our shareholders. We continue to demonstrate the strength of our balance sheet, the commitment of our people, and the agility of the business even in the face of adversity. This signals our renewed focus to take advantage of the emerging opportunities in 2022 by executing our brand strategy that is premised on delivering the best service, strong operating profits, and consistent value growth.

The **partnership in General insurance business between JHL and Allianz** is well within its implementation schedule with Kenya, Uganda and Burundi already completed. The transactions in the remaining two markets, Tanzania and Mauritius, are undergoing the necessary regulatory approvals and are expected to be completed in the first half of 2022. Allianz is one of the world's leading insurers and the partnership will leverage Jubilee insurance's deep regional knowledge, extensive networks and brand reputation with Allianz's global expertise for the benefit of our clients and the insurance industry. To facilitate the strategic partnership, our short-term insurance companies in Uganda and Tanzania were split into stand-alone General and Medical insurance companies effective 30 June 2021 and 31 December 2021 respectively.

In 2021, JHL embarked on an ambitious digital transformation agenda across its businesses in East Africa, dubbed **Changamk@**; a portfolio of technological projects involving Robotics, Cloud Migration, Artificial Intelligence, enhanced CRM and Data capabilities. **Changamk@**, aims to place Jubilee as the most digitally advanced and innovative insurer in the region. In 2021, our primary focus was on product and service improvement through the deployment of new offerings especially in the SME and Micro segments. This represented a 700% YoY growth compared to 2020 and JHL continues to further enhance such digital tools in 2022 through Changamk@.

As a result of this continued success, I am pleased to confirm that Jubilee has maintained its leadership position in East Africa as the largest insurer in terms of assets and profits, No.1 Health Insurer in the region and No. 1 composite insurer in both Uganda and Tanzania.

**EAST AFRICA'S ECONOMY**

The East African regional economy is recovering from the effects of Covid-19 pandemic with increased uptake of vaccination and restrictions imposed by Governments to contain the spread ease. All the economies we operate in are expected to record increases in annual GDP growth, with Kenya estimated to grow by 5.0% in 2021 compared to a decline of -0.3% in 2020.

Tanzania's GDP is estimated to have grown by 4.1% in 2021 with positive contributions from most of its economic activities, primarily hotels and restaurants, amid an increase in tourists visiting the country. In Uganda, GDP is expected to grow by 6.0% in 2021 having eased on some of the most stringent COVID-19 containment measures in the region. Mauritius and Burundi GDP are estimated to have grown by 7.1% and 3.5%, respectively.

**INSURANCE INDUSTRY**

2021 industry data released by the regulator shows that the insurance industry in Kenya grew by 21% in the long- term business segment while the non-life business segment grew by 16%. Post-Covid 19, the reality for insurers has radically shifted and increasingly digitization is now a key focus area for most players. Old barriers are being brushed aside under the pressure of unrelenting disruption, rapidly evolving customer expectations, and an unprecedented pace of change from ongoing digital transformation.

In the region, 2021 industry data released by the regulator shows that the Ugandan market recorded growth of 11% for non-life and 25% in life, and Tanzania grew by 9% in non-life, whilst life business grew 23% mainly driven by a rapidly growing bancassurance channel.

As the industry continues to grapple with low penetration rates, often complex products, and a high cost of doing business, most companies have struggled with innovative product solutions that meet the changing demands of their consumers. There is a significant opportunity for insurers to simplify, modernize, and personalize policies, to achieve more meaningful engagement and results from the ever-discerning customer.

The lines between personal and commercial insurance are also blurring, especially in the East African region where SMEs want to receive fully-fledged packages that manage their risk exposures.

**FINANCIAL RESULTS**

JHL's Gross Written Premiums and Deposit Administration contributions recorded an increase of Kes 825 million up to Kes 38.8 billion; this despite the sale of a majority shareholding in our General Insurance business in Kenya and Uganda to the Allianz group. This performance was the result of a growth of Kes 1.4 billion in the Health Insurance Business, and Kes 1.2 billion growth in the Life Insurance Business.

Total comprehensive income after tax grew substantially to Kes 7.4 billion from Kes 5.8 billion in 2020, while investment income registered a growth of Kes 4.8 billion from Kes 11.3 billion to Kes 15.9 billion. The Group's Balance Sheet continues to remain solid and resilient as Total Assets increased by Kes 9 billion to Kes 155 billion, the highest in the industry. Total shareholders' equity and reserves increased Kes 6 billion to Kes 39 billion.

This strong performance, backed by tight expense control measures, improved return on investment and despite the increase of medical and life claims relating to Covid-19 cases, allowed JHL to reinforce its regional leadership.

On the investment front, the NSE 20 share index increased by 1.8% in 2021, resulting in fair value gains on our quoted securities portfolio. Jubilee's overall investment portfolio performed well, benefitting from our prudent strategy of holding a broadly diversified and conservative portfolio of investments. Our core investment holdings include quoted securities, government bonds, real estate, unquoted securities, and projects that generate US dollar returns.

## SHORT TERM INSURANCE – MEDICAL

Medical insurance business premiums increased 12% to Kes 13.0 billion (2020 - Kes 11.6 billion). Growth and profitability were constrained in the Kenyan company due to intense pricing competition, fraud and increased utilization levels as medical facilities reopened fully post Covid-19 lockdowns. This was countered by our continued focus on excellence and efficiency, which allowed the company to deliver a material underwriting profit. Uganda and Tanzania also delivered growth in premiums and positive earnings, which together with initiatives to improve efficiency and deliver on our service charter promise, resulted in continued strong Group profit before tax of Kes 1.4 billion (2020 - Kes 1.5 billion).

The pandemic was a wake-up call that the unexpected and the unlikely are more tangible and plausible than anyone previously anticipated. Consequently, Jubilee is increasing investment into digital tech, transformation, and cloud adoption. We are on the leading edge of a self-reinforcing process, promising even greater acceleration ahead.

This presents an exciting opportunity for those players who can manage complexity and drive competitiveness by tying digital transformation to business priorities while others are still waiting for things to "go back to normal" post the pandemic.

## LONG TERM INSURANCE - LIFE AND PENSION

Life insurance business Gross Written Premium and Deposit Administration inflows grew up to Kes 17.0 billion (2020 - Kes 15.9 billion), reflecting the benefits of a post recovery period. Several trends show promise for the life insurance industry in the next decade. Customer demand is at an all-time high. Indeed, the Covid-19 pandemic has only reemphasized the need for life insurance.

In this challenging context, our life business focused on supporting our clients through personalizing every aspect of the customer experience and re-investing into skills and capabilities.

Within this business segment, Jubilee's core Individual Life portfolio grew by 7% as capacity building in distribution networks gained traction, including strong growth of bancassurance in Kenya, Uganda and Tanzania.

## DIVIDEND

I am pleased to report that the Jubilee Holdings Board has recommended a final dividend of Kes 652 million (Kes 8 per share (in line with 2020) and a special dividend of Kes 362 million (Kes 5 per share). The total dividend for the year 2021 is therefore Kes 1,015 million or Kes 14 per share (2020 - Kes 9 per share).

JHL share price closed 2021 at Kes 317. Since listing in 1984, JHL has always declared dividends and has never declared a dividend lower than the previous year.

## CORPORATE SOCIAL RESPONSIBILITY

JHL continued to deliver on its sustainability agenda through the Jubilee Children's Fund. As part of its efforts to support food security in communities, Jubilee Children's Fund has set up a Green House Project at Kilala Mixed Secondary School in Machakos County. The Group will continue to support such initiatives across the country through its pillars; Education, Health, Environment and Social Action.

## MARKET PRESENCE AND RECOGNITION

Jubilee was very pleased to be recognized by the business community and insurance industry for the excellence of our business practices by winning several awards. During the year 2021, Jubilee scooped 14 awards in total. Our major awards are listed on page 128 of this Annual Report.

## OUTLOOK

Economic prospects for 2022 are expected to improve with the regional economies forecast to grow in a range from 5% to 6%. This is driven by sustained public spending on infrastructure, improved performance of the agricultural sector, a shift towards a more service-orientated economy and deepening regional economic integration.

The tourism and hospitality industries are expected to go back to full swing and mostly benefit the Tanzania, Kenya and Mauritius economies where we operate. General election in Kenya will take place in August and might add some temporary uncertainty.

The insurance industry is preparing for the implementation of the new IFRS17 financial reporting standard which comes into effect in January 2023. This may lead to more mergers and acquisitions of insurance companies in the region as some industry players struggle to remain profitable and meet minimum solvency requirements under the new financial reporting standard.

## BOARD OF DIRECTORS

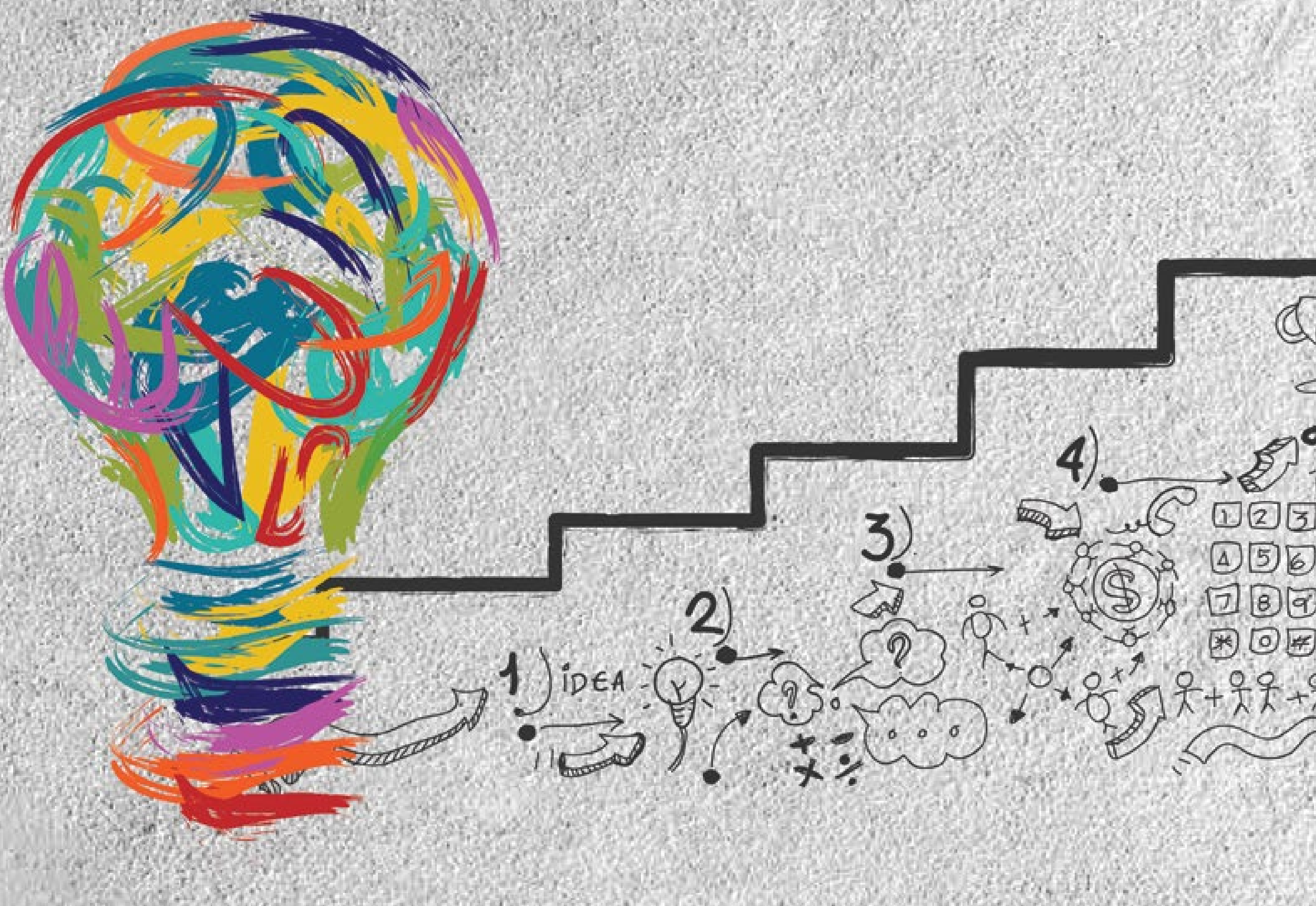
The Directors who held office in 2021 and to the date of this report are listed on page 20 to 21 of this report. There are three changes on the Board that I would like to bring to your attention. Mr. Lutaf Kassam retired from the Board in June 2021 to focus on his growing global commitments. Mr. Kassam joined the Board in 2006 and during his tenure, contributed immensely to key decision-making processes leading to improved financial performance of the Company. In March this year Mr. Juma Kisaame, who was appointed as a Director in 2006 also retired from the Board. Mr. Kisaame's support and sound counsel over the years has contributed to the growth of the Group and I am glad that he will continue in his Group leadership role as the Chairman of the Life insurance company in Uganda. Once again, I would like to place on record my deep gratitude to the support both Directors have accorded me over the years wish them every success in their endeavours. I am happy to introduce Mr. Owen Koimburi who has joined the Board as an Independent Non-Executive Director. Mr. Koimburi's profile is given on page 20 and the Board looks forward to his valuable contribution to the affairs of the Board and growth of the Group.

## APPRECIATION

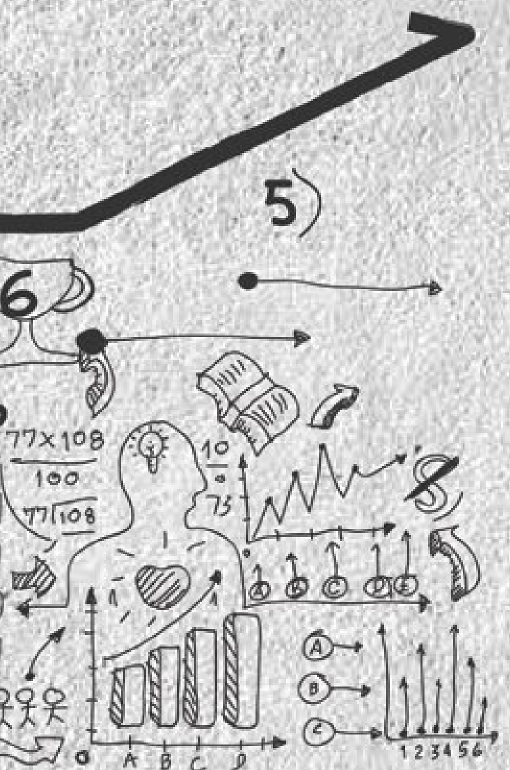
I would like to acknowledge with appreciation my colleagues on the JHL Board and those on the Boards of the subsidiaries for their diligence, guidance and support that has ensured that in addition to achieving superior results during the year, we also continue to be the leaders in excellence in everything we do. I also thank our staff across the region; it is this dedicated and loyal support that has enabled the company to remain the largest insurance Group in East Africa, whose sustained growth over the decades and reputation as the most trusted insurer in the region has been built on our solid values and unyielding ethical practices, a strong and growing balance sheet, and a commitment to fair settlement of claims. We are indeed very proud of these accomplishments and strive to continue to build on this solid foundation.

**Nizar Juma**
**Chairman**

**31st March 2022**


1) IDEA
2)
3)
4)

IDEAS
POTENTIAL
VISION
KNOWLEDGE
MOTIVATION
RESEARCH
CREATIVITY
INSPIRATION
DEVELOPMENT
IMAGINATION



# BOARD OF **DIRECTORS**

Board Audit and Compliance Committee

Sultan Allana

Owen Koimburi

Margaret Kipchumba
Company Secretary

Nizar Juma
**Chairman**

Board Finance Committee

Board Nominating and Human Resource Committee

Board IT Committee

Board Property Committee

Ashif Kassam

Jane Mwangi

Shabir Abji

Zul Abdul

John Metcalf

**Mr. Nizar Juma (78) Non-Executive Director & Chairman**
Mr. Juma is a Non-Executive Director and Chairman of Jubilee Holdings Limited having been appointed to the Board in 2004. He is also the regional Chairman of the Industrial Promotion Services group of companies and is a Chairman and Director in various other private entities in the industrial and commercial sectors. Mr. Juma holds a BSc. (Econ) Joint Hons in Economics, Law & Accountancy from the University of Wales – Cardiff. He is a recipient of a number of national awards including the Award of the Silver Star of Kenya by H.E. The President of Kenya for outstanding service to the nation (1982) and was awarded The Life Time Achievement Award in the 2011 Insurance Industry Awards.

**Mr. Sultan Ali Allana (62) Non-Executive Director**
Mr. Sultan Ali Allana is a Director of the Aga Khan Fund for Economic Development (AKFED) and has the oversight responsibilities for AKFED's investments in Banking, Insurance and Aviation. Mr. Allana is a career banking professional with over 37 years of experience in retail, corporate and investment banking. Mr. Allana joined the Board in 2006.

**Mr. Ashif Kassam (53) Non-Executive Director**
Mr. Kassam was appointed to the Board in 2019. He is also the Chairman of Jubilee Financial Services Limited and Board member of Jubilee Health Insurance Limited. He is currently a member of the Board Finance Committee. He is a Fellow Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Association of Chartered Certified Accountants, UK (ACCA). He is a recipient of the Order of the Grand Warrior (O.G.W.), as well as ACCA Achievement Award in recognition of his contribution to the development of the accountancy profession both locally and globally. He has extensive experience in audit & assurance, tax, transaction & risk advisory and management consulting and is the founder and Executive Chairman of RSM Eastern Africa LLP. He is the Vice President of the Aga Khan Council for Kenya and the incoming Board President of the Entrepreneurs Organisation (EO), Kenya Chapter.

**Mr. John Metcalf (62) Non-Executive Director**
Mr. Metcalf was appointed to the Board in 2006. He has extensive international experience in the insurance industry and is currently the Head of Insurance for the Aga Khan Fund for Economic Development (AKFED). He is a Director on the Boards of the Company's insurance subsidiaries. Before joining the Company, he was the Executive Chairman of the Allianz Group Insurance subsidiaries in Egypt. Mr. Metcalf is a Fellow of the Chartered Insurance Institute and holds a BA (Hons) in Banking Insurance & Finance from Sheffield Hallam University. He is a member of the Board committees and Chairs the Board Finance Committee.

**Mrs. Jane Mwangi (58) Independent Non-Executive Director**
Mrs. Mwangi joined the Board in 2014 and chairs the Board Nominating & Remuneration Committee. She is the Managing Partner at Robson Harris & Co. Advocates and has previously worked at the Central Bank of Kenya, Deposit Protection Fund Board and the United Nations, Department of Oversight Services (OIOS). She is an Advocate of the High Court of Kenya with over 20 years' experience, a Notary Public, a Commissioner for Oaths and a member of the Chartered Institute of Arbitrators. She is an accredited Governance Auditor and a Certified Public Secretary. She holds a Master Degree in Business Law from the University of Nairobi and University of Hull, UK.

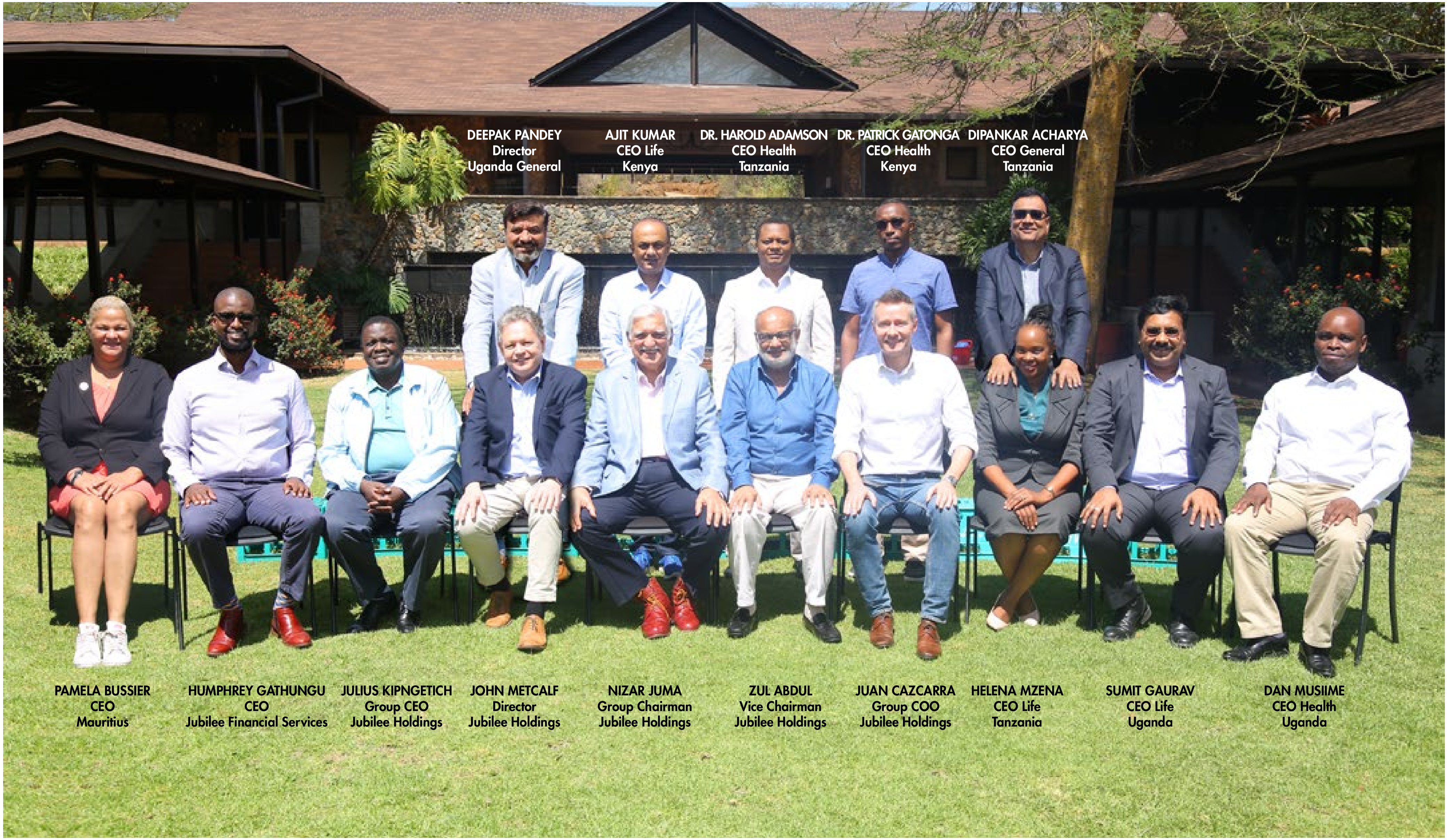
**Mr. Shabir Abji (63) Non-Executive Director**
Mr. Abji joined the Board in 2013 and chairs the Board IT Committee and is also a member of the Board Finance Committee. Mr. Abji is a businessman and was instrumental in setting up the family business operations in Uganda - Uganda Oxygen, Twiga Chemical Industries Uganda, Service and Computer Industries Uganda (formerly NCR) and American Communication and Technologies. Mr Abji has served as the Chairman of Aga Khan Health Services, Tanzania, a Councilor of the Confederation of Tanzania Industries and currently is the Chairman of Dar es Salaam Tourism Executive Board. He is also the Chairman of the Tanzania Asian Development Association (in formation) and has been involved in fund raising activities for various causes and is a member of the FAO sponsored Telefood Committee.

**Mr. Zul Abdul (70) Non-Executive Director**
Mr. Abdul joined the Board in 2014. He is the CEO, Trans-Orbit Kenya Limited. He has previously held key leadership voluntary positions having served as the President of Aga Khan National Council in Kenya, the Chairman of Aga Khan Education Services, Chairman of the Jubilee Fund Limited, director of Anfield Holdings Ltd, a Property Development company and Executive Director of Wiggins Teape Ltd, an international company manufacturing and trading in paper. Mr. Abdul is the Chairman of the Board Audit & Compliance Committee and is a member the Board Property Committee and Board Nominating & Human Resources Committee. He was appointed the Vice Chairman of the Board in March 2020.

**Mr. Owen Koimburi (68) Independent Non-Executive Director**
Mr. Owen Koimburi was appointed as an Independent Non-Executive Director on 31st March 2022. Mr. Koimburi has over 40 years of experience in audit, accounting, financial management, and capacity building to Private, Government and Public, sectors. He is the founding partner of Koimburi & Associates Certified Public Accountants Kenya (now Mazars Kenya). His areas of specialization is Business Restructuring and Company Administration and, Consulting and Assurance. He is an FCPA(K) and a CPS (K).

**Mrs. Margaret Kipchumba (48) Company Secretary**
Mrs. Kipchumba was appointed Company Secretary of Jubilee Holdings Limited in 2014. She also serves in the same capacity in the insurance and fund management subsidiaries in Kenya and has oversight responsibility for the company secretarial function in the regional subsidiaries. Mrs. Kipchumba is an Advocate of the High Court of Kenya, a Certified Public Secretary and an accredited Governance Auditor. She is a Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Institute of Directors, Kenya.

# GROUP SENIOR MANAGEMENT RETREAT



Jubilee HOLDINGS

THE FUTURE IS NOW

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- TECHNOLOGY
- SERVICE EXCELLENCE
- CUSTOMER SATISFACTION

Jubilee HOLDINGS

putting **passion & innovation** at the heart of what we do, using state of the art tech to change the rules of insurance and go beyond our customers' expectations.


Live Free!

The Company views the application of good corporate governance practices as fundamentally key to achieving a healthy and sustainable return on investment for its shareholders while fulfilling its social mandate to improve the quality of life for all stakeholders. The Directors therefore remain committed to maintaining the highest standards of good corporate governance in all jurisdictions the Company operates in for the benefit of all stakeholders.

The Company has adopted the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("CMA Code"). The Code sets out the principles of corporate governance and makes specific recommendations on structures and processes which companies should implement in making good corporate governance an integral part of their business dealings and culture. The Code requires that a governance audit is undertaken once every two years by an independent accredited governance auditor to assess the level of application of good governance practices in the Company. The Company underwent a governance audit in 2021 in respect of the 2020 financial year and is scheduled for the next governance audit in 2023 in respect of the 2022 financial year.

The CMA requires listed companies to submit, on an annual basis, a self-assessment report on the status of application of the CMA Code. In the year under review, CMA assessed the status of the Company's implementation of the Code and based on the Company's self-assessment and publicly available information, the Company attained a overall Leadership score. The Board recognizes that Corporate Governance is a continuous journey and has noted areas recommended by CMA for improvement. The 2021 self-assessment report is available on the Company's website **www.jubileeinsurance.com**.

## BOARD OF DIRECTORS

### Composition of the Board

The Company is led by an effective Board that provides strategic direction, oversight over management and ensures that Management is creating value for all stakeholders.

The CMA Code requires that a Board comprises of a majority of non-executive directors with at least one third independent non-executive directors. The Board currently comprises of eight Directors all of whom are non-executive. Two out of the eight Directors are independent. The independence status of each Director is assessed on an annual basis by the Board Nominating and Human Resource Committee (BNHRC). In determining each Director's independence, the BNHRC applies the independence criteria set out in the CMA Code. Notwithstanding a Director's non-executive and/or independence status on the Board, all Directors recognize that they are collectively responsible to the shareholders and stakeholders for the viable long-term sustainability of the Company.

Whilst the Articles of Association allow for the appointment of alternate Directors on the Board, there are currently no alternate or shadow directors on the Board.

### Changes in Board membership

All appointments to and resignations from the Board are carried out in accordance with the Articles of Association and are disclosed to the shareholders and to the public as prescribed by the Capital Markets Authority regulations and the CMA Code. In March 2022 there were two changes in the Board. Mr. Juma Kisaame, resigned from the Board on 31st March 2022. On the same day and on the recommendation of the BNHRC, the Board appointed a new Independent and Non-Executive Director, Mr. Owen Koimburi. The changes were notified to the public via a public announcement on 1st April 2022. In accordance with the Articles of Association, Mr. Koimburi will present himself for re-election at the AGM..

The Articles of Association require that at least one third of the Directors retire by rotation at each Annual General Meeting and are eligible to seek re-election. In determining the Directors retiring by rotation, consideration is given to those who have been in office longest since their last election. The Directors retiring by rotation are listed in the Notice of the AGM on page 10. The results of voting on the re-election of the Directors are announced to shareholders at the end of the AGM and are uploaded on the Company's website.

### Induction of New Board Members

Throughout the Group, newly appointed Directors undergo a comprehensive, formal and tailor-made induction programme to ensure their effective contribution on the Boards and committees. The induction amongst others, covers the nature of the Group's business, Group organizational structure, Board and Committee mandates, financial performance review over the previous financial periods as well as the role, duties and responsibilities expected of the Directors. The Directors receive an induction pack which comprises the Memorandum and Articles of Association, Board Charter and Directors' Code of Ethics, Committees Terms of Reference and minutes from previous Board meetings. The induction process is coordinated by the Chairman, the Group Chief Executive Officer and the Group Company Secretary. The Group has scheduled Board inductions for all new Directors in the Group in the course of the current financial year.

**Board Charter**

The Board has put in place a Board Charter that defines the governance parameters within which the Board exists and sets out specific responsibilities to be discharged by the Board and Directors collectively, as well as certain roles and duties incumbent upon Directors as individuals. Each Director is called upon to subscribe to the Charter and in doing so, acknowledges the Company's values and commits to upholding them. The Charter was last reviewed in March 2019 and is due for review in the current financial year.

**Role of the Board**

The Board's primary responsibility is that of fostering the long-term business of the Company consistent with its fiduciary responsibility to the shareholders. The responsibilities of the Board are articulated in the Board Charter while the conduct of Board members is governed by the Directors' Code of Ethics and Conduct. Both documents are available on the Company's website. The responsibilities imposed by these documents are in addition to those imposed by legislation and regulations applicable to the Company.

During the year under review the Board met four (4) times to monitor business performance against the business plan and budget. The record of attendance at the Board meetings is set out below:

| Name | March | May | August | December |
|---|---|---|---|---|
| Nizar Juma | √ | √ | √ | √ |
| Zul Abdul | √ | √ | √ | √ |
| Sultan Allana | √ | A | A | A |
| Lutaf Kassam | A | √ | R | R |
| Juma Kisaame | √ | √ | √ | √ |
| John Metcalf | √ | √ | √ | √ |
| Shabir Abji | A | √ | √ | √ |
| Jane Mwangi | √ | √ | √ | √ |

**Key:**

√ - Present A - Absent with apologies R - Resigned

Senior management including the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Finance Officer and any other officers as may be required, attend Board Meetings by invitation to ensure informed decision-making by the Board of Directors. The Group Company Secretary attends all the meetings of the Board to primarily advise on legal regulatory and governance issues and ensure an accurate record of Board decisions is maintained.

**Board Evaluation**

The Board undertakes an annual evaluation of its own performance, the performance of the Chairman, individual directors, the Group Chief Executive and Company Secretary. The evaluation exercise is conducted by an independent governance specialist and its primary purpose is to improve the effectiveness of the Board as a whole. The Board underwent a performance evaluation for the financial year ended 2021 and the results considered in determining areas for improvement, identify any skills gap in the composition of the Board and provide important input for appointments, re-appointments and specific training needs of directors.

## SEPARATION OF THE ROLE OF THE CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

The Board Charter stipulates a clear separation of the role and responsibilities of the Chairman and the Group Chief Executive Officer (GCEO). The Chairman is a non-executive Director and his primary role is to direct the Board's business and act as its facilitator and guide, ensuring the Board is effective in its task of setting and implementing the Company's direction and strategy. The GCEO is responsible for the day-to-day leadership of the Company's business affairs and ensures the execution of strategy as set by the Board. The separation of the roles is to promote accountability and facilitate division of responsibilities as well as to ensure a balance of power and authority such that no one individual has unfettered powers of decision making.

## BOARD COMMITTEES

In order to effectively carry out its governance responsibilities, the Board has established five standing committees as listed below and delegated specific mandates to them. These committees operate under clearly articulated terms of reference which clarify their responsibilities and scope of authority. The committees have unrestricted access to any information within the Company and have unfettered access to the Management and independent professionals to enable them effectively discharge their functions. All committees report to the Board at each Board meeting highlighting matters discussed at their respective meetings and recommended actions for Board consideration and approval, in appropriate cases. Notwithstanding the delegated authority to these committees, the Board remains fully responsible for the areas overseen by the committees and activities of the committees.

The full terms of reference of the committees are available on the Company's website. The mandates of the committees and their membership are summarized as follows:

**Board Audit & Compliance Committee (BACC):**
The mandate of the BACC is broadly speaking to assist the Board in the areas of financial reporting and compliance with applicable financial reporting standards, oversight of Internal Audit function and their review of financial and operational controls, liaising with external auditors including receiving and reviewing their reports and letters, monitor compliance with legal and regulatory requirements and review risk management issues within the Group. In the year under review, the BACC reviewed the interim and audited financial statements and the reports of the external auditor thereon and the internal audit reports from the Group subsidiaries and status of remedial action taken to address the gaps identified. In addition, the Committee also reviewed progress made in the preparation for the adoption of the new accounting standard - IFRS 17 in 2023. The BACC's activities in 2021 are disclosed on the Company's website. The Members of the BACC are Mr. Zul Abdul (Chairman), Mr. John Metcalf and Mr. Owen Koimburi. Their profiles are highlighted on pages 20.

**Board Nominating and Human Resource Committee:**
This committee reviews all new nominees to the Board and is mandated to assess the performance and effectiveness of Directors. The Committee also reviews and approves the HR strategy in the Company. The members of this committee are Mrs. Jane Mwangi (Chairperson), Mr. John Metcalf and Mr. Zul Abdul. Their profiles are highlighted on pages 20.

**Board Finance Committee:**
This committee reviews and makes recommendations on the financial and investment business of the Company. The Committee provides guidelines for investment of the Company's funds. The members of this committee are Mr. John Metcalf (Chairman), Mr. Shabir Abji and Mr. Ashif Kassam. Their profiles are highlighted on pages 20.

**Board Information Technology Committee:**
This committee is responsible for IT governance, overseeing and monitoring the IT strategy and roadmap formulation, IT investment proposals, review IT investments such as new systems recommendations from a technical and operational perspective. The members are Mr. Shabir Abji (Chairman) and Mr. John Metcalf. Their profiles are highlighted on pages 20.

**Board Property Committee:**
The committee deals with the Company's property portfolio and makes recommendations to the Board. Members are Mr. Nizar Juma (Chairman); and Mr. Zul Abdul. Their profiles are highlighted on pages 20.

## REMUNERATION POLICY

**Directors:**
The Directors' remuneration report is given on page 30

**Senior Management:**
The BNHRC is mandated to review and determine the Company's policy on remuneration and advise on the specific remuneration packages of senior managers so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance. All employees in the Company are eligible for an annual bonus which is determined by the overall performance of the Company and the individual's performance against a Balanced Scorecard. The Company does not have any share options schemes for employees.

## CONFLICT OF INTEREST

The Group ensures that the governance framework not only monitors compliance with legislation and regulations but also monitors the ethical climate within the organization. Towards this end, all employees' upon joining the Company and on an annual basis are required to sign up to the Code of Conduct and Ethics which aims to encourage honest and ethical business conduct. The Company has also adopted a Conflict of Interest policy which sets out the Directors and employees responsibilities and the responsibilities of those working for or on behalf of the Company including contractors, consultants, service providers etc. in relation to observing and upholding integrity and ethical business practices. The Policy also provides information and guidance on how to identify and report potential conflicts of interest. All declared conflicts of Interest are recorded. The policy is available on the Company's website.

## DISCLOSURE ON RELATED PARTY TRANSACTIONS

The Board has a Related Party Transactions Policy and makes disclosure in line with the policy and International Financial Reporting Standards. The policy is available on the website and Note 35 on page 99 and 100 of this report Annual Report disclose related party transactions in relation to the 2021 financial year.

## INSIDER TRADING POLICY

The Capital Markets Authority Act has prescribed certain regulations that expressly prohibit the use of unpublished insider information. Insider information is generally information that:

- relates to the Company and the Company's securities;
- has not been made public;
- if it were made public, is likely to have a material effect on the price of the securities.

The Company has also adopted an Insider Trading Policy with the objective of promoting transparency and accountability by Directors, employees and members of their families including spouses, children, parents and siblings (collectively referred to as "Insiders"). The Company's Insider Trading Policy prohibits Insiders from trading in the securities of the Company at any time they are in possession of Insider Information. The policy also prescribes a Trading Window during which Insiders can trade in the securities of the Company subject to notifying the Group Company Secretary. This trading window opens twenty-four (24) hours after the release of any material or price sensitive information (including the interim and final financial results) and closes fourteen (14) calendar days later.

There were no reported cases of insider trading in the 2021 financial year and to the date of this report.

## FRAUD AWARENESS AND WHISTLE BLOWING POLICY

The Company has a zero tolerance approach to fraud and corruption and has put in place proactive and reactive measures to address both. Employees are continuously sensitized on fraud awareness and their role in identifying, preventing and reporting fraudulent, corrupt and unethical business conduct.

To encourage employee partnership in the fight against fraud and corruption, the Group has adopted a Whistle Blowing Policy that aims to have an effective internal mechanism that enables employees to freely, voluntarily, in good faith and without fear of victimization come forward and share any information they may have regarding any financial misconduct, misuse of Company resources, unethical or dishonest behavior by co-workers (at all levels), service providers, suppliers or other stakeholders dealing with the Company. This policy is available on the Company's website. Towards this end and to facilitate reporting, the Company has signed up for an external and internationally accredited whistle blowing facility which enables employees and other external stakeholders to make reports via multiple reporting channels including telephone (toll-free or call back facility), email and web. This facility guarantees anonymity and enhances the Company's compliance with legislation on the protection of whistle blowers.

All reports are forwarded directly from the reporting center to the Group Chairman and Chairman of the Board Audit & Compliance Committee for appropriate direction on action to be taken. All reported fraud is investigated, the concerned staff given an opportunity to be heard and appropriate action taken. Where the fraud involves outsiders the engagement of external agencies like the Directorate of Criminal Investigations and the Insurance Fraud Investigation Units are involved. All investigations and actions taken are reported to the respective Board.

## ETHICS AND SOCIAL RESPONSIBILITY

The Company and its subsidiaries are members of The Blue Company Project, a private sector initiative formed to create a corruption free business environment and promote transparency, accountability and integrity at all levels of society. The Blue Company's main objectives is to promote evidence based anti-corruption interventions, promote best practice in governance, leadership, and a culture of integrity in the private sector. The initiative aims to equip members with appropriate knowledge and skills to combat corruption and unethical conduct through trainings that involve implementation of anti-bribery and whistle blowing policy guidelines. The Company also participates in social sustainability activities which are reported on pages 31 to 34 of this Annual Report.

## ENGAGEMENT WITH SHAREHOLDERS AND STAKEHOLDERS

The Company values its relationship with all shareholders and ensures timely communication with them through the channels prescribed by law and listing regulations. The Company holds an Annual General Meeting (AGM) in every year and invites all shareholders to attend either in person or by proxy. At the AGM, the shareholders are invited to comment or ask questions on any issues tabled before the meeting and thereafter are given an opportunity to vote on the agenda items presented. The independent external auditor is also present at the AGM to present their audit opinion and respond to any questions from the shareholders. All resolutions passed at every AGM are uploaded on the Company's website. Any decisions of the Board that require to be notified to the public such as final and interim financial results, Board appointments and resignations and other corporate actions are issued through public announcements at the same time to all shareholders within the prescribed timelines of twenty – four (24) hours from when the decision is made.

The Company is keen to ensure that there are open channels of communication not only with shareholders but all stakeholders including employees, policy holders, insurance intermediaries, service providers and the public in general. Towards this end, the Company has put in place various communication channels including monthly townhall meetings for employees to interact with management and raise any issues that may be of concern or proposals on employee welfare, periodic breakfast meetings with intermediaries on multilateral business support and service issues and investor briefings after release of the financial results.

## DISPUTE RESOLUTION

Disputes are an inevitable part of life. In a business setting, disputes might arise from engagements with clients, service providers, employees and other stakeholders. The Company strives to mitigate the occurrence of disputes by ensuring all contractual engagements are documented and that the obligations and rights of the Company and its contracting partners are clearly articulated. All Company contracts are vetted by the Legal department and contain dispute resolution mechanisms which include escalation of disputes to senior identified individuals in the Company, mitigation or arbitration. As a last resort, where disputes cannot be amicably resolved, disputes are referred to the Courts of Law or relevant Tribunals, as may be appropriate, for resolution. Internally, any dispute relating to disciplinary action contemplated against an employee follows strict adherence to employment law with regard to giving the employee a chance to be heard. An employee who is aggrieved by a decision of the disciplinary committee has, in the first instance, recourse to lodge an appeal against such decision with the Group Chief Executive Officer.

### Risk Management

The Group has developed an Enterprise Risk Management (ERM) framework to realize opportunities, while reducing threats to an acceptable level through the implementation of adequate controls. Through the ERM process decision makers, better understand business situations and how the likely outcomes may affect the Group as a whole, enabling them options that are aligned with the Group's risk appetite or options that can be aligned through implementation of effective controls.

Each entity within the Group has risk champions whose mandate is to spearhead the implementation of risk management and reporting on risks. There also exist structures for reporting the risk so that the Group's Board is given assurance that risks are being defined and managed at acceptable levels.


One Jubilee
Live Free!
serve our customers and intermediaries better, with a 360 degree experience.
anytime, anywhere!

# DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report for the year ended 31 December 2021 is in line with the Companies Act, 2015 and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, issued by the Capital Markets Authority.

**Director Remuneration Policy – Subject to Audit**
The Board has established a policy to ensure that the remuneration of Directors is formal, transparent and approved by Shareholders in a General Meeting. The Board has mandated the Board Nominating & Human Resource Committee (BNHRC) to, inter alia, review the remuneration of Non-Executive Directors and recommend changes from time to time. In the year under review, the Board, on the recommendation of the Board Nominating & HR Committee, increased Directors fees to Kes 120,000 per quarter for each Director and Kes. 120,000 per quarter for each committee a Director is a member of. Sitting allowance for Board and Committee meetings was removed. This increase was effected in the last quarter of 2021 and is reflected in the table below. Directors fees was last reviewed in Juanuary 2018.

During the year under review, all Directors served on a Non-Executive basis. In recognition of their service and time commitment to the Company, the Non-Executive Directors are paid fees on a quarterly basis. The Non-Executive Directors are not covered by the Company's incentive programs nor do they receive performance-based remuneration. No pension contributions are payable on their fees and no Director is entitled to any compensation at the end of their tenure as a member of the Board. The Company reimburses travel and accommodation expenses related to attendance at Board and Committee meetings. During the year under review, no loans were advanced to the Directors. The aggregate amount of emoluments received by the Directors during the year under review was Kes 3,540,000 (2020: Kes 2,700,000) and is shown on page 77 under note 11 (iii).

The fees and sitting allowance paid to each Director for the year ended 31 December 2021 together with the comparative figures for 2020 are given in the following table.

| Year ended 31 December 2021 | Directors Fees | Sitting Allowance | Bonuses | Expense allowances | Total |
|---|---|---|---|---|---|
| | Kes. | Kes. | Kes. | Kes. | Kes. |
| Mr. Nizar Juma* | - | - | - | - | - |
| Mr. Sultan Allana* | - | - | - | - | - |
| Mr. Juma Kisaame | 765,000 | 140,000 | - | - | 905,000 |
| Mr. John Metcalf* | - | - | - | - | - |
| Mr. Shabir Abji | 765,000 | 100,000 | - | - | 865,000 |
| Mrs. Jane Mwangi | 510,000 | 100,000 | - | - | 610,000 |
| Mr. Zul Abdul | 1,020,000 | 140,000 | - | - | 1,160,000 |
| Mr. Ashif Kassam* | - | - | - | - | - |
| | **3,060,000** | **480,000** | **-** | **-** | **3,540,000** |

* Waived

| Year ended 31 December 2020 | Directors Fees | Sitting Allowance | Bonuses | Expense allowances | Total |
|---|---|---|---|---|---|
| | Kes. | Kes. | Kes. | Kes. | Kes. |
| Mr. Nizar Juma* | - | - | - | - | - |
| Mr. Sultan Allana* | - | - | - | - | - |
| Mr. Lutaf Kassam* | - | - | - | - | - |
| Mr. Juma Kisaame | 540,000 | 140,000 | - | - | 680,000 |
| Mr. John Metcalf* | - | - | - | - | - |
| Mr. Shabir Abji | 540,000 | 140,000 | - | - | 680,000 |
| Mrs. Jane Mwangi | 360,000 | 100,000 | - | - | 460,000 |
| Mr. Zul Abdul | 720,000 | 160,000 | - | - | 880,000 |
| Mr. Ashif Kassam* | - | - | - | - | - |
| | **2,160,000** | **540,000** | **-** | **-** | **2,700,000** |

* Waived

By Order of the Board

**Jane Mwangi**
**Chairperson of the BNHR**

At the core of Jubilee Holdings, is our belief of doing business in a manner that delivers economic, social, and environmental benefits to all stakeholders. JHL engages in sustainable business practices and aligns its Socially Responsible Corporate Citizenship (SRC) with the Sustainable Development Goals (SDGs) that pledge to Leave No-one Behind and community transformation through the mantra the **"Society We Want".**



## VALUE CREATION FOR THE ENVIRONMENT

Jubilee insurance is committed to sustainable use and management of energy resources and has developed various policy that guides its efforts towards achieving energy efficiency environmental performance and combating climate change in line with SDG 7,12 and 13.

Under the current Environmental policy, audits are done, and implementations of the various inspections recommendation are ongoing. To reduce the environmental impact of our products / services Jubilee is affecting a paperless office. This is through shared and reduced number of printers located in common and few offices and encouragement to staff through training and awareness to print when necessary or on both sides of the paper. Employees have encouraged to use transport services uber taxis lower than 1300 cc in a bid to contributed towards reduce $CO_2$ emissions . The implementation of a climate change policy, climate change committee, and several initiatives have been identified for implementation. Jubilee has implemented the below projected that are sustainability and focused on climate change.

### GLOBAL ISMAIL CIVIC DAY (TANZANIA LIFE)

**28**

**BIG STREET DUSTBINS DONATED DURING THE GLOBAL ISMAIL CIVIC DAY TO ENCOURAGE THE COMMUNITY TO KEEP THE ENVIRONMENT CLEAN.**

### FRUITS FOR LIFE (KENYA)

**3,500+**

**FRUITY TREES PLANTED IN 52 PUBLIC PRIMARY AND SECONDARY SCHOOLS WITHIN MACHAKOS COUNTY.**

### ZANZIBAR INTERNATIONAL MARATHON (TANZANIA)

**JUBILEE INSURANCE TANZANIA JOGGING CLUB PARTICIPATED IN THE ZANZIBAR INTERNATIONAL MARATHON FOR THE FIRST TIME SINCE THE CHARITY RACE INCEPTION.**

### GREEN SCHOOLS (KENYA)

**JUBILEE CHILDREN'S FUND'S (JCF) FOCUS ON SUSTAINABLE ENVIRONMENTAL PROJECTS SAW THE FUND ESTABLISH A 8M BY 30M GREENHOUSE AND IRRIGATION PROJECT AT ST. FRANCIS KILALA MIXED SECONDARY SCHOOL LOCATED IN MACHAKOS COUNTY. THROUGH THE JCF SPONSORSHIP, OVER 1,000 TOMATO SEEDLINGS WERE PLANTED THAT WILL SUPPORT THE SCHOOLS' FOOD SUPPLY NEEDS AS WELL AS SUSTAIN THEMSELVES FINANCIALLY THROUGH SELLING OF THE SURPLUS TO THE LOCAL COMMUNITY.**

## ENERGY

**ANNUAL ENERGY CONSUMPTION OF JUBILEE CENTRE IN 2021 IMPROVED BY**

**14%**

**OVERALL ENERGY CONSUMPTION FOR JUBILEE CENTRE WAS ESTABLISHED AT 58,473KWH/MONTH AND ANNUALLY AT**

**701,674KWH**

**DUE TO THE GREAT STRIDES THAT THE KENYA COMPANIES HAVE TAKEN TOWARD ENERGY MANAGEMENT THIS HAS SEEN THE COMPANY BEING AWARDED DURING THE ENERGY MANAGEMENT AWARDS AS A 1ST RUNNER UP AND 2ND RUNNERS UP FOR JUBILEE CENTER AND JUBILEE ARCADE RESPECTIVELY.**

**ENERGY AUDITS ARE DONE AFTER EVERY 3 YEARS AND IMPLEMENTATION OF THE RECOMMENDATIONS ONGOING. ENERGY INVESTMENTS PLANS DEVELOPED AND SUBMITTED TO THE REGULATOR. IMPLEMENTATION REPORTS SUBMITTED ON ANNUAL BASIS TO THE REGULATOR ON THE STATUS OF THE IMPLEMENTATION OF THE AUDIT RECOMMENDATIONS. LAST AUDIT DONE IN AND SUBMITTED IN MAY 2021. WITH PLANS TO INSTALL SOLAR WITHIN THE BUILDINGS TO REDUCE ENERGY REQUIREMENTS.**

## WASTE MANAGEMENT

**A WASTE MANAGEMENT POLICY IS IN PLACE THAT FOCUSES ON RECYCLING, REDUCTION OF EMISSIONS THAT DEPLETE THE OZONE LAYER. MEASURES ARE IN PLACE TO ENFORCE THE POLICY AND THE ACTUAL MEASUREMENTS AND VERIFICATIONS DONE DURING THE ENERGY AUDIT. GARBAGE WASTE IS DISPOSED OF AFTER EVERY 2 DAYS AND A PLAN IS IN PLACE TO CONTRACT A PRIVATE COMPANY.**

## VALUE CREATION TO CUSTOMERS

At Jubilee we keep our promises and ensure that our customer's needs come first. With over 84 years of standing in the industry this has been driven by our customers and the relationships we've built and continued to maintain. This has seen us being awarded greatly in the Consumer Choice Awards in Tanzania and People Choice Awards in Mauritius. As the leading insurer we aim to also be the best in class in customer satisfaction metric globally. Even though 2021 was still challenging year, due to the pandemic our customers continue to remain with us, as is highlighted in our Group NPS of +39 (December 2021) which is considered good as per global standards with the international industry average at +37.

**PROTECTING CUSTOMER RIGHTS, HEALTH, AND SAFETY**

Jubilee insurance is dedicated to protecting our customer's rights and interests by ensuring that they can access the best quality services at an affordable cost. Jubilee Insurance guarantees the quality of our services by ensuring that our processes are ISO certified and are audited on an annual basis both internally and by an external party. We also audit all providers and vendors that partner with Jubilee Insurance to ensure that their quality-of-service matches that of Jubilee Insurance.

**PROVISION OF INFORMATION**

An essential part of our onboarding process as part of our customer journey is to ensure that all our customers receive accurate and complete information about all products, services and expected outcomes. We Aim to continually empower our customers by offering numerous self-service platforms, online portals, and mobile applications to access our products and service.

**COMPLAINTS MANAGEMENT PRINCIPLES**

Jubilee Insurance is guided by principles of treating customers fairly and effective complaint handling is a key pillar. Information about how and where to raise complaint to is shared widely with our customers. This process has been made easy and seamless to manage by automation of complaints management using CRM across the entire organization. Escalation matrices have been instituted to ensure that all complaints are handled promptly.

**DATA PRIVACY AND PROTECTION**

Jubilee Insurance adheres strictly to data protection and data confidentiality as stipulated in the Law. We ensure utmost confidentiality of our customer data and information. This is achieved through rigorous training of all staff on data protection and ensuring tight controls of our core systems regarding accessibility of customer data.

**WELLNESS**

Jubilee Insurance focus to be a wellness partner saw the company hold its first ever customer appreciation event dubbed "Walk with Jubilee" aimed at enabling the brand to connect to our customers in the most personal and unique way.

The company conduct a series of continuous webinars focusing on chronic disease management, maternal agenda, and mental wellness. To ensure that it increased its customer touchpoints the health company set up a customer service desk at Aga Khan Hospital to ensure that it's customers were readily served at their convenience. Through strategic partnership the Health brand in conjunction with IFC launched a diabetes program offering free glucose strips to its customers. Free ambulance service through an SOS button on the Maisha Fiti App for select direct customers.

## VALUE CREATION TO EMPLOYEES

**RECRUITMENT**

**45%**

**ARE WOMEN**

**TRAINING & DEVELOPMENT**

**96%**

**665 EMPLOYEES TRAINED IN A VARIETY OF TOPICS**

**56**

**LEARNING PROGRAMS DELIVERED**

**EMPLOYEE CHANGE MANAGEMENT**

**CHANGAMK@ PROJECT LAUNCHED**

**EMPLOYEE HEALTH AND SAFETY**

**ENERGY HEALTH AND SAFETY (EHS) COMMITTEE COMPRISING 15 PEOPLE & A COMPANY EMERGENCY RESPONSE TEAM OF 25 INDIVIDUALS.**

**STAFF TURNOVER RATE AS AT 31ST JANUARY 2022 STANDS AT**

**2%**

**STAFF AND COVID-19 RELATED ACTIVITIES**

**78%**

**STAFF HAVE BEEN FULLY VACCINATED**

**EMPLOYEE ENGAGEMENT INITIATIVES**

**2 QUIZZ SESSIONS LEADERSHIP INSPIRATIONAL SERIES**

## VALUE CREATION TO SUPPLIERS

**THE COMPANY ENSURES STANDARD SUPPLIER PREQUALIFICATION IN LINE WITH OUR PROCUREMENT POLICY AND PROCEDURE MANUAL WHICH IS AVAILABLE ON REQUEST AT PROCUREMENT@JUBILEEKENYA.COM. THERE IS A RIGOROUS PROCESS INVOLVED IN PREQUALIFYING SUPPLIERS WHICH INVOLVES A STUDY OF THE TECHNICAL AND FINANCIAL STRENGTHS AS WELL AS BACKGROUND CHECKS TO HELP GAUGE THE COMPETENCE, REPUTATION, AND INTEGRITY OF THE OF THE POTENTIAL SUPPLIER.**

## VALUE CREATION FOR OUR INTERMEDIARIES

**JUBILEE INSURANCE IS COMMITTED TO ENHANCING THEIR INTERMEDIARIES AND AGENTS. AS SUCH A SERIES OF TRAININGS WERE CONDUCTED FOR COMPLIANCE AND REGULATOR PURPOSES FOR ALL LIFE AGENTS FOCUSING ON ANTI-MONEY LAUNDERING (AML) AND COUNTERING TERRORISM FINANCING (CTF), DATA PROTECTION AND TREAT YOUR CUSTOMER FAIRLY.**

**THE HEALTH COMPANY IN A BID TO AMPLIFY THEIR AGENT'S SALES HAVE ENBANKED ON BRAND BUILDING CAMPAIGN. THIS HAS BEEN THROUGH SOCIAL MEDIA TRAINING FOR THE AGENTS ON HOW TO USE SOCIAL MEDIA AND MAKE SALES AND BUILD THEIR INDIVIDUAL BRANDS. THE COMPANY ALSO SET UP OFFICE BRANDING FOR ITS COMMUNITY-BASED AGENTS. THIS HAS HELP BOOST THEIR PRESENCE IN THE AREAS IN WHICH THEY ARE LOCATED AND ALSO INCREASED THE BRAND'S REACH.**

## VALUE CREATION TO COMMUNITIES

Jubilee Insurance's CSR initiatives are guided by our CSR Pillars which are; Environment, Education, Health and Social Action. The CSR program strengthens the social and economic status of the society and communities in which we operate.

### HEALTH AND WELL BEING

- **Run and Walk for Health (Tanzania) –** Sponsored the NMB Marathon 2021 "Mwendo wa upendo" and the BIMA Marathon 2021 "Chapa Mwendo". The funds raised went to cover cost of treatment of fistula for 100 women at CCBRT Hospital and the care of Premature babies respectively.
- **Ear Project Freedom to be Independent (Kenya) –** 20 beneficiaries getting support from the camp through surgeries in Mama Lucy Hospital and 5 patients (under 10 years) undergoing sucessful ear surgeries in Kenyatta University Teaching and Referral Hospital.
- **Children's Home Visit and Feeding Programs (Kenya) –** Visited Mama Elizabeth Children's Home in Korogocho. Purchased 2 big inbuilt boilers, provided foodstuffs, grooming items, and built 2 pit laterines with a 5000 litres water tank.

### EDUCATION

- **Books for the future (Mauritius) –** Sponsored the book "Belle, Manu et autres Histoire" written by children from deprived families and co -sponsored by the literature Nobel Prize winner 2008, Jean Marie Leclezio.
- **Jubilee Children's Fund Secondary School Scholarship Program (Kenya) –** 8 students (20 from Live Free and 8 from JCF 2020) continue to have their 2021 school fees paid. 30 needy Form 1 Students (16 boys and 14 girls) from over 18 counties were shortlisted and received the JCF secondary scholarship for 2021. The scholarship caters for the four-year school fees and uniform.
- **Live Free Libraries and Book Drive (Kenya) –** 3 libraries, 2 in Kajiado County and 1 in Migori County with books and digital labs.

### SOCIAL ACTION

- **Global Ethics Day (Mauritius) –** Jubilee Mauritius sponsored with the collaboration of "The Academy for Integrated and sustainable Development to mark the Global Ethics Day on the 29th of Oct 2021. The event was an online meeting with all the staff of Jubilee Mauritius and the participation of the CEO of Business Mauritius.

## VALUE CREATION THROUGH INNOVATION

The Jubilee Insurance Digital Lab has been supporting the digital transformation agenda across the Jubilee Holding companies in the region. Among the digital products developed by the Digital Lab are as follows: Motor, Travel, Home, Personal Accident, Health and Personal Pensions Plan that are available on the group's revamped website.

**OVER KES**
**157,000,000**
**TRANSACTED ON THE DIGITAL PLATFORM**

**56%**
**GROWTH IN UNIQUE WEBSITE VISITORS**

**AWARD**
**RECOGNITION OF EXCELLENCE IN ENTERPRISE INFORMATION TECHNOLOGY ADOPTION**

### Directors' interest in the shares of the company as at 31 December 2021

| Name | Number of shares held | % Shareholding |
|---|---|---|
| Mr Nizar Juma | 9,446 | 0.01% |

### Senior Management – interest in shares of the Company as at 31 December 2021

Nil

### Distribution of Shareholders as at 31 December 2021

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Number of shares** | **Number of shareholders** | **Number of shares held** | **% Shareholding** | **Number of shareholders** | **Number of shares held** | **% Shareholding** |
| Less than 500 shares | 2,004 | 279,319 | 0.39% | 2,006 | 280,157 | 0.39% |
| 500 – 5,000 shares | 3,066 | 6,193,539 | 8.55% | 3,125 | 6,301,413 | 8.70% |
| 5,001 – 10,000 shares | 689 | 4,775,138 | 6.59% | 721 | 4,994,889 | 6.89% |
| 10,001 – 100,000 shares | 528 | 13,295,665 | 18.34% | 546 | 13,845,328 | 19.10% |
| 100,001 – 1,000,000 shares | 32 | 6,191,465 | 8.54% | 29 | 5,612,835 | 7.74% |
| Over 1,000,000 shares | 6 | 41,737,824 | 57.59% | 6 | 41,438,328 | 57.18% |
| **Total** | **6,325** | **72,472,950** | **100%** | **6,433** | **72,472,950** | **100.00%** |

### List of 10 largest shareholders as at 31 December 2021

| | Names | Number of shares held | % Shareholding |
|---|---|---|---|
| 1 | Aga Khan Fund for Economic Development | 27,528,739 | 37.98% |
| 2 | Pyrus Investments Limited | 7,640,480 | 10.54% |
| 3 | Stanbic Nominees Ltd. A/c NR3530153-1 | 2,335,523 | 3.22% |
| 4 | Freight Forwarders Limited | 1,623,305 | 2.24% |
| 5 | United Housing Estates Limited | 1,314,947 | 1.81% |
| 6 | Adam's Brown and Company Limited | 1,294,830 | 1.79% |
| 7 | Investments & Mortgages Nominees Limited A/c 003746 | 402,350 | 0.56% |
| 8 | Investments & Mortgages Nominees Limited A/c 003745 | 402,350 | 0.56% |
| 9 | Gulshan Noorali Sayani | 362,507 | 0.50% |
| 10 | Standard Chartered Nominees Non-resd. A/c KE10085 | 346,437 | 0.48% |
| | **Total top 10 largest shareholders** | **43,251,468** | **59.68%** |
| | Others | 29,221,482 | 40.32% |
| | **TOTAL** | **72,472,950** | **100%** |

### List of 10 largest shareholders as at 31 December 2020

| | Names | Number of shares held | % Shareholding |
|---|---|---|---|
| 1 | Aga Khan Fund for Economic Development | 27,528,739 | 37.98% |
| 2 | Pyrus Investments Limited | 7,531,980 | 10.39% |
| 3 | Stanbic Nominees Ltd. A/c NR3530153-1 | 1,599,759 | 2.21% |
| 4 | Freight Forwarders Limited | 1,540,509 | 2.13% |
| 5 | United Housing Estates Limited | 1,314,947 | 1.81% |
| 6 | Adam's Brown and Company Limited | 1,294,830 | 1.79% |
| 7 | Investments & Mortgages Nominees Limited A/c 002983 | 800,000 | 1.10% |
| 8 | Gulshan Noorali Sayani | 362,507 | 0.50% |
| 9 | Co-op Bank Custody A/c 23000 | 260,300 | 0.36% |
| 10 | Leila Amyn Abdulmalik Kanji | 250,151 | 0.35% |
| | **Total top 10 largest shareholders** | **42,483,722** | **58.62%** |
| | Others | 29,989,228 | 41.38% |
| | **TOTAL** | **72,472,950** | **100.00%** |


Jubilee
HOLDINGS

# Robotics

# Live Free!

making use of leading edge technology to ensure the best service delivery with **speed & efficiency** and of course, a human touch

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2021 which disclose the state of affairs of Jubilee Holdings Limited (the "Company") and its subsidiary companies (together the "Group").

**COUNTRY OF INCORPORATION**

The Company is incorporated in the Republic of Kenya under the Companies Act and is domiciled in Kenya. The Company is also registered as a foreign company in the Republic of Uganda and in the United Republic of Tanzania.

**DIRECTORS**

The Directors who held office during the year and to the date of this report are as below;
Nizar N Juma (Chairman)
Zul Abdul
Sultan A Allana *
Juma Kisaame*** (resigned on 31st March 2022)
Lutaf R Kassam (resigned on 28th June 2021)
John J Metcalf ****
Shabir Abji**
Jane S Mwangi
Ashif Kassam
Owen Koimburi (appointed 31st March 2022)

* Pakistani ** Tanzanian ***Ugandan **** British

**PRINCIPAL ACTIVITIES**

The Company is an investment holding company. The Company, through its subsidiaries and associates, provides a wide range of property and casualty insurance (General Insurance), liability, health and life insurance, retirement products, and broader financial related services to customers in Kenya, Uganda, Tanzania, Burundi and Mauritius. It also owns investment companies in Kenya, Uganda, Tanzania and Burundi.

**DIVIDENDS**

An interim dividend of Kes 1.00 per share amounting to Kes 72.473 million (2020: Kes 72.473 million) was paid on 11 October 2021. The Directors recommend a final dividend of Kes 8.00 per share amounting to Kes 579.784 million (2020: Kes 579.784 million). The total dividend for the year represents 180% of the issued share capital as at 31 December 2021 (2020: 180%).

The Board also recommends for Shareholders' approval, a special dividend of Kes 5.00 per share amounting to Kes. 362.365 to reflect the impact of the Jubilee Allianz transaction. The total dividend for the year 2021 is therefore Kes 1.015 billion (2020: Kes 652.257 million) or Kes 14 per share (2020: Kes 9.00 per share).

**BUSINESS REVIEW**

The following is the summary of the results for the year ended 31 December 2021 with 2020 comparative

| | **2021** | **2020** |
|---|---|---|
| **Profit analysis** | **Kes'000** | **Kes'000** |
| Group profit before income tax | 8,431,880 | 5,076,895 |
| Income tax expense | (1,603,225) | (989,309) |
| **Group profit after income tax** | **6,828,655** | **4,087,586** |
| Non-controlling interest | (314,660) | (459,675) |
| **Profit attributable to equity holders of the company** | **6,513,995** | **3,627,911** |

Additional details of the business overview are captured in the Chairman's Statement on pages 12-15.

**STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITORS**

With respect to each director at the time this report was approved:
- there is, so far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Terms of Appointment of the Auditor**

PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 721 of the Companies Act, 2015.

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

By order of the Board

**Nizar Juma**
**Chairman**

**31 March 2022**

Jubilee HOLDINGS

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that 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 its profit or loss for that year. It also requires the directors to ensure the Company and Group keep proper accounting records that:

a) show and explain the transactions of the Group and Company;
b) disclose, with reasonable accuracy, the financial position of the Group and Company; and
c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

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

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

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.
Approved by the Board of Directors on 31st March 2022 and signed on its behalf by:

**Nizar N Juma**
**Chairman**

**Zul Abdul**
**Director**

# Cloud

ensuring ease of **access**, **security** and **agility** in rolling out creative personalised insurance solutions for our customers

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUBILEE HOLDINGS LIMITED

## Report on the audit of the financial statements

*Opinion*

We have audited the accompanying financial statements of Jubilee Holdings Limited (the Company) and its subsidiaries (together, the Group) set out on pages 46 to 122 which comprise the consolidated statement of financial position at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2021, and the Company statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

*Basis for opinion*

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

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

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

*Key audit matters*

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

| ***Key audit matter*** | ***How our audit addressed the key audit matter*** |
|---|---|
| ***Valuation of unquoted equity investments***<br><br>The Group holds significant unquoted equity investments measured at fair value through profit or loss and at fair value through other comprehensive income.<br><br>As explained under Note 17 of the financial statements, the Group uses a variety of approaches in estimating the fair value of these investments. The methods used in determining the fair value of the unquoted investments involve significant estimates and assumptions of unobservable inputs such as comparable market multiples, appropriate discounting rates and incorporation of illiquidity and marketability discounts.<br><br>Changes in these assumptions could result in material variations to the carrying amounts of the investments in the statement of financial position and the recorded gains/losses in the statement of profit or loss. | We assessed management's processes and controls for determination of the fair values of investments.<br><br>We assessed the valuation method used and the underlying assumptions such as the selected comparable entities, liquidity discounts, and any other adjustments.<br><br>We tested the accuracy of the computations.<br><br>We evaluated the adequacy and appropriateness of disclosures in the financial statements. |

*PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chiromo Road, Westlands*
*P O Box 43963 – 00100 Nairobi, Kenya*
*T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke*

*Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti*

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Determination of insurance contract liabilities<br>Insurance contract liabilities comprises outstanding claims, incurred but not reported ("IBNR") and policyholder liabilities under the long-term business as disclosed under note 26 of financial statements.<br><br>Long term business<br><br>In the case of the long-term business, the Group's determination of liabilities involves the selection of appropriate assumptions in relation to mortality rates, morbidity, lapses and interest rates. As explained in note 3 and 26 of the financial statements, significant assumptions are made in the estimation of the contract liabilities at year end.<br><br>Changes in these assumptions can lead to significant changes in actuarial liabilities. The methodology used can also have a material impact on the valuation of the liabilities.<br><br>Short term business<br><br>For the short-term business, insurance contract liabilities comprise reported claims and incurred but not reported ("IBNR") claims. We considered claims provisions as a significant area of focus due to:<br><br>• The estimation of the provisions involves significant judgment given the inherent uncertainty in estimating expected future outflows in relation to claims incurred.<br>• The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts.<br><br>Any material changes in the projected claims due to changes in the underlying assumptions and methodology can result in a material impact to the valuation of insurance contract liabilities.</td><td>Long term business<br><br>Assessed the competence, capabilities and objectivity of the Company's Statutory Actuary and verified their qualifications.<br><br>Traced the policyholder valuation input data and on a sample basis policyholder information used in the valuation model back to information contained in the administration and accounting systems.<br><br>Considered the methodology and assumptions used by the appointed actuary to compute the policyholders' liabilities and assessed the valuation methods used against generally accepted actuarial practice and entity-specific historical information.<br><br>Checked that the policyholders' liabilities reported in the financial statements were consistent with the results of the independent actuarial valuation.<br><br>Short term business<br><br>Assessed the competence, capabilities and objectivity of the Company's Statutory Actuary and verified their qualifications.<br><br>Validated, on a sample basis, the claims paid to supporting documentation and comparing the claim payments in 2021 to the reserves previously held;<br><br>Tested the reasonableness of claims outstanding by comparing the recorded amounts to the latest available information on source documents<br><br>We tested the medical claims outstanding by reviewing the reconciliation between the outstanding balances in the ledger to the medical supplier statements.<br><br>Reviewed the methodology and assumptions used by the Statutory Actuary to compute the liabilities against generally accepted actuarial practice approaches, in relation to the business written and expected risks. We assessed the reasonableness of the reserves by comparing actual outcomes against reserve estimates in the prior years. We independently recalculated the IBNR reserves for a sample of classes and compared this to the values estimated by management.</td></tr>
<tr><td>Sale of Stake in General Insurance Business<br>As disclosed in note 39 of the financial statements, the company sold a controlling stake in its general insurance business in Kenya and Uganda to Allianz Africa Holding GMBH as part of a long term strategic partnership. The accounting and financial reporting of the transaction involved complex considerations such as:<br>• considerations for loss of control<br>• Judgements on significant influence based on the shareholding retained;<br>• Accounting considerations around the subsidiaries whose sale is yet to be concluded;<br>• Extended disclosure requirements in the financial statements<br><br>The above considerations have a material impact on the accounting and financial reporting outcomes of the transaction as detailed under notes 39 and 7.</td><td>We obtained an understanding of the transaction and in conjunction with our accounting technical team, assessed the nature of the transaction and the accounting implications;<br><br>We tested the determination of the fair value of the consideration paid by the acquirer in line with the transaction agreements and the provisions of the financial reporting standard and the determination of gain on sale of the controlling stake in the books of Jubilee Holdings Limited.<br><br>We checked the appropriateness of the accounting entries arising from the transaction in the consolidated financial statements by reviewing the journal passed.<br><br>We evaluated the adequacy and appropriateness of the disclosures in the financial statements with regards to the transaction for compliance with the requirements of International Financial Reporting Standards (IFRS).</td></tr>
</table>

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUBILEE HOLDINGS LIMITED (CONTINUED)

*Other information*

The other information comprises Financial Highlights, Group information, Associate Companies, Notice of annual General meeting, Chairman's statement, Board of Directors, Corporate Governance Statement, Director's remuneration report, Sustainability and Corporate Social Responsibility journey, Principal Shareholders and Share distribution, Report of the Directors, Statement of Directors' Responsibilities, Supplementary Information, Corporate Social Responsibility, Achievements, Advertisements and Regional Group Offices & Branches which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

*Responsibilities of the directors for the financial statements*

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

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

*Auditor's responsibilities for the audit of the financial statements*

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

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

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

*Auditor's responsibilities for the audit of the financial statements (continued)*

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

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

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

**Report on other matters prescribed by the Companies Act, 2015**

*Report of the directors*

In our opinion the information given in the report of the directors on pages 38 to 39 is consistent with the financial statements.

*Directors' remuneration report*

In our opinion the auditable part of the directors' remuneration report on page 30 has been properly prepared in accordance with the Companies Act, 2015.

**CPA Kang'e Saiti, Practicing Certificate Number 1652**
**Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP**
**Certified Public Accountants**
**Nairobi**

**31 March 2022**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>Kes '000 | 2020<br>Kes '000 |
|---|---|---|---|
| Gross Written Premium | 6 (i) | 30,629,255 | 29,971,547 |
| | | | |
| Gross earned premium | 6 (ii) | 29,536,678 | 29,815,118 |
| Insurance revenue ceded to reinsurers | 6 (ii) | (7,583,908) | (9,674,721) |
| **Net insurance premium revenue** | | **21,952,770** | **20,140,397** |
| | | | |
| Investment income | 7 | 15,928,210 | 11,295,345 |
| Net fair value (loss) on financial assets at fair value through profit or loss | 8 | (302,285) | (650,422) |
| Commission income | 9 | 1,949,965 | 2,328,166 |
| **Total income less reinsurance** | | **39,528,660** | **33,113,486** |
| | | | |
| Claims and policy holders' benefits expense | 10 | (22,761,487) | (20,948,226) |
| Reinsurer's share of claims and policy holders' benefits expense | 10 | 4,911,655 | 5,282,713 |
| Return to holders of investment contracts liabilities | 27 | (5,956,320) | (4,736,351) |
| **Net insurance benefits and return to holders of investment contracts** | | **(23,806,152)** | **(20,401,864)** |
| | | | |
| Operating and other expenses | 11 (i) | (5,546,020) | (5,272,524) |
| Commission expense | 9 | (3,514,082) | (3,583,737) |
| **Total expenses and commissions** | | **(9,060,102)** | **(8,856,261)** |
| | | | |
| **Result of operating activities** | | **6,662,406** | **3,855,361** |
| | | | |
| Finance cost | 38 (ii) | (108,729) | (107,862) |
| Share of associates profit | 15 (i) | 1,878,203 | 1,329,396 |
| **Group profit before income tax** | | **8,431,880** | **5,076,895** |
| Income tax expense | 16 (i) | (1,603,225) | (989,309) |
| **Profit for the year** | | **6,828,655** | **4,087,586** |
| **Attributable to:** | | | |
| Equity holders of the company | | 6,513,995 | 3,627,911 |
| Non-controlling interest | 15 (iii) | 314,660 | 459,675 |
| **Total** | | **6,828,655** | **4,087,586** |
| Earnings Per Share (Kes) | | | |
| Basic and diluted | 12 | 89.88 | 50.06 |

The notes on pages 55 to 122 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>Kes '000 | 2020<br>Kes '000 |
|---|---|---|---|
| **Profit for the year** | | 6,828,655 | 4,087,586 |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss*** | | | |
| Net fair value (loss) on equity investment | 8 (ii) | (70,112) | (346,725) |
| Deferred tax on other comprehensive income | 16 (iii) | 29,483 | 54,731 |
| Gain on valuation of retirement benefits | | 1,780 | 2,801 |
| | | | |
| ***Items that may be reclassified subsequently to profit or loss*** | | | |
| Net translation gain | 31 (c) & 15 (iii) | 186,964 | 1,557,172 |
| Associate share of other comprehensive income | 15 (i) | 418,631 | 400,277 |
| **Total other comprehensive income, net of tax** | | **566,746** | **1,668,256** |
| **Total comprehensive income for the year** | | **7,395,401** | **5,755,842** |
| Attributable to: | | | |
| Equity holders of the Company | | 7,027,184 | 5,126,527 |
| Non-controlling interest | 15 (iii) | 368,217 | 629,315 |
| **Total comprehensive income for the year** | | **7,395,401** | **5,755,842** |

The notes on pages 55 to 122 are an integral part of these financial statements.

## COMPANY STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>Kes '000 | 2020<br>Kes '000 |
|---|---|---|---|
| **Income** | | | |
| Investment income | 7 | 6,849,128 | 103,964 |
| **Total income** | | **6,849,128** | **103,964** |
| **Expenses** | | | |
| Operating and other expenses | 11 (i) | (198,229) | (116,963) |
| **Total expenses** | | **(198,229)** | **(116,963)** |
| Finance costs | 38(ii) | (340) | (209) |
| **(Loss)/profit before income tax** | | **6,650,559** | **(13,208)** |
| Income tax expense | 16 (i) | (722,366) | (5,870) |
| **(Loss)/profit for the year** | | **5,928,193** | **(19,078)** |
| Earnings Per Share (Kes) | | | |
| Basic and diluted | 12 | 81.80 | (0.26) |

The notes on pages 55 to 122 are an integral part of these financial statements.

## COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>Kes '000 | 2020<br>Kes '000 |
|---|---|---|---|
| **Profit for the year** | | **5,928,193** | **(19,078)** |
| ***Items that will not be reclassified to profit or loss*** | | | |
| Net fair value gains on equity investments valued at fair value through other comprehensive income | 8(ii) | (84,131) | (183,031) |
| Deferred tax on other comprehensive income | 16 (iii) | 25,239 | 54,909 |
| **Total other comprehensive income, net of tax** | | **(58,892)** | **(128,122)** |
| **Total comprehensive income for the year** | | **5,869,301** | **(147,200)** |

The notes on pages 55 to 122 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Note | 2021<br>Kes '000 | 2020<br>Kes '000 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment in associates | 15 (i) | 17,736,622 | 15,902,572 |
| Investment properties | 14 | 6,916,284 | 6,713,857 |
| Property and equipment | 13 (i) | 1,105,587 | 145,025 |
| Right of use assets | 37 (i) | 423,152 | 165,059 |
| Intangible assets | 13 (ii) | 43,234 | 70,790 |
| Deferred tax asset | 16 (iii) | 722,382 | 421,736 |
| Unquoted equity investments | 17 | 6,962,646 | 6,713,628 |
| Mortgage loans | 20 (i) | 40,799 | 35,721 |
| Loans on life insurance policies | 20 (ii) | 1,409,992 | 1,223,521 |
| Quoted equity investments | 21 | 5,067,350 | 3,434,041 |
| Government securities | 18(i) | 92,316,666 | 77,082,506 |
| Receivables arising out of direct insurance arrangements | 22 | 877,934 | 551,636 |
| Receivables arising out of reinsurance arrangements | 22 | 1,237,084 | 476,309 |
| Reinsurers' share of insurance contract liabilities | 23 (i) | 1,677,406 | 1,961,314 |
| Deferred acquisition costs | 23 (ii) | 538,273 | 411,243 |
| Other receivables | 24 | 3,142,436 | 1,472,183 |
| Current income tax asset | 16 (ii) | 479,236 | 447,042 |
| Loan Receivable | 19 | 1,712,789 | - |
| Assets classified as held for sale | 39 | 5,956,995 | 19,281,339 |
| Deposits with financial institutions | 25 (i) | 4,566,014 | 6,333,068 |
| Cash and bank balances | 25 (ii) | 2,339,737 | 3,020,993 |
| **Total assets** | | **155,272,618** | **145,863,583** |
| **LIABILITIES** | | | |
| Lease Liability | 37 (ii) | 415,785 | 125,541 |
| Investment contract liabilities | 27 | 65,885,461 | 60,131,333 |
| Deferred tax liability | 16 (iii) | 1,099,680 | 758,198 |
| Insurance contract liabilities | 26 | 30,356,772 | 26,538,331 |
| Provision for unearned premium | 28 | 4,466,164 | 4,131,997 |
| Dividends payable | 33 (ii) | 444,003 | 404,330 |
| Current income tax liability | 16 (ii) | 162,709 | 32,475 |
| Creditors arising out of direct insurance arrangements | | 300,836 | 204,987 |
| Creditors arising out of reinsurance arrangements | | 259,303 | 92,788 |
| Other payables | 29 | 3,241,364 | 2,103,741 |
| Borrowings | 38 (i) | 1,836,937 | 2,268,399 |
| Liabilities directly associated with assets classified as held for sale | 39 | 4,525,079 | 13,536,082 |
| **Total liabilities** | | **112,994,093** | **110,328,202** |
| **EQUITY** | | | |
| Share capital | 30 | 362,365 | 362,365 |
| Reserves | 31 | 4,970,816 | 4,368,684 |
| Retained earnings | 32 | 33,181,864 | 27,411,368 |
| Proposed Dividends | 33(i) | 942,148 | 579,784 |
| **Equity attributable to owners of the company** | | **39,457,193** | **32,722,201** |
| Non-controlling interest | 15 (iii) | 2,821,332 | 2,813,180 |
| **Total equity** | | **42,278,525** | **35,535,381** |
| **Total liabilities and equity** | | **155,272,618** | **145,863,583** |

The financial statements on pages 46 to 122 were approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

**Nizar N Juma**
**Chairman**

**Zul Abdul**
**Director**

The notes on pages 55 to 122 are an integral part of these financial statements

# COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Note | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment in subsidiaries | 15 (ii) | 4,548,873 | 4,121,575 |
| Investment in associates | 15 (i) | 2,242,057 | 1,457,677 |
| Property and equipment | 13 (i) | 9,475 | 11,224 |
| Right of use asset | 37 | 69,812 | - |
| Unquoted equity investments | 17 | 92,368 | 87,525 |
| Quoted equity investments | 21 | 365,969 | 454,943 |
| Government securities | 18 (i) | 4,024,816 | - |
| Due from related parties | 35 | 128,385 | 105,656 |
| Other receivables | 24 | 1,604,312 | 245,421 |
| Current income tax asset | 16 (ii) | 8,926 | 17,138 |
| Deferred tax asset | 16 (iii) | 72,954 | 47,715 |
| Loan | 19 | 581,504 | - |
| Assets classified as held for sale | 39 | 233,923 | 2,523,718 |
| Deposits with financial institutions | 25 (i) | 1,036,615 | 128,264 |
| Cash and bank balances | 25 (ii) | 211,852 | 110,887 |
| **Total assets** | | **15,231,841** | **9,311,743** |
| | | | |
| **LIABILITIES** | | | |
| Due to related parties | 35 | 580 | 41,552 |
| Borrowings from related parties | 35 | - | 680,713 |
| Dividends payable | 33 (ii) | 444,003 | 404,330 |
| Lease liability | 37 | 75,864 | - |
| Other payables | 29 | 1,345,722 | 36,520 |
| **Total liabilities** | | **1,866,169** | **1,163,115** |
| | | | |
| **EQUITY** | | | |
| Share capital | 30 | 362,365 | 362,365 |
| (Deficit) | 31 | (82,240) | (23,348) |
| Retained earnings | 32 | 12,143,399 | 7,229,827 |
| Proposed Dividends | 33(i) | 942,148 | 579,784 |
| **Total equity** | | **13,365,672** | **8,148,628** |
| | | | |
| **Total liabilities and equity** | | **15,231,841** | **9,311,743** |

The financial statements on pages 46 to 122 were approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

**Nizar N Juma**
**Chairman**

**Zul Abdul**
**Director**

The notes on pages 55 to 122 are an integral part of these financial statement

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | Share Capital Kes '000 | Reserves: Fair Value Reserves Kes '000 | Reserves: General Reserves Kes '000 | Reserves: Translation Reserves Kes '000 | Reserves: Contingency Reserves Kes '000 | Reserves: Statutory Reserve Kes '000 | Retained Earnings Kes '000 | Proposed dividends Kes '000 | Equity Attributable to Owners Kes '000 | Non-Controlling Interest Kes '000 | Total Equity Kes '000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | | | | | | | | | |
| **At start of year** | | **362,365** | **(268,940)** | **70,000** | **912,860** | **1,612,126** | **2,042,638** | **27,411,368** | **579,784** | **32,722,201** | **2,813,180** | **35,535,381** |
| **Profit for the year** | | **-** | **-** | **-** | **-** | **-** | **-** | **6,513,995** | **-** | **6,513,995** | **314,660** | **6,828,655** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Net translation gain | 31 (c) & 15 (iii) | - | - | - | 129,225 | - | - | - | - | 129,225 | 57,739 | 186,964 |
| Other comprehensive income | | - | 50,356 | - | 332,184 | - | - | 1,424 | - | 383,964 | (4,182) | 379,782 |
| **Total other comprehensive income** | | **-** | **50,356** | **-** | **461,409** | **-** | **-** | **1,424** | **-** | **513,189** | **53,557** | **566,746** |
| **Total comprehensive income for the year** | | **-** | **50,356** | **-** | **461,409** | **-** | **-** | **6,515,419** | **-** | **7,027,184** | **368,217** | **7,395,401** |
| Transfer to contingency | 32 | - | - | - | - | 90,367 | - | (90,367) | - | - | - | - |
| Disposal | 32 | - | - | - | - | - | - | 360,065 | - | 360,065 | (360,065) | - |
| **Total transfers** | | **-** | **-** | **-** | **-** | **90,367** | **-** | **269,698** | **-** | **360,065** | **(360,065)** | **-** |
| **Transactions with owners:** | | | | | | | | | | | | |
| Dividends: Final for 2020 paid | 33 (ii) | - | - | - | - | - | - | - | (579,784) | (579,784) | - | (579,784) |
| Dividend approved for payment - non-controlling interest | 15 (iii) | - | - | - | - | - | - | - | - | - | - | - |
| Interim for 2021 paid | 33 (i) | - | - | - | - | - | - | (72,473) | - | (72,473) | - | (72,473) |
| Proposed final for 2021 | | - | - | - | - | - | - | (942,148) | 942,148 | - | - | - |
| **Total transactions with owners** | | **-** | **-** | **-** | **-** | **-** | **-** | **(1,014,621)** | **362,364** | **(652,257)** | **-** | **(652,257)** |
| **At end of year** | | **362,365** | **(218,584)** | **70,000** | **1,374,269** | **1,702,493** | **2,042,638** | **33,181,864** | **942,148** | **39,457,193** | **2,821,332** | **42,278,525** |

The notes on pages 55 to 122 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | Share Capital Kes '000 | Reserves: Fair Value Reserves Kes '000 | Reserves: General Reserves Kes '000 | Reserves: Translation Reserves Kes '000 | Reserves: Contingency Reserves Kes '000 | Reserves: Statutory Reserve Kes '000 | Retained Earnings Kes '000 | Proposed dividends Kes '000 | Equity Attributable to Owners Kes '000 | Non-Controlling Interest Kes '000 | Total Equity Kes '000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2020** | | | | | | | | | | | | |
| **At start of year** | | **362,365** | **49,847** | **70,000** | **(902,683)** | **1,427,497** | **2,042,638** | **24,618,483** | **579,784** | **28,247,931** | **2,273,699** | **30,521,630** |
| **Profit for the year** | | **-** | **-** | **-** | **-** | **-** | **-** | **3,627,911** | **-** | **3,627,911** | **459,675** | **4,087,586** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Net translation gain | 31 (c) & 15 (iii) | - | - | - | 1,392,708 | - | - | - | - | 1,392,708 | 164,464 | 1,557,172 |
| Other comprehensive income | | - | (318,787) | - | 422,835 | - | - | 1,860 | - | 105,908 | 5,176 | 111,084 |
| **Total other comprehensive income** | | **-** | **(318,787)** | **-** | **1,815,543** | **-** | **-** | **1,860** | **-** | **1,498,616** | **169,640** | **1,668,256** |
| **Total comprehensive income for the year** | | **-** | **(318,787)** | **-** | **1,815,543** | **-** | **-** | **3,629,771** | **-** | **5,126,527** | **629,315** | **5,755,842** |
| **Transfers** | | | | | | | | | | | | |
| Transfer to contingency | 32 | - | - | - | - | 184,629 | - | (184,629) | - | - | - | - |
| Transfer to Statutory reserve | 31 (e) | - | - | - | - | - | - | - | - | - | - | - |
| **Total transfers** | | **-** | **-** | **-** | **-** | **184,629** | **-** | **(184,629)** | **-** | **-** | **-** | **-** |
| **Transactions with owners:** | | | | | | | | | | | | |
| Dividends: Final for 2019 paid | 33 (ii) | - | - | - | - | - | - | - | (579,784) | (579,784) | - | (579,784) |
| Dividend approved for payment | 15 (iii) | - | - | - | - | - | - | - | - | - | (89,834) | (89,834) |
| Interim for 2020 paid | 33 (i) | - | - | - | - | - | - | (72,473) | - | (72,473) | - | (72,473) |
| Proposed final for 2020 | | - | - | - | - | - | - | (579,784) | 579,784 | - | - | - |
| **Total transactions with owners** | | **-** | **-** | **-** | **-** | **-** | **-** | **(652,257)** | **-** | **(652,257)** | **(89,834)** | **(742,091)** |
| **At end of year** | | **362,365** | **(268,940)** | **70,000** | **912,860** | **1,612,126** | **2,042,638** | **27,411,368** | **579,784** | **32,722,201** | **2,813,180** | **35,535,381** |

The notes on pages 55 to 122 are an integral part of these financial statements.

Jubilee HOLDINGS

# COMPANY STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 31 DECEMBER 2021

| | | | Reserves | | | | |
|---|---|---|---|---|---|---|---|
| | | **Share Capital Kes '000** | **Fair Value Reserves Kes '000** | **General Reserves Kes '000** | **Retained Earnings Kes '000** | **Proposed dividends Kes '000** | **Total Equity Kes '000** |
| **Year ended 31 December 2021** | **Note** | | | | | | |
| **At start of year** | | **362,365** | **(93,348)** | **70,000** | **7,229,827** | **579,784** | **8,148,628** |
| **Profit for the year** | | **-** | **-** | **-** | **5,928,193** | **-** | **5,928,193** |
| | | | | | | | - |
| **Other comprehensive Income** | **31 (a)** | **-** | **(58,892)** | **-** | **-** | **-** | **(58,892)** |
| **Total comprehensive income for the year** | | **-** | **(58,892)** | **-** | **5,928,193** | **-** | **5,869,301** |
| **Transactions with owners:** | | | | | | | |
| Dividends: Final for 2020 paid | 33 (ii) | - | - | - | - | (579,784) | **(579,784)** |
| Interim for 2021 paid | 33 (i) & (ii) | - | - | - | (72,473) | - | **(72,473)** |
| Proposed dividends 2021 | 33 (i) & (ii) | - | - | - | (942,148) | 942,148 | - |
| **Total transactions with owners** | | **-** | **-** | **-** | **(1,014,621)** | **362,364** | **(652,257)** |
| **At end of year** | | **362,365** | **(152,240)** | **70,000** | **12,143,399** | **942,148** | **13,365,672** |
| **Year ended 31 December 2020** | | | | | | | |
| **At start of year** | | **362,365** | **34,774** | **70,000** | **7,901,162** | **579,784** | **8,948,085** |
| **Profit for the year** | | **-** | **-** | **-** | **(19,078)** | **-** | **(19,078)** |
| | | | | | | | - |
| Other comprehensive Income | 31 (a) | - | (128,122) | - | - | - | **(128,122)** |
| **Total comprehensive income for the year** | | **-** | **(128,122)** | **-** | **(19,078)** | **-** | **(147,200)** |
| **Transactions with owners:** | | | | | | | |
| Dividends: Final for 2019 paid | 33 (ii) | - | - | - | - | (579,784) | **(579,784)** |
| Interim for 2020 paid | 33 (i) & (ii) | - | - | - | (72,473) | - | **(72,473)** |
| Proposed dividends for 2020 | 33 (i) & (ii) | | | | (579,784) | 579,784 | |
| **Total transactions with owners** | | **-** | **-** | **-** | **(652,257)** | **-** | **(652,257)** |
| **At end of year** | | **362,365** | **(93,348)** | **70,000** | **7,229,827** | **579,784** | **8,148,628** |

The notes on pages 55 to 122 are an integral part of these financial statements.

| | Note | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash generated from operations | 25 (iii) | (2,780,438) | 2,361,418 |
| Income tax paid | 16 (ii) | (845,061) | (871,094) |
| **Net cash (outflow)/ inflow from operating activities** | | **(3,625,499)** | **1,490,324** |
| | | | |
| **Cash flow from investing activities** | | | |
| Rent, interest and other income received | | 9,770,118 | 11,255,794 |
| Dividends received from associates | 15 (i) | 1,089,283 | 406,086 |
| Proceeds from sale of quoted shares | 21 | 173,141 | 499,785 |
| Proceeds from disposal of property and equipment | | - | 472 |
| Net proceeds from part redemptions of shares in associate | 15 (i) | 490,641 | (3,882,968) |
| Purchase of property and equipment and intangible assets | 13 | (1,002,254) | (85,525) |
| Net additions of investment properties | 14 | (4,326) | (8,334) |
| Purchase of quoted equity investments | 21 | (2,070,089) | (460,670) |
| Sale of unquoted equity investments | 17 | 54,585 | 24,369 |
| Mortgage loans advanced | 20 (i) | (13,009) | (3,778) |
| Mortgage loans repaid | 20 (i) | 8,005 | 7,178 |
| Loans on life insurance policies advanced | 20 (ii) | (367,384) | (353,625) |
| Loans on life insurance policies repaid | 20 (ii) | 193,092 | 146,595 |
| Proceeds from sale of subsidiary | 15 | 4,749,500 | - |
| Loan to related party | 19 | (1,712,789) | - |
| Net purchase of government securities | 18 (i) & 39 | (10,964,388) | (14,105,991) |
| Net proceeds of commercial bonds | 18 (ii) | - | 579,736 |
| **Net cash inflow/ (outflow) from investing activities** | | **394,126** | **(5,980,876)** |
| | | | |
| **Cash flow from financing activities** | | | |
| Dividends paid | | (612,585) | (674,367) |
| Net (repayment) / proceeds from borrowings | | (431,462) | 2,181,045 |
| **Net cash (outflow)/ Input from financing activities** | | **(1,044,047)** | **1,506,678** |
| | | | |
| Cash and cash equivalents at start of year from continuing operations | 25 (ii) | 12,123,476 | 15,019,997 |
| (Decrease) in cash and cash equivalents | | (4,275,420) | (2,983,874) |
| Exchange gain on translation of cash and cash equivalents | | 70,263 | 87,353 |
| **Cash and cash equivalents at end of year** | **25 (ii) & 39** | **7,918,319** | **12,123,476** |

The notes on pages 55 to 122 are an integral part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | | COMPANY | |
|---|---|---|---|
| | | **2021** | **2020** |
| | **Note** | **Kes '000** | **Kes '000** |
| **Cash flow from operating activities** | | | |
| (Loss)/profit before income tax | | 6,650,559 | (13,208) |
| Adjustments for: - | | | |
| Depreciation and amortisation | 13 (i) & 37 | 20,918 | 3,376 |
| Fair value gains on government securities at FVTPL | 18 (i) | 63,748 | - |
| Investment income | 7 | (6,849,128) | (103,964) |
| Interest expense on lease liabilities | 37 (ii) | 10,472 | - |
| **Operating cash outflow before changes to receivables and payables** | | **(103,431)** | **(113,796)** |
| Change in receivables | | (1,381,620) | 558,205 |
| Change in payables | | 1,268,230 | (239,269) |
| **Cash generated from operations** | | **(216,821)** | **205,140** |
| Income tax paid | 16 | (122,477) | (12,181) |
| **Net cash inflow from operating activities** | | **(339,298)** | **192,959** |
| **Cash flow from investing activities** | | | |
| Rent, interest and other income received | | 134,694 | 38,623 |
| Dividends received from associates | | 2,325,750 | 3,465 |
| Sales Proceeds | | 4,749,500 | - |
| Purchase of property and equipment and intangible assets | 13 (i) | (1,716) | (166) |
| Additional investments in subsidiary | 15 (ii) | (1,200,000) | - |
| Net increase of government securities | 18 (i) | (4,024,816) | - |
| **Net cash inflow from investing activities** | | **1,983,412** | **41,922** |
| **Cash flow from financing activities** | | | |
| Repayments under lease liabilities | 37 (ii) | (21,873) | - |
| Dividends paid | | (612,585) | (674,367) |
| **Net cash outflow from financing activities** | | **(634,458)** | **(674,367)** |
| Cash and cash equivalents at start of year | 25 (ii) | 239,151 | 678,637 |
| Increase/ (decrease) in cash and cash equivalents | | 1,009,656 | (439,486) |
| Exchange (loss) on translation of cash and cash equivalents | | (340) | - |
| **Cash and cash equivalents at end of year** | **25 (ii)** | **1,248,467** | **239,151** |

The notes on pages 53 to 121 are an integral part of these financial statements.

## 1. GENERAL INFORMATION

Jubilee Holdings Limited is a limited liability company incorporated and domiciled in Kenya. The address of its registered office is: Jubilee Insurance House, Wabera Street, Nairobi, Kenya. The Company has a primary listing on the Nairobi Securities Exchange and is cross listed on the Uganda Securities Exchange and Dar Es Salaam Stock Exchange.

The Company through its subsidiaries and associates (together forming the Group) underwrites Life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts liabilities to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. It has operations in Kenya, Uganda, Tanzania, Burundi and Mauritius and employs over 933 (2020: 1,122) people through its subsidiaries.

The insurance business of the Group is organized into three segments, Short-Term (General) Business, Health Business and Long-Term (Life) Business. Long-term business relates to the underwriting of life risks relating to insured persons, the issue of investment contracts liabilities and the administration of pension funds. Short-term General business relates to underwriting of property and liability insurance business. The Health Business relates to underwriting of medical insurance business.

Within these financial statements and the notes to the financial statements the words "consolidated" and "Group" have been used interchangeably to mean the Company and its subsidiaries.

For purposes of the Kenya Companies Act, 2015 reporting purposes, the balance sheet is represented by statement of financial position while the profit and loss account is represented by the statements of profit or loss and other comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out in Note 40. These policies have been consistently applied to all years presented, unless otherwise stated.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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 judgments 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. Set out below are the areas that are most dependent on the application of estimates and assumptions:

### i) Accounting Estimates

### a) Insurance contract liabilities

#### *(i) Short-term business*

Management applies judgment in the estimation of short-term insurance contract liabilities. The Group uses historical experience to estimate the ultimate cost of claims and the provision for incurred but not reported (IBNR) claims. 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 claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. The nature of claims is generally high frequency with short reporting periods. The Group estimates claims using projected ultimate loss ratios based on notified claims. Refer to the sensitivity analysis in Note 26.

#### *(ii) Long-term business*

The determination of the liabilities under long term insurance contracts is dependent on estimates made by the Group. Assumptions used to compute the liabilities include mortality, persistency and investment returns. The assumptions used also include margin for adverse deviation, for key variables, when considered appropriate. The Group uses standard mortality tables that reflect historical mortality experience.

The main source of uncertainty is that future mortality may end up 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, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience. Refer to the sensitivity analysis in Note 26.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

### a) Insurance contract liabilities (continued)

*(ii) Long-term business (continued)*

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.

### b) Income tax

The Group is subject to income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. From the analysis of tax issues and assessments across the Group the impact of the issues raised by the regulators, it is management's judgement that the impacts result in contingent liabilities. And it is in Group's view that under any scenario these do not crystallize into tax liabilities.

### c) Valuation of unquoted equity investments

The Group estimates the value of unquoted equity investments using techniques that include the use of observable inputs. Changes in these estimates could result in material changes in the fair value of the investment. See further disclosures and sensitivities done under Note 17.

### d) Valuation of investment property

Investment property comprises leasehold land and buildings and is measured at fair value. Fair value is based on valuations performed every year by an independent valuation expert. In performing the valuation, the valuer obtains the market value of similar properties and compares with the carrying value of the investment property. Given that the valuer uses actual sales data obtained from the market in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

### e) Accounting for leases

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of five years. The lease agreements have the option to extend the leases and the option to terminate the leases. The extension options in different contracts vary from lease to lease.

The Group assumed that all of the existing leases expiring within the following five years, that have an extension option, will be not be extended, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Group elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset. For additional details relating to leases refer to note 37.

### ii) Critical judgements in applying the entity's accounting policies

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

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

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Group's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the identification and management of risks and seeks to minimize 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. Investment policies are in place which help manage liquidity and seek to maximize return within an acceptable level of interest rate risk.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (i) 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 contracts without fixed terms, 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.

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 across the board 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 illustrate the Group's concentration of insurance risk. The tables disclose the range of individual insured risk (sums assured) for the principal classes of business underwritten by the Group.

| **Year ended 31 December 2021** | | **Maximum insured loss** | | | | |
|---|---|---|---|---|---|---|
| Class of business | | | | | | **Total** |
| **Short-term business** | | **Kes 0m - Kes 15m Kes'000** | **Kes 15m - Kes 250m Kes'000** | **Kes 250m - Kes 1000m Kes'000** | **Kes 1000m + Kes'000** | **Kes'000** |
| Motor | Gross | 13,901,647 | 13,669,153 | 4,218,552 | 7,562,786 | 39,352,138 |
| | Net | 8,460,337 | 12,231,133 | 3,319,713 | 9,211,834 | 33,223,017 |
| Fire | Gross | 2,375,634 | 17,513,471 | 19,046,788 | 655,244,940 | 694,180,833 |
| | Net | 1,718,979 | 14,724,228 | 15,958,301 | 69,830,672 | 102,232,180 |
| Personal accident | Gross | 1,211,436 | 12,710,167 | 9,887,850 | 180,831,010 | 204,640,463 |
| | Net | 1,112,585 | 12,279,835 | 9,385,970 | 29,111,842 | 51,890,232 |
| Medical | Gross | 206,136 | 5,466,615 | 2,371,206 | 55,100,313 | 63,144,270 |
| | Net | 170,418 | 4,789,945 | 892,309 | 1,688,603 | 7,541,275 |
| Other | Gross | 229,750 | 13,006,977 | 9,188,114 | 15,078,299 | 37,503,140 |
| | Net | 105,662 | 8,302,220 | 2,374,008 | 596,677 | 11,378,567 |
| **Long-term business** | | | | | | |
| Ordinary life | Gross | 31,160,598 | 3,573,435 | 45,126 | - | 34,779,159 |
| | Net | 27,777,873 | 3,003,860 | (496) | - | 30,781,237 |
| Group life | Gross | 161,176,314 | 112,116,352 | 28,275,988 | 187,548,485 | 489,117,139 |
| | Net | 111,836,444 | 33,362,663 | 7,359,753 | 76,415,614 | 228,974,474 |
| Annuity | Gross | 1,206,956 | 423,105 | - | - | 1,630,061 |
| | Net | 1,206,947 | 423,105 | - | - | 1,630,052 |
| **Total** | **Gross** | **211,468,471** | **178,479,275** | **73,033,624** | **1,101,365,833** | **1,564,347,203** |
| | **Net** | **152,389,245** | **89,116,989** | **39,289,558** | **186,855,242** | **467,651,034** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (i) Insurance risk (continued)

| **Year ended 31 December 2020** | | Maximum insured loss | | | | |
|---|---|---|---|---|---|---|
| Class of business | | | | | | **Total** |
| **Short-term business** | | **Kes 0m - Kes 15m** | **Kes 15m - Kes 250m** | **Kes 250m - Kes 1000m** | **Kes 1000m +** | |
| | | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| Motor | Gross | 85,448,007 | 23,030,901 | 3,486,240 | 7,134,541 | 119,099,689 |
| | Net | 85,361,342 | 21,915,368 | 2,630,620 | 5,687,485 | 115,594,815 |
| Fire | Gross | 37,112,490 | 85,220,666 | 71,480,203 | 1,354,091,290 | 1,547,904,649 |
| | Net | 11,022,067 | 84,680,588 | 27,995,554 | 84,793,546 | 208,491,755 |
| Personal accident | Gross | 1,725,751 | 8,997,053 | 6,207,909 | 134,925,325 | 151,856,038 |
| | Net | 1,706,327 | 8,677,609 | 5,543,036 | 28,675,955 | 44,602,927 |
| Medical | Gross | 426,150 | 5,703,767 | 4,472,024 | 50,587,056 | 61,188,997 |
| | Net | 194,391 | 5,621,118 | 4,291,755 | 20,666,918 | 30,774,182 |
| Other | Gross | 22,784,603 | 70,984,641 | 53,553,220 | 297,603,263 | 444,925,727 |
| | Net | 10,478,673 | 45,308,767 | 13,836,980 | 11,776,724 | 81,401,144 |
| **Long-term business** | | | | | | |
| Ordinary life | Gross | 29,335,327 | 3,097,839 | 42,321 | - | 32,475,487 |
| | Net | 26,249,928 | 2,827,720 | (465) | - | 29,077,183 |
| Group life | Gross | 160,181,125 | 107,009,272 | 27,373,750 | 299,468,218 | 594,032,365 |
| | Net | 110,867,785 | 30,629,890 | 7,310,894 | 117,148,168 | 265,956,737 |
| Annuity | Gross | 1,256,312 | 1,257,783 | - | - | 2,514,095 |
| | Net | 1,125,658 | 11,255,978 | - | - | 12,381,636 |
| **Total** | **Gross** | **338,269,765** | **305,301,922** | **166,615,667** | **2,143,809,693** | **2,953,997,047** |
| | **Net** | **247,006,171** | **210,917,038** | **61,608,374** | **268,748,796** | **788,280,379** |

### (ii) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contract), 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 . These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

These risks arise from open positions in interest rate, currency and equity products, 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 interest rate risk and equity price risk.

The Group manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM 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.

The Group has exposure to the following risks arising from financial instruments:

### (a) Market risk

Market risk will apply to quoted equity investments valued through profit or loss as well as those through equity, balances and investments carried in currencies other than reporting currency and investments in associates and investments that are translated to the Group reporting currency.

### (i) Foreign exchange risk

The Group operates regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Uganda shilling and Tanzania Shilling, Mauritius Rupee and Burundi Francs. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group manages foreign exchange risk arising from future commercial transactions and recognized assets and liabilities by maintaining Dollar currency deposits to reduce loss against fluctuation in currency. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Risk arises from the Group's investments in its overseas operations. The Group's structural foreign currency exposure is represented by the net asset value of the foreign currency. Gains or losses on structural foreign currency exposures are taken to reserves.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (a) Market Risk (continued)

### (i) Foreign exchange risk (continued)

The Group had the following significant foreign currency exposures (all amounts expressed in Kenya Shillings thousands):

| **Exchange Risk** | **US Dol-lar** | **Uganda Shillings** | **Tanzania Shillings** | **Mauri-tius Ru-pees** | **Burundi Francs** | **Total** |
|---|---|---|---|---|---|---|
| **As at 31 December 2021:** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| **ASSETS** | | | | | | |
| Receivables arising out of reinsurance arrange-ments | - | - | 466,390 | 443,830 | - | 910,220 |
| Deposit with financial institutions | 2,109 | - | 766,462 | - | 385,920 | 1,154,491 |
| Cash and bank balances | - | 9,978 | 169,938 | - | 128,894 | 308,810 |
| **Total assets** | **2,109** | **9,978** | **1,402,790** | **443,830** | **514,814** | **2,373,521** |
| **LIABILITIES** | | | | | | |
| Insurance contract liabilities | - | - | 3,343,741 | - | 190,260 | 3,534,001 |
| Creditors arising out of reinsurance arrangements | - | - | 228,124 | 142,170 | 54,437 | 424,731 |
| **Total liabilities** | **-** | **-** | **3,571,865** | **142,170** | **244,697** | **3,958,732** |
| **Net position** | **2,109** | **9,978** | **(2,169,075)** | **301,660** | **270,117** | **(1,585,211)** |

| **As at 31 December 2020:** | **US Dollar Kes'000** | **Uganda Shil-lings Kes'000** | **Tanzania Shillings Kes'000** | **Mauritius Rupees Kes'000** | **Burundi Francs Kes'000** | **Total Kes'000** |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Receivables arising out of reinsurance arrange-ments | - | - | 655,134 | 361,495 | - | 1,016,629 |
| Deposit with financial institutions | 2,098 | - | 646,949 | 36,521 | 827,406 | 1,512,974 |
| Cash and bank balances | - | 9,643 | 177,144 | 31,221 | 144,219 | 362,227 |
| **Total assets** | **2,098** | **9,643** | **1,479,227** | **429,237** | **971,625** | **2,891,830** |
| **LIABILITIES** | | | | | | |
| Insurance contract liabilities | - | 31,833 | 1,712,811 | 3,090 | 132,218 | 1,879,952 |
| Creditors arising out of reinsurance arrangements | - | - | 389,810 | 151,270 | 33,397 | 574,477 |
| **Total liabilities** | **-** | **31,833** | **2,102,621** | **154,360** | **165,615** | **2,454,429** |
| **Net position** | **2,098** | **(22,190)** | **(623,394)** | **274,877** | **806,010** | **437,401** |

At 31 December 2021, if the Shilling had weakened/strengthened by 10% against the US dollar/Ugx/Tzs/Mrp/BIF with all other variables held constant, the post-tax profit for the year would have been Kes 19 million,(2020: Kes 44 million) higher/lower.

**Company**

| **Exchange Risk** | **US Dollar** | **Uganda Shillings** | **Tanzania Shillings** | **Mauritius Rupees** | **Burundi Francs** | **Total** |
|---|---|---|---|---|---|---|
| **As at 31 December 2021:** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| **ASSETS** | | | | | | |
| **Due from related parties** | - | 5,990 | 5,950 | 22,367 | 95,783 | 130,090 |
| Deposit with financial institutions | 2,109 | - | - | - | - | 2,109 |
| Cash and bank balances | - | 9,978 | - | - | - | 9,978 |
| **Total assets** | **2,109** | **15,968** | **5,950** | **22,367** | **95,783** | **142,177** |
| **LIABILITIES** | | | | | | |
| Due to related parties | - | 543,422 | - | - | - | 543,422 |
| **Total liabilities** | **-** | **543,422** | **-** | **-** | **-** | **543,422** |
| **Net position** | **2,109** | **(527,454)** | **5,950** | **22,367** | **95,783** | **(401,245)** |

At 31 December 2021, if the Shilling had weakened/strengthened by 10% against the US dollar/Ugx/Tzs/Mrp/BIF with all other variables held constant, the post-tax profit for the year would have been Kes 40 million (2020: Kes 9 million) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (a) Market Risk (continued)

### (i) Foreign exchange risk (continued)

**Company**

| Exchange Risk | US Dollar | Uganda Shillings | Tanzania Shillings | Mauritius Rupees | Burundi Francs | Total |
|---|---|---|---|---|---|---|
| **As at 31 December 2020:** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| **ASSETS** | | | | | | |
| **Due from related parties** | - | - | - | 1,062 | 77,586 | 78,648 |
| Deposit with financial institutions | 2,098 | - | - | - | - | 2,098 |
| Cash and bank balances | - | 9,643 | - | - | - | 9,643 |
| **Total assets** | **2,098** | **9,643** | **-** | **1,062** | **77,586** | **90,389** |
| **LIABILITIES** | | | | | | |
| Due to related parties | - | 768,231 | 22,595 | - | - | 790,826 |
| **Total liabilities** | **-** | **768,231** | **22,595** | **-** | **-** | **790,826** |
| **Net position** | **2,098** | **(758,588)** | **(22,595)** | **1,062** | **77,586** | **(700,437)** |

The Group's exposure to the foreign currency risk of its subsidiaries and associated companies (where the entity's reporting currency is not Kenya Shilling linked) is summarized in the tables below by country and reporting currency:

**Group**

| Exchange Risk | US Dollar | Uganda Shillings | Tanzania Shillings | Mauritius Rupees | Burundi Francs |
|---|---|---|---|---|---|
| **As at 31 December 2021:** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| **Subsidiaries** | | | | | |
| Jubilee Uganda | - | 10,126,919 | - | - | - |
| Jubilee Tanzania | - | - | 1,106,120 | - | - |
| Jubilee Mauritius | - | - | - | 291,399 | - |
| Jubilee Burundi | - | - | - | - | 360,197 |
| **Associates** | - | - | - | - | - |
| Bujagali Holdings Power Company Limited | 8,034,615 | - | - | - | - |
| IPS Cable Systems Limited | 2,853,303 | - | - | - | - |
| Jubilee Allianz General (U) Insurance Company Limited | - | 359,977 | - | - | - |
| **Group gross foreign currency exposure** | **10,887,918** | **10,486,896** | **1,106,120** | **291,399** | **360,197** |
| Non-controlling interest foreign currency expo-sure | - | 504,794 | 1,015,219 | 73,534 | 107,385 |
| **Net foreign currency exposure** | **10,887,918** | **10,991,690** | **2,121,339** | **364,933** | **467,582** |
| **Exchange Rates** | | | | | |
| Closing rate at 31 December 2021 | 113.1412 | 31.3061 | 20.3728 | 2.6108 | 17.6289 |
| Average rate during the year 2021 | 109.6509 | 32.7197 | 21.1172 | 2.6474 | 17.9803 |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (a) Market Risk (continued)

### (i) Foreign exchange risk (continued)

**Group**

| Exchange Risk<br>As at 31 December 2020: | US Dollar Kes'000 | Uganda Shillings Kes'000 | Tanzania Shillings Kes'000 | Mauritius Rupees Kes'000 | Burundi Francs Kes'000 |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| Jubilee Uganda | - | 13,163,173 | - | - | - |
| Jubilee Tanzania | - | - | 1,962,210 | - | - |
| Jubilee Mauritius | - | - | - | 322,737 | - |
| Jubilee Burundi | - | - | - | - | 600,304 |
| **Associates** | - | - | - | - | - |
| Bujagali Holdings Power Company Limited | 7,565,155 | - | - | - | - |
| IPS Cable Systems Limited | 2,733,928 | - | - | - | - |
| IPS Power Investment Limited | 96,551 | - | - | - | - |
| **Group gross foreign currency exposure** | **10,395,634** | **13,163,173** | **1,962,210** | **322,737** | **600,304** |
| Non-controlling interest foreign currency expo-sure | - | (1,622,091) | (952,796) | 64,858 | (174,534) |
| **Net foreign currency exposure** | **10,395,634** | **11,541,082** | **1,009,414** | **387,595** | **425,770** |
| **Exchange Rates** | | | | | |
| Closing rate at 31 December 2020 | 109.1718 | 33.3812 | 21.2418 | 2.7779 | 17.7689 |
| Average rate during the year 2020 | 106.4676 | 34.9344 | 21.7616 | 2.7134 | 17.9711 |

### (ii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted shares classified either as financial assets at fair value through other comprehensive income or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Nairobi Securities Exchange (NSE), the Uganda Securities Exchange (USE) and Dar es Salaam Stock Exchange (DSE).

The following group and company assets were subject to price risk at the end of the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Government securities at fair value through profit or loss | 23,118,920 | 15,130,188 | 4,024,816 | - |
| Quoted equity investments at fair value through profit or loss | 4,309,886 | 3,353,179 | - | - |
| Quoted equity investments at fair value through other comprehensive income | 757,464 | 815,239 | 365,969 | 454,943 |
| **Total Exposure** | **28,186,270** | **19,298,606** | **4,390,785** | **454,943** |

***Group***

At 31 December 2021, if the NSE, USE and DSE, indices had increased/decreased by 10% (2020:10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, the post-tax profit would have been Kes 70 million (2020 Kes 50 million) higher/lower, while post-tax other comprehensive income would have been Kes 3 million (2020: Kes. 2 million) higher/lower.

***Company***

At 31 December 2021 the securities held by the Company are traded on the Nairobi Securities Exchange and Uganda Securities Exchange (USE). If the NSE and USE indices had increased/decreased by 10% with all other variables held constant, all the company's equity instruments would move according to the historical correlation to the index, the post-tax profit would have been Kes 0.45 million (2020: Kes. 50,000) higher/lower.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (b) Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the Group to fair value interest rate risk. Variable interest rate financial instruments expose the Group to cash flow interest rate risk.

The Group's fixed interest rate financial instruments are government securities, deposits with financial institutions and corporate bonds

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The following assets were subject to fair value interest risk at the end of the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Government securities at amortised cost | 69,197,746 | 66,978,294 | - | - |
| Government securities at fair value through profit or loss | 23,118,920 | 15,130,188 | 4,024,816 | - |
| Deposits with financial institutions | 4,566,014 | 8,159,216 | 1,036,615 | 128,264 |
| **Total Exposure** | **96,882,680** | **90,267,698** | **5,061,431** | **128,264** |

At 31 December 2021, if the interest rates applicable to the above mentioned financial instruments had increased/decreased by 10% (2020:10%) with all other variables held constant, the change in the post-tax profit would not have been significant as the call deposits are held in the interim and placed in fixed interest rate instruments.

The Group considers the interest paying floating rate borrowing to be relatively immaterial compared to the total assets held and furthermore this will be run down in a few years. Thus the shock due to the fluctuations is not considered to represent a significant financial risk to the group.

### (c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets. Key areas where the Group is exposed to credit risk are:

- receivables arising out of direct insurance arrangements;
- receivables arising out of reinsurance arrangements;
- corporate bonds;
- deposits with banks;
- government securities;
- mortgage receivables;
- other receivables; and
- loans on life insurance policies.

The Group structures the levels of credit risk it accepts by dealing with institutions with good credit ratings and placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to annual or more frequent reviews. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

Management information reported to the Group includes details of provisions for impairment on financial assets at amortized cost and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk department.

The credit quality of financial assets is assessed by reference to external credit ratings if available. Where external credit ratings are not available the counterparty is assessed based on historical information available relating to the counterparty default rates.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (c) Credit risk (continued)

The Group classifies counterparties as follows, based on their internal credit ratings where available.

The maximum exposure of the Group to credit risk (financial instruments subject to impairment) as at the balance sheet date is as follows:

| **31 December 2021** | **Stage 1 Kes'000** | **Stage 2 Kes'000** | **Stage 3 Kes'000** | **Total Kes'000** |
|---|---|---|---|---|
| Government Securities at amortised cost | 69,197,746 | - | - | 69,197,746 |
| Mortgage loans | 40,799 | - | - | 40,799 |
| Loans from Life insurance policies | 1,409,992 | - | - | 1,409,992 |
| Receivables arising out of direct insurance arrangements | 357,227 | 368,262 | 152,445 | 877,934 |
| Receivables arising out of reinsurance arrangements | 1,237,084 | - | - | 1,237,084 |
| Other receivables | 3,142,436 | - | - | 3,142,436 |
| Loan | 1,712,789 | - | - | 1,712,789 |
| Deposits with financial institutions | 4,566,014 | - | - | 4,566,014 |
| Cash at Bank | 2,339,737 | - | - | 2,339,737 |
| **Exposure to Credit Risk** | **84,003,824** | **368,262** | **152,445** | **84,524,531** |

| **31 December 2020** | **Stage 1 Kes'000** | **Stage 2 Kes'000** | **Stage 3 Kes'000** | **Total Kes'000** |
|---|---|---|---|---|
| Government Securities at amortised cost | 66,978,294 | - | - | 66,978,294 |
| Mortgage loans | 46,879 | - | - | 46,879 |
| Loans from Life insurance policies | 1,223,521 | - | - | 1,223,521 |
| Receivables arising out of direct insurance arrangements | 2,690,566 | 368,262 | 152,445 | 3,211,273 |
| Receivables arising out of reinsurance arrangements | 1,518,573 | - | - | 1,518,573 |
| Other receivables | 2,538,091 | - | - | 2,538,091 |
| Deposits with financial institutions | 8,159,216 | - | - | 8,159,216 |
| Cash at Bank | 3,964,260 | - | - | 3,964,260 |
| **Exposure to Credit Risk** | **87,119,400** | **368,262** | **152,445** | **87,640,107** |

No collateral is held for any of the above assets other than the staff mortgage loans and car loans included under the other receivables. Properties in relation to staff mortgage loans are charged to the group as collateral and in relation to staff motor vehicle loans the motor vehicle log books/registration documents are registered in joint names noting Jubilee as the financier and deposited with the Company.

The surrender value of the life insurance policies and title documents are held as collateral for loans on life policies and mortgage loans respectively. All receivables that are neither past due nor impaired are within their approved credit limit, and no receivables have had their terms negotiated.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (c) Credit risk (continued)

**Loss Allowance**

The loss allowance recognised in the period is impacted by a variety of factors, such as:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent 'step-up' (or 'step-down') between 12 month and Lifetime ECL;
- Additional allowance for new financial instruments recognised in the period, as well as releases for financial instruments;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind with ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements;
- Financial assets de-recognised during the period and write off of allowances related to assets that were written off during the period.

The table below explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors

**Group**

| | Government Securities | Deposits with financial institutions | Cash and Bank balances | Corporate bonds | Insurance Receivables | Total |
|---|---|---|---|---|---|---|
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| **As at 1 January 2021** | **30,503** | **(2,376)** | **1,443** | **-** | **1,406,648** | **1,436,218** |
| Movement in provisions | - | - | - | - | - | - |
| **As at 31 December 2021** | **30,503** | **(2,376)** | **1,443** | **-** | **1,406,648** | **1,436,218** |
| | | | | | | |
| **As at 1 January 2020** | **9,522** | **(2,376)** | **1,443** | **(235)** | **715,977** | **724,331** |
| Movement in provisions | 20,981 | - | - | 235 | 690,671 | 711,887 |
| **As at 31 December 2020** | **30,503** | **(2,376)** | **1,443** | **-** | **1,406,648** | **1,436,218** |

**Maximum exposure to credit risk - financial instruments not subject to impairment**

| | Group | | Company | |
|---|---|---|---|---|
| **Maximum Exposure to credit risk** | **2021** | **2020** | **2021** | **2020** |
| | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Government securities at fair value through profit or loss | 23,118,920 | 15,130,188 | 4,024,816 | - |
| **Total** | **23,118,920** | **15,130,188** | **4,024,816** | **-** |

There was no loss allowance recognized in the financial statements of the Company.

### (d) Liquidity risk

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

The Group is exposed to daily calls on its available cash 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 Board sets limits on the minimum level of bank overdraft facilities that should be in place to cover expenditure at unexpected levels of demand.

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (d) Liquidity risk (continued)

The table below presents the undiscounted cash flows payable by the Group under financial and other liabilities by remaining contractual maturities at the reporting date except for insurance contract liabilities and investment contracts liabilities. Cash flows payable by the Company under insurance contract liabilities and deposit administration contracts are presented based on expected maturities at the reporting date.

**Group**

| Year ended 31 December 2021 | Up to 1 month Kes '000 | 1 to 3 months Kes '000 | 3 to 12 months Kes '000 | Over 1 year Kes '000 | Total Kes '000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Mortgage loans | - | - | 11,726 | 36,397 | 48,123 |
| Loans on life insurance policies | 22,967 | 43,816 | 258,788 | 1,581,588 | 1,907,159 |
| Government securities | 211,512 | 5,485,216 | 10,428,518 | 80,807,253 | 96,932,499 |
| Other receivables | - | - | - | 3,932,203 | 3,932,203 |
| Insurance and reinsurance receivables | 358,572 | 1,354,217 | - | - | 1,712,789 |
| Loan | 953,050 | 715,568 | 660,100 | 420,805 | 2,749,523 |
| Deposits with financial institutions and cash and bank balances | 995,942 | 5,516,969 | 1,428,703 | - | 7,941,614 |
| **Total assets** | **2,542,043** | **13,115,786** | **12,787,835** | **86,778,246** | **115,223,910** |
| **Liabilities** | | | | | |
| Lease liabilities | 18,529 | 90,380 | 65,866 | 270,115 | 444,890 |
| Insurance contract liabilities | 309,105 | 1,028,267 | 7,736,687 | 23,407,687 | 32,481,746 |
| Payable under deposit administration contracts | 11,097,834 | 18,294,750 | 19,813,649 | 21,291,210 | 70,497,443 |
| Creditors arising out of direct insurance arrange-ments | 121,461 | 83,813 | 75,139 | 41,482 | 321,895 |
| Creditors arising out of reinsurance arrangements | 108,517 | 88,379 | 68,007 | 12,551 | 277,454 |
| Dividend and other payables | 165,764 | 411,173 | 823,118 | 2,543,288 | 3,943,343 |
| Borrowings | 856,058 | 8,052,340 | (7,242,542) | 299,667 | 1,965,523 |
| **Total liabilities** | **12,677,268** | **28,049,102** | **21,339,924** | **47,866,000** | **109,932,294** |
| **Excess/(shortfall) of assets over liabilities** | **(10,135,225)** | **(14,933,316)** | **(8,552,089)** | **38,912,246** | **5,291,616** |

| Year ended 31 December 2020 | Up to 1 month Kes '000 | 1 to 3 months Kes '000 | 3 to 12 months Kes '000 | Over 1 year Kes '000 | Total Kes '000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Mortgage loans | - | - | 11,423 | 47,155 | 58,578 |
| Loans on life insurance policies | 14,734 | 28,110 | 166,023 | 1,150,401 | 1,359,268 |
| Government securities | 179,166 | 4,646,354 | 8,833,671 | 70,874,392 | 84,533,583 |
| Commercial bonds | - | - | - | - | - |
| Other receivables | 531,348 | 2,006,743 | - | - | 2,538,091 |
| Insurance and reinsurance receivables | 1,639,477 | 1,230,952 | 1,135,532 | 730,283 | 4,736,244 |
| Deposits with financial institutions and cash and bank balances | 1,520,381 | 8,422,072 | 2,181,023 | - | 12,123,476 |
| **Total assets** | **3,885,106** | **16,334,231** | **12,327,672** | **72,802,231** | **105,349,240** |
| **Liabilities** | | | | | |
| Lease liabilities | 25,655 | 76,967 | 102,622 | 121,544 | 326,788 |
| Insurance contract liabilities | 33,336,356 | - | - | - | 33,336,356 |
| Payable under deposit administration contracts | 558,358 | 1,118,587 | 5,380,691 | 53,078,431 | 60,136,067 |
| Creditors arising out of direct insurance arrange-ments | 19,966 | 4,734 | 89,811 | 188,013 | 302,524 |
| Creditors arising out of reinsurance arrangements | 350,975 | 36,943 | 314,286 | - | 702,204 |
| Dividend and other payables | 1,615,495 | 751,414 | 1,537,594 | - | 3,904,503 |
| Borrowings | - | - | 56,811 | 2,359,135 | 2,415,946 |
| **Total liabilities** | **35,906,805** | **1,988,645** | **7,481,815** | **55,747,123** | **101,124,388** |
| **Excess/(shortfall) of assets over liabilities** | **(32,021,699)** | **14,345,586** | **4,845,857** | **17,055,108** | **4,224,852** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (d) Liquidity risk (continued)

**Company**

| Year ended 31 December 2021 | Up to 1 month Kes '000 | 1 to 3 months Kes '000 | 3 to 12 months Kes '000 | Over 1 year Kes '000 | Total Kes '000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Due from related parties | 128,385 | - | - | - | 128,385 |
| Other receivables | - | 1,604,312 | - | - | 1,604,312 |
| Deposits with financial institutions | - | 1,036,615 | - | - | 1,036,615 |
| Cash and bank balances | - | 211,852 | - | - | 211,852 |
| **Total assets** | **128,385** | **2,852,779** | **-** | **-** | **2,981,164** |
| **Liabilities** | | | | | |
| Due to related parties | 580 | - | - | - | 580 |
| Dividend and other payables | 444,003 | 1,345,722 | - | - | 1,789,725 |
| **Total liabilities** | **444,583** | **1,345,722** | **-** | **-** | **1,790,305** |
| **(shortfall)/ excess of assets over liabilities** | **(316,198)** | **1,507,057** | **-** | **-** | **1,190,859** |

**Company**

| Year ended 31 December 2020 | Up to 1 month Kes '000 | 1 to 3 months Kes '000 | 3 to 12 months Kes '000 | Over 1 year Kes '000 | Total Kes '000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Due from related parties | 105,656 | - | - | - | 105,656 |
| Other receivables | - | 245,421 | - | - | 245,421 |
| Deposits with financial institutions | - | 128,264 | - | - | 128,264 |
| Cash and bank balances | - | 110,887 | - | - | 110,887 |
| **Total assets** | **105,656** | **484,572** | **-** | **-** | **590,228** |
| **Liabilities** | | | | | |
| Due to related parties | 722,265 | - | - | - | 722,265 |
| Dividend and other payables | 404,330 | 36,520 | - | - | 440,850 |
| **Totals** | **1,126,595** | **36,520** | **-** | **-** | **1,163,115** |
| **(shortfall)/ excess of assets over liabilities** | **(1,020,939)** | **448,052** | **-** | **-** | **(572,887)** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as fair value through profit or loss and fair value through other comprehensive income. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**Group**

| | | Carrying Amount | | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2021** | **Note** | **Designated at fair value through profit or loss Kes '000** | **Amortised cost Kes '000** | **Designated at fair value through OCI Kes '000** | **Other financial liabilities Kes '000** | **Total Kes '000** | **Level 1 Kes '000** | **Level 2 Kes '000** | **Level 3 Kes '000** | **Total Kes '000** |
| **Financial assets** | | | | | | | | | | |
| Equity securities | 17 & 21 | 10,788,591 | - | 1,241,405 | - | 12,029,996 | 5,067,350 | - | 6,962,646 | 12,029,996 |
| Investment properties | 14 | 6,916,284 | | | | 6,916,284 | | 6,916,284 | | 6,916,284 |
| Mortgage loans | 20 (i) | | 40,799 | - | - | 40,799 | - | 40,799 | - | 40,799 |
| Loans on life insurance policies | 20 (ii) | | 1,409,992 | - | - | 1,409,992 | - | | 1,409,992 | 1,409,992 |
| Government securities | 18 | 23,118,920 | 69,197,746 | - | - | 92,316,666 | 98,778,832 | - | - | 98,778,832 |
| Other receivables | 24 | | 3,142,436 | - | - | 3,142,436 | - | 3,142,436 | - | 3,142,436 |
| Insurance and reinsurance receivables | 4 (c) | | 2,115,018 | - | - | 2,115,018 | - | 2,115,018 | - | 2,115,018 |
| Loan | 19 | | 1,712,789 | | | 1,712,789 | - | 1,712,789 | | 1,712,789 |
| Deposits with financial institu-tions Cash and bank balances | 25 | | 6,905,751 | - | - | 6,905,751 | - | 6,905,751 | - | 6,905,751 |
| **Total** | | **40,823,795** | **84,524,531** | **1,241,405** | **-** | **126,589,731** | **103,846,182** | **20,833,077** | **8,372,638** | **133,051,897** |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other payables | 29 | - | - | - | (3,241,364) | (3,241,364) | - | - | (3,241,364) | (3,241,364) |
| Dividend payable | 33 (ii) | - | - | - | (444,003) | (444,003) | - | - | (444,003) | (444,003) |
| **Total** | | **-** | **-** | **-** | **(3,685,367)** | **(3,685,367)** | **-** | **-** | **(3,685,367)** | **(3,685,367)** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (e) Fair value estimation (continued)

**Group**

| | | Carrying Amount | | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | **Note** | **Designated at fair value through profit or loss Kes '000** | **Amortised cost Kes '000** | **Designated at fair value through OCI Kes '000** | **Other financial liabilities Kes '000** | **Total Kes '000** | **Level 1 Kes '000** | **Level 2 Kes '000** | **Level 3 Kes '000** | **Total Kes '000** |
| **Financial assets** | | | | | | | | | | |
| Equity securities | 17 & 21 | 9,562,632 | - | 1,319,414 | - | 10,882,046 | 4,168,418 | - | 6,713,628 | 10,882,046 |
| Investment properties | 14 | 6,713,857 | | | | 6,713,857 | | 6,713,857 | | 6,713,857 |
| Mortgage loans | 20 (i) | | 46,879 | - | - | 46,879 | - | 46,879 | - | 46,879 |
| Loans on life insurance policies | 20 (ii) | | 1,223,521 | - | - | 1,223,521 | - | | 1,223,521 | 1,223,521 |
| Government securities | 18 | 15,130,188 | 66,978,294 | - | - | 82,108,482 | 84,242,421 | - | - | 84,242,421 |
| Commercial bonds | 19 | - | - | - | - | - | - | - | - | - |
| Other receivables | 24 | | 2,304,065 | - | - | 2,304,065 | - | 2,304,065 | - | 2,304,065 |
| Insurance and reinsurance receiva-bles | 4 (c) | | 4,729,846 | - | - | 4,729,846 | - | 4,729,846 | - | 4,729,846 |
| Deposits with financial institutions Cash and bank balances | | | 12,123,476 | - | - | 12,123,476 | - | 12,123,476 | - | 12,123,476 |
| **Total** | | **31,406,677** | **87,406,081** | **1,319,414** | **-** | **120,132,172** | **88,410,839** | **25,918,123** | **7,937,149** | **122,266,111** |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other payables | 29 | - | - | - | (3,500,173) | (3,500,173) | - | - | (3,500,173) | (3,500,173) |
| Dividend payable | 33 (ii) | - | - | - | (404,330) | (404,330) | - | - | (404,330) | (404,330) |
| **Total** | | **-** | **-** | **-** | **(3,904,503)** | **(3,904,503)** | **-** | **-** | **(3,904,503)** | **(3,904,503)** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (e) Fair value estimation (continued)

**Company**

| | | Carrying Amount | | | | | Fair value hierarchy | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | **Note** | **Designated at fair value through profit or loss Kes '000** | **Amortised cost Kes '000** | **Designated at fair value through OCI Kes '000** | **Other financial liabilities Kes '000** | **Total Kes '000** | **Level 1 Kes '000** | **Level 2 Kes '000** | **Level 3 Kes '000** | **Total Kes '000** |
| **Financial assets** | | | | | | | | | | |
| Equity securities | 17 & 21 | - | - | 458,337 | - | 458,337 | 365,969 | - | 92,368 | 458,337 |
| Other receivables | 24 | - | 1,604,312 | - | - | 1,604,312 | 1,604,312 | - | - | 1,604,312 |
| Government securities | 18 | 4,024,816 | - | | | 4,024,816 | 4,226,056 | | | 4,226,056 |
| Deposits with financial institu-tions | | | 1,036,615 | | | 1,036,615 | - | 1,036,615 | | 1,036,615 |
| Cash and bank balances | 25 (i) | - | 211,852 | - | - | 211,852 | - | 211,852 | - | 211,852 |
| **Total** | | **4,024,816** | **2,852,779** | **458,337** | **-** | **7,335,932** | **6,196,337** | **1,248,467** | **87,525** | **7,537,172** |
| **Financial liabilities** | | | | | | | | | | |
| Other payables | 29 | - | - | - | (1,345,722) | (1,345,722) | - | - | (1,345,722) | (1,345,722) |
| Dividend payable | 33 (ii) | - | - | - | (444,003) | (444,003) | - | - | (444,003) | (444,003) |
| **Total** | | **-** | **-** | **-** | **(1,789,725)** | **(1,789,725)** | **-** | **-** | **(1,789,725)** | **(1,789,725)** |

| | | Carrying Amount | | | | | Fair value heirarchy | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2020** | **Note** | **Designated at fair value through profit or loss Kes '000** | **Amortised cost Kes '000** | **Designated at fair value through OCI Kes '000** | **Other financial liabilities Kes '000** | **Total Kes '000** | **Level 1 Kes '000** | **Level 2 Kes '000** | **Level 3 Kes '000** | **Total Kes '000** |
| **Financial assets** | | | | | | | | | | |
| Equity securities | 17 & 21 | - | - | 542,468 | - | 542,468 | 454,943 | - | 87,525 | 542,468 |
| Other receivables | 24 | - | 245,421 | - | - | 245,421 | 245,421 | - | - | 245,421 |
| Deposits with financial institu-tions | | | 128,264 | | | 128,264 | - | 128,264 | | 128,264 |
| Cash and bank balances | 25 (i) | - | 110,887 | - | - | 110,887 | - | 110,887 | - | 110,887 |
| **Total** | | **-** | **484,572** | **542,468** | **-** | **1,027,040** | **700,364** | **239,151** | **87,525** | **1,027,040** |
| **Financial liabilities** | | | | | | | | | | |
| Other payables | 29 | - | - | - | (36,520) | (36,520) | - | - | (36,520) | (36,520) |
| Dividend payable | 33 (ii) | - | - | - | (404,330) | (404,330) | - | - | (404,330) | (404,330) |
| **Total** | | **-** | **-** | **-** | **(440,850)** | **(440,850)** | **-** | **-** | **(440,850)** | **(440,850)** |

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

### (ii) Financial risk (continued)

### (e) Fair value estimation (continued)

The fair value of Government securities at amortised cost and corporate bonds at amortised cost has been computed by reference to the market prices prevailing at the end of the year for the same or similar asset. For the other assets, the fair value approximates the amortised cost.

The movements for the various financial assets are disclosed in the respective notes as indicated.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- Valuation of unquoted shares.

The Company uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Company reviewed several valuation techniques and selected a value that is based on discounted cash flow. The critical management judgment is in the selection of the discount rate and the growth rate applied and the determination of normalized earnings for the underlying investments.

### (f) Capital risk 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;
- Comply with regulatory solvency requirements as set out in the Insurance Act;
- 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 stakeholders; and
- Provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The table below summarises the minimum required capital across the Group and the capital held against each of them as at 31 December 2021 and 2020. These figures are an aggregate number, being the sum of the statutory share capital in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction.

| | **2021** | | | | | |
|---|---|---|---|---|---|---|
| | **Kenya** | **Uganda** | **Tanzania** | **Burundi** | **Mauritius** | **Total** |
| | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Amount of issued and paid up capital | 5,220,720 | 392,706 | 214,958 | 92,969 | 310,465 | 6,231,818 |
| Regulatory capital requirements | 1,600,000 | 228,947 | 117,442 | 92,969 | 275,561 | 2,314,919 |

| | **2020** | | | | | |
|---|---|---|---|---|---|---|
| | **Kenya** | **Uganda** | **Tanzania** | **Burundi** | **Mauritius** | **Total** |
| | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Amount of issued and paid up capital | 5,220,720 | 392,706 | 214,958 | 92,969 | 310,465 | 6,231,818 |
| Regulatory capital requirements | 1,600,000 | 228,947 | 117,442 | 92,969 | 275,561 | 2,314,919 |

The Group has different requirements depending on the country in which it operates. The three main countries of operations based on the respective sizes of the businesses are Kenya, Uganda and Tanzania.

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)**

**(ii) Financial risk (continued)**

**(f) Capital risk management (continued)**

**Kenya**

In Kenya the Insurance Act requires each insurance Company to hold the minimum level of paid up capital as follows;

- Composite insurance companies Kes 1billion;
- Short term insurance business companies Kes 600 million; and
- Long term insurance business companies Kes 400 million

Under the Risk Based Solvency requirements, solvency is determined based on the volume of business or implied risk of the asset as determined by the regulator. Insurance companies are required to hold capital equal to 100% of the higher of absolute minimum capital, volume of business or risk based capital minimum. During the year Jubilee Life Insurance Limited (formerly the Jubilee Insurance Company of Kenya Limited) and Jubilee Health Insurance Limited held more than the minimum required capital to stand at 151% (2020: 123%) and 166% (2020: 168%) respectively.

**Uganda**

In Uganda, statutory capital is based on Section 6 of the Insurance Act, 2011. The two insurance companies in Uganda complied with this requirement during the year.

The Insurance Act, 2011 further requires that 2% of the gross written premium or 15% of the net profit, whichever is greater, be transferred to the contingency reserve until it equals the minimum paid up capital or 50% of the current year's net written premium, whichever is higher.

Additional, for short-term company, the Insurance Act, 2011 requires that 5% of the net profit for the year be transferred to the capital reserve.

The two Ugandan insurance entities were in compliance with the regulatory requirements.

**Tanzania**

In Tanzania, capital requirement is regulated by regulations 27 (2) (a) of the Insurance Regulations and 27 (2) (b) on contingency reserve. General insurance businesses are required to transfer 20% of their net profit to the capital reserve and 3% on the net premium or 20% of net profit, whichever is higher, to the contingency reserve.

Long term insurance businesses are required to transfer 1% on premium to the contingency reserve.

The three Tanzanian insurance entities were in compliance with the regulatory requirements.

## 5. SEGMENT INFORMATION

### (i) OPERATING SEGMENTS

Management has determined operating segments based on the manner in which the Board of Directors who are the Chief operating decision maker, receives reports about business performance and makes strategic decisions. In line with the composite split carried out in the year, management classify the business into general business, health business, long-term business and investment business. In previous years, the business was classified into short term, long term and investments. The balance sheet however continues to be reviewed using the short term, long term and investments.

Segment information is set out in the following tables:

| **Operating Segments For the year ended 31 December 2021** | | | **GROUP Kes '000** | | |
|---|---|---|---|---|---|
| | **General** | **Health** | **Ordinary, Group Life & Pensions** | **Investments** | **Total** |
| Gross earned premium | 11,438,257 | 9,285,103 | 8,813,318 | - | 29,536,678 |
| Insurance revenue ceded to reinsurers | (6,150,640) | (771,085) | (662,183) | - | (7,583,908) |
| **Net insurance premium revenue** | **5,287,617** | **8,514,018** | **8,151,135** | **-** | **21,952,770** |
| Investment income | 936,824 | 453,767 | 10,787,469 | 3,750,150 | 15,928,211 |
| Net fair value loss on financial assets | 7,754 | 24,595 | (270,886) | (63,748) | (302,285) |
| Commission earned | 1,681,087 | 192,862 | 76,016 | - | 1,949,965 |
| **Total income** | **7,913,282** | **9,185,242** | **18,743,734** | **3,686,402** | **39,528,660** |
| Claims and policy holders' benefits expense and distribution to holders of investment contracts | (6,815,286) | (6,857,084) | (15,045,437) | - | (28,717,807) |
| Reinsurer's share of claims and policy hold-ers' benefits expense | 3,783,444 | 538,217 | 589,994 | - | 4,911,655 |
| **Net insurance benefits and claims** | **(3,031,842)** | **(6,318,867)** | **(14,455,443)** | **-** | **(23,806,152)** |
| Operating and other expenses | (2,529,872) | (1,050,172) | (1,744,851) | (221,125) | (5,546,020) |
| Commission payable | (1,429,429) | (861,460) | (1,223,193) | - | (3,514,082) |
| **Total expenses and commissions** | **(3,959,301)** | **(1,911,632)** | **(2,968,044)** | **(221,125)** | **(9,060,102)** |
| **Result of operating activities** | **922,140** | **954,743** | **1,320,246** | **3,465,277** | **6,662,406** |
| Finance cost | (7,257) | - | (647) | (100,825) | (108,729) |
| Share of result of associates | - | 160,509 | 253,670 | 1,464,024 | 1,878,203 |
| **Group profit before income tax** | **914,883** | **1,115,252** | **1,573,269** | **4,828,476** | **8,431,880** |
| Income tax expense | (190,470) | (278,217) | (298,376) | (836,162) | (1,603,225) |
| **Profit for the year** | **724,413** | **837,035** | **1,274,893** | **3,992,314** | **6,828,655** |

| **Operating Segments For the year ended 31 December 2020** | | | **GROUP Kes '000** | | |
|---|---|---|---|---|---|
| | **General** | **Health** | **Ordinary, Group Life & Pensions** | **Investments** | **Total** |
| Gross earned premium | 14,348,098 | 7,902,670 | 7,564,350 | - | 29,815,118 |
| Insurance revenue ceded to reinsurers | (7,304,452) | (1,852,381) | (517,888) | - | (9,674,721) |
| **Net insurance premium revenue** | **7,043,646** | **6,050,289** | **7,046,462** | **-** | **20,140,397** |
| Investment income | 1,113,624 | 217,443 | 9,668,002 | 296,275 | 11,295,344 |
| Net fair value loss on financial assets | 32,711 | 5,773 | (684,704) | (4,202) | (650,422) |
| Commission earned | 1,777,922 | 502,223 | 48,021 | - | 2,328,166 |
| **Total income** | **9,967,903** | **6,775,728** | **16,077,781** | **292,073** | **33,113,485** |
| Claims and policy holders' benefits expense and distribution to holders of investment contracts | (7,838,827) | (5,434,128) | (12,411,621) | - | (25,684,576) |
| Reinsurer's share of claims and policy hold-ers' benefits expense | 3,577,704 | 1,271,509 | 433,500 | - | 5,282,713 |
| **Net insurance benefits and claims** | **(4,261,123)** | **(4,162,619)** | **(11,978,121)** | **-** | **(20,401,863)** |
| Operating and other expenses | (2,648,514) | (943,919) | (1,515,868) | (164,223) | (5,272,524) |
| Commission payable | (1,711,481) | (719,775) | (1,152,481) | - | (3,583,737) |
| **Total expenses and commissions** | **(4,359,995)** | **(1,663,694)** | **(2,668,349)** | **(164,223)** | **(8,856,261)** |
| **Result of operating activities** | **1,346,785** | **949,415** | **1,431,311** | **127,850** | **3,855,361** |
| Finance costs | (9,189) | - | - | (98,673) | (107,862) |
| Share of result of associates | - | 66,973 | 182,100 | 1,080,323 | 1,329,396 |
| **Group profit before income tax** | **1,337,596** | **1,016,388** | **1,613,411** | **1,109,500** | **5,076,895** |
| Income tax expense | (378,387) | (268,098) | (279,484) | (63,340) | (989,309) |
| **Profit for the year** | **959,209** | **748,290** | **1,333,927** | **1,046,160** | **4,087,586** |

## 5. SEGMENT INFORMATION (CONTINUED)

### (i) OPERATING SEGMENTS (CONTINUED)

| | Kes '000 | | | | |
|---|---|---|---|---|---|
| **As at 31 December 2021** | **General** | **Health** | **Long-term** | **Investments** | **Total** |
| Total assets | 7,589,504 | 8,753,504 | 108,346,839 | 30,582,771 | **155,272,618** |
| Total liabilities | 3,406,723 | 4,758,768 | 97,935,417 | 6,893,185 | **112,994,093** |
| Investment in associates | - | 1,493,496 | 2,166,376 | 14,076,750 | **17,736,622** |
| Additions to non-current assets | 35,341 | 10,165 | 34,138 | 811,491 | **891,135** |
| Depreciation | 25,155 | 9,102 | 28,493 | 4,545 | **67,295** |
| Amortisation of intangible assets | 718 | 9,859 | 16,763 | - | **27,340** |

| | Kes '000 | | | | |
|---|---|---|---|---|---|
| **As at 31 December 2020** | **General** | **Health** | **Long-term** | **Investments** | **Total** |
| Total assets | 19,281,339 | 12,892,644 | 97,232,587 | 16,457,013 | **145,863,583** |
| Total liabilities | 13,536,082 | 6,663,023 | 85,924,909 | 4,204,188 | **110,328,202** |
| Investment in associates | - | 1,376,734 | 2,134,581 | 12,391,257 | **15,902,572** |
| Additions to non-current assets | 37,769 | 18,604 | 13,449 | 292 | **70,114** |
| Depreciation | 40,370 | 19,950 | 32,922 | 4,810 | **98,052** |
| Amortisation of intangible assets | 20,390 | 18,592 | 17,236 | - | **56,218** |

### (ii) GEOGRAPHICAL SEGMENTS

The Group's geographical segments are Kenya, Uganda, Tanzania, Burundi and Mauritius. Kenya is the home country of the parent Company. The Group has investments in these geographical segments as per the below table:

| **For the year ended** | Kes '000 | | | | | |
|---|---|---|---|---|---|---|
| **31 December 2021** | **Kenya** | **Uganda** | **Tanzania** | **Mauritius** | **Burundi** | **Total** |
| Total income from general, health and long term | 25,992,090 | 4,846,427 | 3,622,334 | 852,521 | 528,887 | **35,842,259** |
| Total income from investments | 3,352,334 | 307,986 | - | - | 26,082 | **3,686,402** |
| Share of associate profit | 483,488 | 1,394,715 | - | - | - | **1,878,203** |
| Group profit before income tax | 6,110,111 | 1,834,278 | 134,072 | 73,116 | 280,303 | **8,431,880** |
| Total assets | 124,371,159 | 20,994,499 | 6,977,956 | 1,369,987 | 1,559,017 | **155,272,618** |
| Total liabilities | 97,340,398 | 8,319,847 | 5,151,161 | 1,004,889 | 1,177,798 | **112,994,093** |

| **For the year ended** | Kes '000 | | | | | |
|---|---|---|---|---|---|---|
| **31 December 2020** | **Kenya** | **Uganda** | **Tanzania** | **Mauritius** | **Burundi** | **Total** |
| Total income from general, health and long term | 23,673,921 | 4,601,911 | 3,270,219 | 872,646 | 402,715 | **32,821,412** |
| Total income from investments | 41,709 | 237,419 | - | - | 12,945 | **292,073** |
| Share of associate profit | 424,582 | 904,814 | 1 | - | - | **1,329,397** |
| Group profit before income tax | 2,598,377 | 1,775,386 | 475,544 | 53,906 | 173,682 | **5,076,895** |
| Total assets | 111,345,234 | 25,625,375 | 6,203,148 | 1,308,180 | 1,381,646 | **145,863,583** |
| Total liabilities | 93,040,713 | 10,902,140 | 4,536,128 | 984,717 | 864,504 | **110,328,202** |

## 6 (i) GROSS WRITTEN PREMIUM

### Group

| | 2021 Kes'000 | 2020 Kes'000 |
|---|---|---|
| Gross written premium | 30,629,255 | 29,971,547 |
| Movement in unearned premium reserve | (1,092,577) | (156,429) |
| **Gross earned premium** | **29,536,678** | **29,815,118** |

## 6 (ii) GROSS EARNED PREMIUM AND REINSURANCE CEDED

### Short-term Business

| Premium earned by principal class of busi-ness: | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Reinsurance** | **Net** | **Gross** | **Reinsurance** | **Net** |
| | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| Motor | 2,877,626 | (1,017,509) | 1,860,117 | 4,097,031 | (254,728) | 3,842,303 |
| Fire | 2,458,462 | (1,438,293) | 1,020,169 | 3,168,839 | (2,671,300) | 497,539 |
| Accident | 1,866,150 | (1,262,053) | 604,097 | 2,937,415 | (1,939,475) | 997,940 |
| Medical | 13,039,878 | (2,962,256) | 10,077,622 | 11,364,893 | (3,856,705) | 7,508,188 |
| Other | 404,804 | (210,006) | 194,798 | 666,873 | (428,490) | 238,383 |
| **Total Short-Term** | **20,646,920** | **(6,890,117)** | **13,756,803** | **22,235,051** | **(9,150,698)** | **13,084,353** |

### Long-term Business

| Premium earned by principal class of busi-ness: | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Gross** | **Gross** | **Gross** | **Reinsurance** | **Net** |
| | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| Ordinary life | 6,090,531 | (36,346) | 6,054,185 | 5,394,469 | (24,852) | 5,396,617 |
| Group life | 1,716,115 | (657,445) | 1,058,670 | 1,299,992 | (499,171) | 800,821 |
| Pension/annuity | 1,083,112 | - | 1,083,112 | 885,606 | - | 885,606 |
| **Total Long -Term** | **8,889,758** | **(693,791)** | **8,195,967** | **7,580,067** | **(7524,023)** | **7,056,044** |
| **Total Short-Term and Long - Term** | **29,536,678** | **(7,583,908)** | **21,952,770** | **29,815,118** | **(9,674,721)** | **20,140,397** |

## 7. INVESTMENT INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| Government securities interest at armotised cost | 8,783,607 | 7,513,756 | 166,111 | - |
| Government securities interest at fair value | 2,352,106 | 1,593,845 | | |
| Bank deposit interest | 596,038 | 1,034,291 | 84,043 | 23,691 |
| Net rental income from investment properties | 530,624 | 528,594 | - | - |
| Dividends received from equity investments | 60,267 | 305,239 | 258 | 14,993 |
| Fair value gain on investment properties (Note 14) | 57,135 | 15,118 | - | - |
| Policy loans interest | 138,067 | 112,563 | - | - |
| Other income | 78,121 | 100,853 | 14 | 148 |
| Mortgage loan interest | 4,829 | 6,331 | - | - |
| Exchange gain /(loss) | 70,263 | 84,755 | - | (209) |
| Gain on disposal of subsidiary (Note 39) | 3,257,153 | - | 3,790,103 | - |
| Dividends received from associates | - | - | 127,306 | 65,341 |
| Dividends received from subsidiaries | - | - | 2,681,293 | - |
| **Total** | **15,928,210** | **11,295,345** | **6,849,128** | **103,964** |

Direct operating expenses arising on investment properties amounted to Kes 121 million (2020: KES 131 million).

## 8. FAIR VALUE MOVEMENTS ON FINANCIAL ASSETS

### (i) Through profit and loss

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | Kes'000 | Kes'000 |
| Fair value (loss) on quoted equity investments (Note 21) | (197,973) | (950,054) |
| Fair value gain on unquoted equity investments (Note 17) | 259,603 | 222,854 |
| Fair value gain/(loss) on government securities (Note 18) | (363,915) | 76,778 |
| **Total** | **(302,285)** | **(650,422)** |

### (ii) Through other comprehensive income

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Fair value (loss) on financial asset (Note 21) | (65,666) | (219,764) | (88,974) | (201,257) |
| Fair value gain on financial asset (Note 17) | 4,843 | 18,226 | 4,843 | 18,226 |
| Loss on disposal | (9,289) | (145,187) | - | - |
| **Total** | **(70,112)** | **(346,725)** | **(84,131)** | **(183,031)** |

## 9. COMISSION EXPENSE AND INCOME

### Group

**Commission Expenses and Income**

**Short-term Business**

| Commission expense and income by principal class of business: | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Expense | Income | Net | Expense | Income | Net |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Motor | 353,091 | (219,273) | 133,818 | 445,230 | (49,073) | 396,157 |
| Fire | 410,939 | (423,567) | (12,628) | 504,980 | (661,347) | (156,367) |
| Accident | 224,100 | (292,437) | (68,337) | 373,701 | (432,045) | (58,344) |
| Medical | 1,216,658 | (851,830) | 364,828 | 1,037,675 | (1,034,821) | 2,854 |
| Other | 70,911 | (86,842) | (15,931) | 69,251 | (102,859) | (33,608) |
| **Total Short-term** | **2,275,699** | **(1,873,949)** | **401,750** | **2,430,837** | **(2,280,145)** | **150,692** |

**Long-term Business**

| Commission expense and income by principal class of business: | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Expense | Income | Net | Expense | Income | Net |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Ordinary life | 932,447 | (7,363) | 925,084 | 898,306 | (4,914) | 893,392 |
| Group life | 198,989 | (68,653) | 130,336 | 155,101 | (43,107) | 111,994 |
| Annuity | 106,947 | - | 106,947 | 99,493 | - | 99,493 |
| **Total Long-term** | **1,238,383** | **(76,016)** | **1,162,367** | **1,152,900** | **(48,021)** | **1,104,879** |
| **Total Short-term and Long-term** | **3,514,082** | **(1,949,965)** | **1,564,117** | **3,583,737** | **(2,328,166)** | **1,255,571** |

## 10. CLAIMS AND POLICY HOLDER BENEFITS EXPENSE

### Group

| Claims expense by principal class of busi-ness | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Motor | 1,595,577 | (235,022) | 1,360,555 | 2,568,292 | (169,117) | 2,399,175 |
| Fire | 1,398,620 | (1,357,872) | 40,748 | 1,609,143 | (1,328,103) | 281,040 |
| Accident | 651,428 | (324,128) | 327,300 | 1,299,398 | (876,140) | 423,258 |
| Medical | 9,825,613 | (2,307,438) | 7,518,175 | 7,899,950 | (2,657,921) | 5,242,029 |
| Other | 141,462 | (78,298) | 63,164 | (118,748) | 182,347 | 63,599 |
| **Total Short-term** | **13,612,700** | **(4,302,758)** | **9,309,942** | **13,258,035** | **(4,848,934)** | **8,409,101** |

**Long-term Business**

| Claims expense by principal class of busi-ness | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Ordinary life | 3,403,346 | (5,137) | 3,398,209 | 2,815,434 | 552 | 2,815,986 |
| Group life | 1,359,804 | (603,760) | 756,044 | 1,045,188 | (434,331) | 610,857 |
| Annuity | 1,245,244 | - | 1,245,244 | 1,150,440 | - | 1,150,440 |
| **Total Long-term** | **6,008,394** | **(608,897)** | **5,399,497** | **5,011,062** | **(433,779)** | **4,577,283** |

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Increase/(decrease) in policy holders bene-fits** | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Ordinary life | 2,092,459 | - | 2,092,459 | 2,027,869 | - | 2,027,869 |
| Group life | 275,008 | - | 275,008 | 60,759 | - | 60,759 |
| Annuity | 772,926 | - | 772,926 | 590,501 | - | 590,501 |
| **Total Long-term** | **3,140,393** | **-** | **3,140,393** | **2,679,129** | **-** | **2,679,129** |
| **Total Long-term - Claims & policy hold-ers' benefits** | **9,148,787** | **(608,897)** | **8,539,890** | **7,690,191** | **(433,779)** | **7,256,412** |
| **Total Short-term and Long-term** | **22,761,487** | **(4,911,655)** | **17,849,832** | **20,948,226** | **(5,282,713)** | **15,665,513** |

## 11. (i) OPERATING EXPENSES

### The breakdown of operating expenses is given below:

| OPERATING EXPENSES | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Employee expense (Note 11 (ii)) | 2,316,208 | 2,668,208 | 3,694 | 3,228 |
| Premium tax and policy holder compensation fund | 405,874 | 261,469 | - | - |
| Impairment charge for doubtful premium receivables | 476,371 | 217,045 | - | - |
| Rent expenses | 222,869 | 270,748 | 10,472 | 20,833 |
| Marketing costs | 189,719 | 207,373 | 4,049 | - |
| Professional fees | 172,528 | 176,597 | 79,006 | 10,351 |
| Depreciation and amortisation (Note 13 and 37 (i)) | 193,703 | 190,620 | 20,918 | 3,376 |
| Travelling costs | 97,345 | 127,117 | 2,060 | 2,840 |
| Repairs and maintenance expenditure | 43,089 | 30,700 | 1,171 | 846 |
| Communication costs | 73,808 | 67,554 | 4,583 | 3,344 |
| Auditors' remuneration | 40,212 | 43,447 | 4,344 | 2,952 |
| Administrative costs* | 1,314,294 | 1,011,646 | 67,932 | 69,193 |
| **Total** | **5,546,020** | **5,272,524** | **198,229** | **116,963** |

*Administrative costs comprise motor vehicles maintenance, security, professional subscriptions, newspapers, trade license, and insurance.

### 11. (ii) EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Salaries and wages | 1,857,628 | 2,305,365 | - | - |
| Social security costs | 102,117 | 69,930 | - | - |
| Retirement benefit costs – defined contribution plan | 61,083 | 49,003 | - | - |
| *Other benefits | 295,380 | 243,910 | 3,694 | 3,228 |
| **Total** | **2,316,208** | **2,668,208** | **3,694** | **3,228** |

*Other benefits include staff training, staff medical cover expenses, club subscriptions, staff relocation and other staff welfare expenses. As at 31 December 2021, 933 (2020: 1,122) staff were employed within the Group.

### 11. (iii) KEY MANAGEMENT COMPENSATION AND DIRECTORS' REMUNERATION

| | Group | | | Company |
|---|---|---|---|---|
| Key management compensation & directors fees | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Salaries and other employment benefits | 1,267,559 | 1,538,061 | - | - |
| Fees for services as directors | 7,526 | 6,371 | 3,540 | 2,700 |
| **Total** | **1,275,085** | **1,544,432** | **3,540** | **2,700** |

There were no loans given to Directors in the year ended 31 December 2021 (2020: Nil).

### 12. EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing the net profit attributable to Shareholders by the number of shares outstanding at the end of the year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net profit attributable to Shareholders (Kes'000) | 6,513,995 | 3,627,911 | 5,928,193 | (19,078) |
| Number of ordinary shares in issue ('000) | 72,473 | 72,473 | 72,473 | 72,473 |
| **Earnings per share (Kes)-Basic and diluted** | **89.88** | **50.06** | **81.80** | **(0.26)** |

There were no potentially dilutive shares in issue at 31 December 2021 and 31 December 2020. Diluted earnings per share are therefore the same as basic earnings per share.

## 13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

### (i) PROPERTY AND EQUIPMENT

**Group**

| Year ended 31 December 2021 | Land and Building | Computer equipment | Motor vehicles | Furniture, fixtures, fittings & office equipment | Total |
|---|---|---|---|---|---|
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| **Cost** | | | | | |
| At start of year | - | 305,704 | 34,966 | 339,948 | 680,618 |
| Additions | 943,550 | 37,734 | 6,880 | 13,144 | 1,001,308 |
| Disposals | - | - | (600) | (2,220) | (2,820) |
| Exchange differences | - | 3,253 | 1,053 | 5,165 | 9,471 |
| **At end of year** | **943,550** | **346,691** | **42,299** | **356,037** | **1,688,577** |
| **Accumulated depreciation** | | | | | |
| At start of year | - | 271,059 | 23,579 | 240,955 | 535,593 |
| Charge for the year | - | 21,288 | 3,501 | 19,041 | 43,830 |
| Disposals | - | - | (600) | (1,243) | (1,843) |
| Exchange differences | - | 2,375 | 549 | 2,486 | 5,410 |
| **At end of year** | **-** | **294,722** | **27,029** | **261,239** | **582,990** |
| **Net book value** | **943,550** | **51,969** | **15,270** | **94,798** | **1,105,587** |

| Year ended 31 December 2020 | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At start of year | - | 550,925 | 71,881 | 499,011 | 1,121,817 |
| Additions | - | 39,451 | 4,530 | 26,133 | 70,114 |
| Disposals | - | - | (356) | - | (356) |
| Exchange differences | - | 2,168 | 4,401 | 255 | 6,824 |
| **At end of year** | | **592,544** | **80,456** | **525,399** | **1,198,399** |
| **Accumulated depreciation** | | | | | |
| At start of year | - | 465,615 | 32,853 | 335,775 | 834,243 |
| Charge for the year | - | 46,628 | 10,538 | 40,886 | 98,052 |
| Disposals | - | - | (1,040) | (1,311) | (2,351) |
| Exchange differences | - | 10,453 | 1,699 | 7,891 | 20,043 |
| **At end of year** | **-** | **522,696** | **44,050** | **383,241** | **949,987** |
| **Net book value** | - | **69,848** | **36,406** | **142,158** | **248,412** |
| Transfer to assets held for sale (Note 39) | - | - | - | - | (103,387) |
| Net book value from continuing opera-tions | - | - | - | - | 145,025 |
| **Cost** | **-** | **305,704** | **34,966** | **339,948** | **680,618** |
| **Accumulated Depreciation** | - | **271,059** | **23,579** | **240,955** | **535,593** |

**Company**

| Year ended 31 December 2021 | Computer equipment | Motor vehicles | Furniture, fixtures, fittings & office equipment | Total |
|---|---|---|---|---|
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| **Cost** | | | | |
| At start of year | 2,894 | 3,260 | 36,873 | 43,027 |
| Additions | 1,301 | - | 415 | 1,716 |
| **At end of year** | **4,195** | **3,260** | **37,288** | **44,743** |
| **Accumulated depreciation** | | | | |
| At start of year | 2,754 | 652 | 28,397 | 31,803 |
| Charge for the year | 174 | 652 | 2,639 | 3,465 |
| **At end of year** | **2,928** | **1,304** | **31,036** | **35,268** |
| **Net book value** | **1,267** | **1,956** | **6,252** | **9,475** |

## 13. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

### (i) PROPERTY AND EQUIPMENT (CONTINUED)

| **Company** | **Computer equipment** | **Motor vehicles** | **Furniture, fixtures, fittings & office equipment** | **Total** |
|---|---|---|---|---|
| **Year ended 31 December 2020** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| **Cost** | | | | |
| At start of year | 2,862 | - | 39,999 | 42,861 |
| Reclassification | - | 3,260 | (3,260) | - |
| Additions | 32 | - | 134 | 166 |
| **At end of year** | **2,894** | **3,260** | **36,873** | **43,027** |
| **Accumulated depreciation** | | | | |
| At start of year | 2,685 | - | 25,742 | 28,427 |
| Charge for the year | 69 | 652 | 2,655 | 3,376 |
| **At end of year** | **2,754** | **652** | **28,397** | **31,803** |
| **Net book value** | **140** | **2,608** | **8,476** | **11,224** |

### (ii) INTANGIBLE ASSETS

### Group

| | **2021** | **2020** |
|---|---|---|
| | **Kes '000** | **Kes '000** |
| **Cost** | | |
| At start of year | 224,125 | 334,583 |
| Additions | 946 | 15,411 |
| Disposal | - | - |
| Exchange differences | 460 | (1,723) |
| **At end of year** | **225,531** | **348,271** |
| **Accumulated amortisation** | | |
| At start of year | 153,335 | 186,903 |
| Disposal | - | - |
| Charge for the year | 28,552 | 56,218 |
| Exchange differences | 410 | (4,496) |
| **At end of year** | **182,297** | **238,625** |
| **Net carrying amount** | **43,234** | **109,646** |
| **Transfer to assets held for sale (Note 39)** | **-** | **(38,856)** |
| **Net book value from continuing operations** | **43,234** | **70,790** |
| **Cost for continuing operations at the end of the year** | **225,531** | **224,125** |
| **Accumulated amortization for continuing operations at the end of the year** | **182,297** | **153,335** |

Intangible assets relate to computer software. All intangible assets are non-current.

## 14. INVESTMENT PROPERTIES

| | **Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **Kes '000** | **Kes '000** |
| At start of year | 6,713,857 | 6,524,969 |
| Net additions | 4,326 | 8,334 |
| Fair value gains (Note 7) | 57,135 | 15,118 |
| Exchange differences | 140,966 | 165,436 |
| **At end of year** | **6,916,284** | **6,713,857** |

Investment property comprises a number of commercial properties that are leased to third parties. Investment property for the Group was valued by Redfearn International Limited and Property Mark Company Limited on the basis of open market value. The valuer is registered with Kenya institute of valuers and have reasonable experience in valuation investment properties held by the group across the jurisdictions that the group operates. Investment properties include properties situated within Kenya valued at Kes 4,446 million (2020: Kes 4,466 million) and those outside Kenya valued at Kes 2,470 million (2020: Kes 2,248 million). The Group applies fair value model in the valuation of investment property. The fair value is within level 2 of the fair value and hierarchy.

## 14. INVESTMENT PROPERTIES (CONTINUED)

**Kenya**
In arriving at the open market value of the lettable properties, the valuer obtains the realised value of recent property sales of similar properties and compares with the carrying value of the investment property.

Given that the valuer uses market value of comparable properties in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

**Tanzania**
The valuer used Replacement Cost Approach which entails cost needed to reinstate or provide an equivalent substitute. The Replacement cost is then depreciated to get the Depreciated Replacement Cost which is equivalent to the Market Value.

| Valuation Technique | Significant unobservable inputs | Sensitivity analysis |
|---|---|---|
| Replacement Cost Approach | Cost of construction of 801 per square meter square meter. | A change of this by 5% would change the fair value by Kes 14 million. |
| | Sale of a developed property at USD 56 per square meter | A change of this by 5% would change by fair value by Kes 949 thousand. |

All investment properties are non-current.

## 15. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES

- In determining the Group's and Company's significant influence over the investments in associates it considered that they have:
- power over the associates and subsidiaries based on the shareholding;
- exposure, or rights, to variable returns from their involvement with the associates and subsidiaries; and
- the ability to use their power over the associates and subsidiaries to affect the amount of the its returns, based on representation with the various entity Boards

### (i) INVESTMENT IN ASSOCIATES

The Group has invested in five associate companies whose information is as follows:
**IPS Power Investment Limited** - an investment vehicle company, which through its subsidiary has invested in the equity of Tsavo Power Company Limited that generates electricity for sale.

**Bujagali Holding Power Company Limited** - an investment vehicle company which through its subsidiary has invested in the equity of Bujagali Energy Limited an electricity generating company in Uganda.

**PDM (Holding) Limited** - an investment vehicle company which has invested in the equity of Property Development and Management (K) Limited which conducts property investment, development and management.

**FCL Holdings Limited** - an investment vehicle company which has invested in the equity of Farmers Choice Limited with its main objective being sale of fresh and processed meat products.

**IPS Cable Systems Limited** - an investment vehicle company which has invested in the 15,000 km Seacom submarine fiber optic cable project.

**Jubilee Allianz General Insurance (Ke) Limited** - The Company underwrites all classes of non-life insurance risks with the exception of Medical insurance in Kenya. The company became an associate effective 1 May 2021.

**Jubilee Allianz Insurance Company (U) Limited** - The Company underwrites all classes of non-life insurance risks with the exception of Medical insurance in Uganda. The company became an associate effective 1 October 2021.

All of the above entities have been accounted for as associates based on the percentage holding the Group has in the companies that gives the Group significant influence through voting rights and representation in the respective Boards.

### Movement in Net Assets

| **Group** | **Opening Balance** | **Net additions/** | **Dividends received** | **Share of profit** | **Share of OCI** | **Translation gain/(loss) through OCI** | **Closing Balance** |
|---|---|---|---|---|---|---|---|
| **Year 2021** | **(redemptions)** | **Dividends received** | **Share of profit** | **Share of OCI** | **Transla-tion gain/(loss) through OCI** | **Kes'000** | **Kes'000** |
| IPS Power Investments Ltd | 96,551 | - | (135,623) | 39,072 | - | - | - |
| PDM (Holding) Limited | 2,645,183 | - | (14,223) | 61,242 | 27,068 | - | 2,719,270 |
| Bujagali Holding Power Company Limited | 7,565,155 | (490,641) | (691,937) | 1,394,715 | - | 257,323 | 8,034,615 |
| FCL Holding Ltd | 2,861,755 | - | (247,500) | 580,147 | 59,379 | - | 3,253,781 |
| IPS Cable Systems Ltd | 2,733,928 | - | - | 44,514 | - | 74,861 | 2,853,303 |
| Jubilee Allianz General Insurance Limited | - | 767,359 | - | (251,683) | - | - | 515,676 |
| Jubilee Allianz Insurance Compa-ny Uganda | - | 349,781 | - | 10,196 | - | - | 359,977 |
| **Total** | **15,902,572** | **626,499** | **(1,089,283)** | **1,878,203** | **86,447** | **332,184** | **17,736,622** |

| **Group** | **Opening Balance** | **Additions/ (redemptions)** | **Dividends received** | **Share of profit** | **Share of OCI** | **Transla-tion gain/(loss) through P&L** | **Transla-tion gain/(loss) through OCI** | **Closing Balance** |
|---|---|---|---|---|---|---|---|---|
| **Year 2020** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| IPS Power Invest-ments Ltd | 71,918 | - | (60,928) | 69,114 | - | - | 16,447 | 96,551 |
| PDML (Holding) Limited | 2,555,898 | - | (14,223) | 88,776 | 14,732 | - | - | 2,645,183 |
| Bujagali Holding Power Company Ltd | 2,223,047 | 4,417,467 | (207,185) | 845,115 | - | 59,669 | 227,042 | 7,565,155 |
| FCL Holding Ltd | 2,754,470 | - | (123,750) | 268,325 | (37,290) | - | | 2,861,755 |
| IPS Cable Systems Ltd | 2,556,185 | - | | (1,603) | - | - | 179,346 | 2,733,928 |
| **Total** | **10,161,518** | **4,417,467** | **(406,086)** | **1,269,727** | **(22,558)** | **59,669** | **422,835** | **15,902,572** |

## 15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

### (i) INVESTMENT IN ASSOCIATES (CONTINUED)

The investment in associates are non-current.

Equity accounting has been applied for the associates in these financial statements using results based on the financial statements as at 31 December 2021. The group sold majority of its stake in Jubilee Allianz General Insurance Limited and Jubilee Allianz Insurance Company Uganda to retain a 34% shareholding in each company.

**Company**

| Investment at cost | 2021 | 2020 |
|---|---|---|
| | Kes'000 | Kes'000 |
| FCL Holding Ltd | 484,969 | 484,969 |
| IPS Cable Systems Ltd | 353,282 | 353,282 |
| PDML (Holding) Limited | 619,426 | 619,426 |
| Jubilee Allianz General Insurance (K) Limited | 784,380 | - |
| **Total** | **2,242,057** | **1,457,677** |

These are all non-current assets. Jubilee Holdings Limited owns Jubilee Allianz Uganda and Bujagali Power Holding Company Limited indirectly through Jubilee Investment Company Uganda.

The following table summarizes the information relating to each of the Group's associate:

**Group**

| | IPS Power Investments Limited | PDML Holdings Limited | Bujagali Holding Power Company Limited | FCL Holdings Limited | IPS Cable Systems Limited | Jubilee Allianz General Insurance (K) Limited | The Jubilee Insurance Company of Uganda Limited | Total |
|---|---|---|---|---|---|---|---|---|
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| **Country of incorporation** | Kenya | Kenya | Uganda | Kenya | Mauritius | Kenya | Uganda | |
| **Interest held** | 27% | 37% | 40.9% | 30% | 33% | 34% | 34% | |
| **Year 2021** | | | | | | | | |
| Non-current Assets | 627,860 | 9,525,715 | 14,608,575 | 3,515,507 | 9,995,826 | 2,582,124 | 307,883 | **41,163,490** |
| Current Assets | 395,786 | 508,184 | 223,577 | 6,400,783 | 18,923 | 4,653,510 | 5,361,216 | **17,561,979** |
| Non-current Liabilities | - | (582,817) | - | (674,782) | - | - | - | **(1,257,599)** |
| Current Liabilities | (395,804) | (1,361,465) | 67,038 | (947,808) | (185,517) | 5,717,383 | 4,524,550 | **7,418,377** |
| **Net Assets** | **627,842** | **8,089,617** | **14,899,190** | **8,293,700** | **9,829,232** | **12,953,017** | **10,193,649** | **64,886,247** |
| Revenue | 140,616 | 729,881 | 3,900,009 | 11,776,362 | 164,476 | 3,489,033 | 842,043 | **21,042,420** |
| Profit after tax | 140,220 | 194,657 | 3,624,285 | 1,922,155 | 147,208 | (688,952) | 618,437 | **5,958,010** |
| Other Comprehensive Income | - | 119,687 | - | 197,932 | - | - | | **317,619** |
| Cashflows generated from /(used in) operating activities | 299,073 | 292,486 | (148,967) | 2,145,965 | (5,951) | (1,387) | (26,854) | **2,554,365** |
| Cashflows generated from /(used in) investing activities | 847,144 | 249,835 | 1,890,730 | 1,049,150 | 21,294 | 796,299 | (612,318) | **4,242,134** |
| Cashflows (used in) financing activities | (988,592) | (289,915) | (1,597,267) | (1,158,946) | (20,072) | - | (25,405) | **(4,080,197)** |
| **Net increase/(decrease) in cash and cash equivalents** | **157,625** | **252,406** | **144,496** | **2,036,169** | **(4,729)** | **794,912** | **(664,577)** | **2,716,302** |

| | IPS Power Investments Limited | PDML Holdings Limited | Bujagali Holding Power Company Ltd | FCL Holdings Limited | IPS Cable Systems Limited | Total |
|---|---|---|---|---|---|---|
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| **Country of incorporation** | Kenya | Kenya | Uganda | Kenya | Mauritius | |
| **Interest held** | 27% | 37% | 40.9% | 30% | 33% | |
| **Year 2020** | | | | | | |
| Non-current Assets | 1,262,573 | 9,794,410 | 13,645,680 | 4,180,270 | 9,645,136 | **38,528,069** |
| Current Assets | 229,805 | 344,301 | 212,074 | 4,644,232 | 18,260 | **5,448,672** |
| Non-current Liabilities | - | (1,592,113) | - | (981,902) | - | **(2,574,015)** |
| Current Liabilities | (92,942) | (730,354) | (69,675) | (523,154) | (330,436) | **(1,746,561)** |
| **Net Assets** | **1,399,436** | **7,816,244** | **13,788,079** | **7,319,446** | **9,332,960** | **39,656,165** |
| Revenue | 532,834 | 939,533 | 2,695,962 | 9,109,240 | 21,294 | **13,298,863** |
| Profit after tax | 532,524 | 262,100 | 2,678,180 | 905,215 | (5,012) | **4,373,007** |
| Other Comprehensive Income | - | 92,062 | - | - | - | **92,062** |
| Cashflows generated from /(used in) operating activities | 90,058 | 286,678 | (150,655) | 966,304 | (5,951) | **1,186,434** |
| Cashflows generated from /(used in) investing activities | 445,632 | (57,049) | 1,284,336 | (66,250) | 21,294 | **1,627,963** |
| Cashflows (used in) financing activi-ties | (435,803) | (339,055) | (1,130,866) | (415,528) | (20,072) | **(2,341,324)** |
| **Net increase/(decrease) in cash and cash equivalents** | **99,887** | **(109,426)** | **2,815** | **484,526** | **(4,729)** | **473,073** |

## 15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

### (i) INVESTMENT IN ASSOCIATES (CONTINUED)

**Company**

| | PDML Holdings Limited | FCL Hold-ings Lim-ited | IPS Cable Systems Limited | Jubilee Allianz General Insurance (K) Limited | Total |
|---|---|---|---|---|---|
| | Kes'000 | Kes'000 | Kes'000 | | Kes'000 |
| Country of incorporation | Kenya | Kenya | Mauritius | Kenya | |
| Interest held | 37% | 30% | 33% | 34% | |
| **Year 2021** | | | | | |
| Non-current assets | 9,525,715 | 3,515,507 | 9,995,826 | 2,582,124 | 25,619,172 |
| Current assets | 508,184 | 6,400,783 | 18,923 | 4,653,510 | 11,581,400 |
| Non-current liabilities | (582,817) | (674,782) | - | - | (1,257,599) |
| Current liabilities | (1,361,465) | (947,808) | (185,517) | 5,717,383 | 3,222,593 |
| **Net assets** | **8,089,617** | **8,293,700** | **9,829,232** | **12,953,017** | **39,165,566** |
| Revenue | 729,881 | 11,776,362 | 164,476 | 3,489,033 | 16,159,752 |
| Profit after tax | 194,657 | 1,922,155 | 147,208 | (688,952) | 1,575,068 |
| Other comprehensive income | 119,687 | 197,932 | - | - | 317,619 |
| Cash flows generated from operating activities | 292,486 | 2,145,965 | (5,951) | (1,387) | 2,431,113 |
| Cash flows (used in) investing activities | 249,835 | 1,049,150 | 21,294 | 796,299 | 2,116,578 |
| Cash flows (used in) financing activities | (289,915) | (1,158,946) | (20,072) | - | (1,468,933) |
| **Net increase/(decrease) in cash and cash equivalents** | **252,406** | **2,036,169** | **(4,729)** | **794,912** | **3,078,758** |
| **Year 2020** | | | | | |
| Non-current assets | 9,794,410 | 4,180,270 | 9,645,136 | | 23,619,816 |
| Current assets | 344,301 | 4,644,232 | 18,260 | | 5,006,793 |
| Non-current liabilities | (1,592,113) | (981,902) | - | | (2,574,015) |
| Current liabilities | (730,354) | (523,154) | (330,435) | | (1,583,943) |
| **Net assets** | **7,816,244** | **7,319,446** | **9,332,961** | | **24,468,651** |
| Revenue | 939,533 | 9,109,240 | 21,294 | | 10,070,067 |
| Profit after tax | 262,100 | 905,215 | (5,012) | | 1,162,303 |
| Other comprehensive income | 92,062 | - | - | | 92,062 |
| Cash flows generated from/(used in) operating activities | 286,678 | 966,304 | (5,951) | | 1,247,031 |
| Cash flows (used in)/ generated from investing activities | (57,049) | (66,250) | 21,294 | | (102,005) |
| Cash flows (used in) financing activities | (339,055) | (415,528) | (20,072) | | (774,655) |
| **Net decrease in cash and cash equivalents** | **(109,426)** | **484,526** | **(4,729)** | | **370,371** |

### 15. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

### (ii) INVESTMENT IN SUBSIDIARIES

| Company | Investment at Cost 2021 Kes'000 | Investment at Cost 2020 Kes'000 | Equity Held 2021 % | Equity Held 2020 % |
|---|---|---|---|---|
| The Jubilee Insurance Company of Kenya Limited | 150,000 | 150,000 | 100% | 100% |
| Jubilee Health Insurance Limited – Ke | 2,763,720 | 2,763,720 | 100% | 100% |
| Jubilee General Insurance Limited – Ke | - | 2,307,000 | 100% | 100% |
| The Jubilee Insurance Company of Tanzania Limited | - | 36,456 | 51% | 51% |
| Jubilee Life Insurance Corporation of Tanzania Lim-ited | 36,456 | 36,456 | 51% | 51% |
| The Jubilee Insurance Company of Uganda Limited | 12,598 | 12,598 | 30% | 30% |
| Jubilee Life Insurance Company of Uganda Limited | 12,598 | 12,598 | 30% | 30% |
| Jubilee Insurance (Mauritius) Limited | - | 197,467 | 80% | 80% |
| Jubilee Investment Company Limited (Uganda) | 348,209 | 1,103,707 | 100% | 100% |
| Jubilee Investment Company Limited (Tanzania) | 23,981 | 23,980 | 100% | 100% |
| Jubilee Investment Company Limited (Burundi) | 1,311 | 1,311 | 100% | 100% |
| JHL Properties Limited | 1,200,000 | - | 100% | |
| **Total** | **4,548,873** | **6,645,293** | | |
| Transfer to assets held for sale (Note 39) | - | (2,523,718) | | |
| Net book value from continuing operations | 4,548,873 | 4,121,575 | | |

The Jubilee Investments Company Limited (Uganda) owns 35% equity of Jubilee Health Insurance Company of Uganda Limited, Jubilee Life Insurance Company of Uganda Limited, and 10% equity of Jubilee Insurance (Mauritius) Ltd. The Group holds 70% of The Jubilee Insurance Company of Burundi S.A. and Jubilee Life Insurance Company of Burundi S.A., through Jubilee Investments Burundi S.U. (33%), Jubilee Investment Company Limited (Uganda) (33%) and Jubilee Investments Tanzania Limited (4%). The Group holds 80% of Jubilee Center Burundi Limited, a property investment company through its subsidiary Jubilee Investments Burundi Limited. The Group holds 100% of Jubilee Financial Services Ltd, a fund management company, through its subsidiary The Jubilee Health Insurance Limited.

Jubilee Insurance (Mauritius) Ltd, The Jubilee Insurance Company of Burundi S.A and The Jubilee Insurance Company of Tanzania Limited are held for sale.

The investment in subsidiaries are all non current.

### (iii) NON CONTROLLING INTEREST(NCI)

The following table summarizes the information relating to the Group's subsidiaries that has NCI:

| Year 2021 | Jubilee Insurance Entities in Uganda Kes'000 | Jubilee Insurance Entities in Tanzania Kes'000 | Jubilee Insurance Mauritius Kes'000 | Jubilee Insurance Entities in Burundi Kes'000 | Jubilee Centre Burundi Kes'000 | Total Kes'000 |
|---|---|---|---|---|---|---|
| NCI percentage | 35% | 49% | 20% | 30% | 20% | |
| Assets | 10,692,891 | 7,338,921 | 1,370,992 | 1,190,100 | 131,130 | 20,724,034 |
| Liabilities | (6,282,529) | (5,235,359) | (1,006,058) | (874,805) | (60,858) | (13,459,609) |
| **Net assets** | **4,410,362** | **2,103,562** | **364,934** | **315,295** | **70,272** | **7,264,425** |
| **Carrying amount of NCI** | **1,608,948** | **1,030,746** | **72,986** | **94,598** | **14,054** | **2,821,332** |
| Revenue | 3,494,029 | 2,579,173 | 765,344 | 271,374 | 19,707 | 7,129,627 |
| Profit | 656,573 | 81,370 | 61,283 | 101,099 | 12,011 | 912,336 |
| OCI | 93,597 | 46,024 | (17,905) | 5,097 | 1,488 | 128,301 |
| **Total comprehensive income** | **750,170** | **127,394** | **43,378** | **106,196** | **13,499** | **1,040,637** |
| Profit allocated to NCI | 229,800 | 39,871 | 12,257 | 30,330 | 2,402 | 314,660 |
| OCI allocated to NCI | 32,760 | 22,551 | (3,581) | 1,529 | 298 | 53,557 |
| **Total allocated to NCI** | **262,560** | **62,422** | **8,676** | **31,859** | **2,700** | **368,217** |
| Cash flows from/(used in) operating activities | 1,135,822 | (35,243) | 18,434,341 | 324,443 | (10,907) | 19,848,456 |
| Cash flows (used in)/from investing activities | (1,050,714) | 101,597 | (18,606,356) | (4,982) | 19,158 | (19,541,297) |
| Cash flows used in financing activities | (31,775) | (41,212) | (6,922,853) | - | - | (6,995,840) |
| **Net increase/(decrease) in cash and cash equivalents** | **53,333** | **25,142** | **(7,094,868)** | **319,461** | **8,251** | **(6,688,681)** |

## 15. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES (CONTINUED)

### (iii) NON CONTROLLING INTEREST (CONTINUED)

| Year 2020 | Jubilee Insurance Entities in Uganda Kes'000 | Jubilee Insurance Entities in Tanzania Kes'000 | Jubilee Insurance Mauritius Kes'000 | Jubilee Insurance Entities in Burundi Kes'000 | Jubilee Centre Burundi Kes'000 | Total Kes'000 |
|---|---|---|---|---|---|---|
| NCI percentage | 35% | 49% | 20% | 30% | 20% | |
| Assets | 13,265,771 | 6,537,429 | 1,315,664 | 1,285,739 | 123,764 | 22,528,367 |
| Liabilities | (8,633,906) | (4,593,167) | (992,926) | (741,538) | (66,991) | (15,028,528) |
| **Net assets** | **4,631,865** | **1,944,262** | **322,738** | **544,201** | **56,773** | **7,499,839** |
| **Carrying amount of NCI** | **1,710,576** | **952,689** | **64,546** | **163,260** | **11,355** | **2,902,426** |
| Revenue | 3,240,183 | 2,435,066 | 781,647 | 219,923 | 12,945 | 6,689,764 |
| Profit | 719,430 | 327,186 | 45,523 | 123,851 | 6,469 | 1,222,459 |
| OCI | 374,453 | 70,544 | (20,046) | 19,336 | 11,120 | 455,407 |
| **Total comprehensive income** | **1,093,883** | **397,730** | **25,477** | **143,187** | **17,589** | **1,677,866** |
| Profit allocated to NCI | 251,800 | 160,321 | 9,105 | 37,155 | 1,294 | 459,675 |
| OCI allocated to NCI | 131,058 | 34,566 | (4,009) | 5,801 | 2,224 | 169,640 |
| **Total allocated to NCI** | **382,858** | **194,887** | **5,096** | **42,956** | **3,518** | **629,315** |
| Cash flows from/(used in) operating activi-ties | 1,060,097 | 367,219 | (32,879) | 68,543 | (6,399) | 1,456,581 |
| Cash flows (used in)/from investing activi-ties | (797,597) | (549,803) | (3,071) | 43,236 | 9,627 | (1,297,608) |
| Cash flows used in financing activities | (185,186) | 12,429 | - | - | - | (172,757) |
| **Net increase/(decrease) in cash and cash equivalents** | **77,314** | **(170,155)** | **(35,950)** | **111,779** | **3,228** | **(13,784)** |

Movement in the non-controlling interest is as follows:

| | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| At start of year | 2,813,180 | 2,273,699 |
| Dividend paid to non controlling interest | - | (89,834) |
| Disposal of stake in subsidiaries | (360,065) | - |
| Share of total comprehensive income for the year | 368,217 | 629,315 |
| At end of year | **2,821,332** | **2,813,180** |

The non controlling interest are non current.

## 16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX

### (i) INCOME TAX EXPENSE

The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 Kes '000 | 2020 Kes '000 | 2021 Kes '000 | 2020 Kes '000 |
| Profit before income tax | 8,431,880 | 5,076,895 | 6,650,559 | (13,208) |
| Tax calculated at the enacted domestic tax rate 30% | 3,579,838 | 1,405,794 | 1,995,168 | (3,962) |
| Effect of: | | | | |
| Income not subject to income tax | (2,884,651) | (943,657) | (1,272,975) | (5,611) |
| Capital gains tax | 698,242 | | | |
| Expenses not deductible for tax purposes | 228,042 | 461,488 | 173 | 30,723 |
| Prior year over provision | (18,246) | 65,684 | - | (15,280) |
| **Income tax charge** | **1,603,225** | **989,309** | **722,366** | **5,870** |
| Current income tax charge for the year | 834,664 | 1,111,043 | 24,124 | 5,636 |
| Capital Gains Tax – Kenya | 108,437 | - | 108,437 | - |
| Capital Gains Tax – Uganda | 589,805 | - | 589,805 | - |
| Current year deferred tax charge /(credit) for the year | 70,319 | (121,734) | - | 234 |
| | **1,603,225** | **989,309** | **722,366** | **5,870** |

The Capital gains tax relates to amounts paid on the sale of the Kenya and Uganda General businesses at the prevailing rates in Kenya (5%) and Uganda (30%)

## 16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

### (ii) TAX MOVEMENT

Movement in the net tax payable/(recoverable) account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| At start of year | (414,567) | (460,143) | (17,138) | 4,687 |
| Taxation charge | 834,664 | 1,111,043 | 722,366 | 5,636 |
| Prior year (over)/under provision | 8,437 | (66,250) | (1,872) | (15,280) |
| Taxation paid | (845,061) | (871,094) | (122,477) | (12,181) |
| **At end of year** | **(416,527)** | **(286,444)** | **580,879** | **(17,138)** |

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Current income tax asset | (479,236) | (447,042) | (8,926) | (17,138) |
| Current income tax liability/other liability (company) | 162,709 | 160,598 | 589,805 | - |
| **Total** | **(316,527)** | **(286,444)** | **580,879** | **(17,138)** |
| **Transfer to assets held for sale (Note 39)** | | | | |
| Current income tax asset | - | - | - | - |
| Current income tax liability | - | (128,361) | - | - |
| **Total** | **-** | **(128,361)** | **-** | **-** |
| **Net book value from continuing operations** | | | | |
| Current income tax asset | (479,236) | (447,042) | - | - |
| Current income tax liability | 162,709 | 32,475 | - | - |
| **Total** | **(316,527)** | **(414,567)** | **-** | **-** |

Income tax liability is current

### (iii) DEFERRED INCOME TAX

Deferred income tax is calculated, in full, on all temporary differences using a principal tax rate of 30% (2020: 30%) in all countries except for Mauritius where rate is 15%. The movement in the deferred income tax account is as follow:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| At start of year | 336,462 | 143,470 | (47,715) | 6,961 |
| Recognised in profit or loss | 70,319 | (121,734) | - | 234 |
| Recognised in OCI | (29,483) | (54,731) | (25,239) | (54,910) |
| Prior year under provision | - | 65,684 | - | |
| At end of year | 377,298 | 32,689 | (72,954) | (47,715) |
| | | | | |
| Deferred tax asset | (722,382) | (725,509) | (72,954) | (47,715) |
| Deferred tax liability | 1,099,680 | 758,198 | - | - |
| **Net deferred income tax liabil-ity/(asset)** | **377,298** | **32,689** | **(72,954)** | **(47,715)** |
| **Transfer to assets held for sale (Note 39)** | | | | |
| Deferred tax asset | - | 303,773 | - | - |
| Deferred tax liability | - | - | - | - |
| **Total** | **-** | **303,773** | **-** | **-** |
| **Net book value from continuing opera-tions** | | | - | |
| Deferred tax asset | (722,382) | (421,736) | - | - |
| Deferred tax liability | 1,099,680 | 758,198 | - | - |
| **Total** | **377,298** | **336,462** | **(72,954)** | **(47,715)** |

These are all non-current assets.

### 16. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

#### (iii) DEFERRED INCOME TAX – (CONTINUED)

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in the profit or loss and to equity is attributable to the following:

| | Group Kes '000 | | | | | Company Kes '000 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1 January 2021 | Charged to profit or loss | Charged to OCI | Prior year (over)/ under provision | 31 December 2021 | 1 January 2021 | Charged to profit or loss | Charged to OCI | 31 December 2021 |
| Fair value gains on investment properties | 56,053 | 17,400 | - | 56,053 | 73,453 | - | - | - | - |
| Accelerated depreciation | 167,098 | - | - | 167,098 | 167,098 | - | - | - | - |
| Impairment provisions | 31,790 | - | - | 31,790 | 31,790 | - | - | - | - |
| Other de-ductible temporary differences | 81,521 | 52,919 | (29,483) | 81,521 | 104,957 | (47,715) | - | (25,239) | (72,954) |
| **Net deferred income tax liabil-ity/(asset)** | **336,462** | **70,319** | **(29,483)** | **336,462** | **377,298** | **(47,715)** | **-** | **(25,239)** | **(72,954)** |

| | Group Kes '000 | | | | | Company Kes '000 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1 January 2020 | Charged to profit or loss | Charged to OCI | Prior year (Over)/ Under provision) | 31 December 2020 | 1 January 2020 | Charged to profit or loss | Charged to OCI | 31 December 2020 |
| Fair value gains on investment properties | 59,670 | 1,171 | (494) | - | 60,347 | - | - | - | - |
| Accelerated depreciation | (190,991) | (71,829) | (1,118) | - | (263,938) | - | - | - | - |
| Impairment provisions | (115,772) | 18,089 | - | - | (97,683) | - | - | - | - |
| Other deductible temporary differences | 390,563 | (69,165) | (53,119 | 65,684 | 333,963 | 6,960 | 234 | (54,909) | (47,715) |
| **Net deferred income tax liability/(asset)** | **143,470** | **(121,734)** | **(54,731)** | **65,684** | **32,689** | **6,960** | **234** | **(54,909)** | **(47,715)** |

### 17. UNQUOTED EQUITY INVESTMENTS

**Group**

| **Unquoted Equity Investments Group** | **FV Through P/L** | **FV Through OCI** | **Total** | **FV Through P/L** | **FV Through OCI** | **Total** |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | **2020** | **2020** | **2020** |
| | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** | **Kes'000** |
| **At start of year** | **6,258,253** | **455,375** | **6,713,628** | **6,237,885** | **196,782** | **6,434,667** |
| Disposal | (54,585) | - | (54,585) | (224,078) | 199,709 | (24,369) |
| Fair value gains | 259,603 | 4,843 | 264,446 | 222,854 | 18,226 | 241,080 |
| Exchange differences | 15,434 | 23,723 | 39,157 | 21,592 | 40,658 | 62,250 |
| **At end of year** | **6,478,705** | **483,941** | **6,962,646** | **6,258,253** | **455,375** | **6,713,628** |

**Valuation of unquoted shares - Kenya**

Unquoted shares are valued using values of similar or comparable entities which are publicly listed and also in reference to the contractual cash flows. The unquoted investments represent the take held by the Group in IPS Kenya Limited. As at 31 December 2021, the model for determination of fair value has estimated Jubilee's stake in each of the companies that IPS has interests in as well as the residual shareholders fund in IPS Limited.

### 17. UNQUOTED EQUITY INVESTMENTS (CONTINUED)

The following approaches have been adopted:

- ***For the infrastructure companies, discounted cash flow has been used based on executable contracts.***
- ***Use of PE multiples for the non-infrastructure-based portfolio. A uniform PE multiple of 8X has been applied to the entire portfolio.***
- ***The residual share holder funds in IPS(K) at the Net assets value.***

The above approach places the determination of the unquoted equity under level 3 hierarchy of Fair value determination.

The following table sets out the key assumptions used by management in the value in use calculations:

| **Assumption** | **Type** | **2021** | **2020** |
|---|---|---|---|
| P/E Multiples | Non -infrastructure based | 8X | 8X |
| Average discounting rate | Infrastructure based companies | 12% | 12% |

Management has determined the values assigned to each of the key assumptions used as follows:

| **Assumption** | Approach used to determine values: |
|---|---|
| P/E Multiples | Based on the PE ratios of similar listed companies. This is then adjusted for illiquidity and marketability discounts |
| Average discounting rates | This is based on the returns that are embedded in the executable contracts of the infra-structure companies |

#### Impact of possible changes in key assumptions

If the discount rate applied on the cash flow projections had been 1% higher/lower than management's estimate at 31 December 2020 with all other assumptions unchanged, the impact to profit or loss would have been Kes 49 million (2020: Kes 28 million) higher or lower.

If the PE Ratios applied in the estimation of the fair value been 1% higher/lower than management's estimate at 31 December 2020 with all other assumptions unchanged, the impact to profit or loss would have been Kes 18 million (2020: Kes 15 million) higher and lower.

#### Valuation of Unquoted equity investments - Tanzania

The Company uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Company has utilized price book multiples for comparable companies and applied adjustments for the purpose of estimating the fair value. The critical management judgement is in the selection of the liquidity premium and size adjustment for as adjustments for the fair value and the selection of comparable companies for the purpose of ascertain the fair value.

| **Valuation Technique** | **Significant unobservable inputs** | **Sensitivity Analysis** |
|---|---|---|
| Adjusted price book value | Discount of 10% due to lack of marketability and liquidity | A change of this by 10% would change the fair value by Kes 5 million. |
| | Size adjustment of 12% to account for differences between Tanzania Reinsurance and its listed comparable which are much larger companies | A change of this by 10% would change the fair value by Kes 12 million. |

#### Valuation of unquoted equity investments in other companies

The remaining unquoted shares are not material to the group and therefore sensitivity was not done.

#### Company

| | **FV Through OCI 2021 Kes'000** | **FV Through OCI 2020 Kes'000** |
|---|---|---|
| **At start of year** | **87,525** | **69,299** |
| Fair value gain through other comprehensive income | 4,843 | 18,226 |
| **At end of year** | **92,368** | **87,525** |

The Company uses valuation techniques for valuing unquoted shares that are based on unobservable market data. The Company has utilized unadjusted price book valuation technique to computed the Company's net carrying book value of the underlying investments.

The table below analyses financial instruments carried at fair value by level of fair value hierarchy:

| | **Level 1 Kes'000** | **Level 2 Kes'000** | **Level 3 Kes'000** | **Total Kes'000** |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| Assets | | | | |
| Financial assets fair value through profit or loss | | | 92,368 | 92,368 |
| **As at 31 December 2020** | | | | |
| Assets | | | | |
| Financial assets fair value through profit or loss | - | - | 87,525 | 87,525 |

Unquoted equity is non –current.

## 18. (i) GOVERNMENT SECURITIES AT AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

### Group

| Movement | FV Through P&L 2021 Kes'000 | Amortized cost 2021 Kes'000 | Total 2021 Kes'000 | FV Through P&L 2020 Kes'000 | Amortized cost 2020 Kes'000 | Total 2020 Kes'000 |
|---|---|---|---|---|---|---|
| At start of year | 15,130,188 | 61,952,318 | 77,082,506 | 12,289,945 | 54,806,435 | 67,096,380 |
| Additions | 7,585,991 | 10,224,777 | 17,810,768 | 6,129,993 | 18,015,729 | 24,145,722 |
| Maturities | (1,152,444) | (2,129,073) | (3,281,517) | (3,386,759) | (5,268,613) | (8,655,372) |
| Fair value gains/(losses) through profit or loss | (363,915) | - | (363,915) | 76,778 | - | 76,778 |
| Unearned amortised discount | 1,769,492 | (1,196,577) | 572,915 | - | (904,720) | (904,720) |
| Accrued interest | 149,608 | 71,383 | 220,991 | 20,231 | 11,557 | 31,788 |
| Exchange differences | - | 303,003 | 303,003 | - | 348,409 | 348,409 |
| **Total at the end of the year** | **23,118,920** | **69,225,831** | **92,344,751** | **15,130,188** | **67,008,797** | **82,138,985** |
| Expected Credit Loss | - | (28,085) | (28,085) | - | (30,503) | (30,503) |
| **Net** | **23,118,920** | **69,197,746** | **92,316,666** | **15,130,188** | **66,978,294** | **82,108,482** |
| Transfer to assets held for sale (Note 39) | - | - | - | - | (5,025,976) | (5,025,976) |
| **Net book value from continuing operations** | **23,118,920** | **69,197,746** | **92,316,666** | **15,130,188** | **61,952,318** | **77,082,506** |

| Maturity Profile – Government securities at amortised cost | 2021 Kes '000 | 2020 Kes 000 |
|---|---|---|
| Treasury bills maturing within 91 days after the date of acquisi-tion | - | - |
| Treasury bills maturing after 91 days after the date of acquisition | 294,491 | 412,157 |
| Treasury bonds maturing within 1 year | 5,259,858 | 2,548,705 |
| Treasury bonds maturing in 1-5 years | 6,659,679 | 10,625,599 |
| Treasury bonds maturing after 5 years | 56,983,718 | 53,391,833 |
| **Total** | **69,197,746** | **66,978,294** |
| Transfer to assets held for sale (Note 39) | - | (5,025,976) |
| **Net book value from continuing operations** | **69,197,746** | **61,952,318** |

| Maturity Profile – Government securities at fair value through profit and loss | 2021 Kes '000 | 2020 Kes 000 |
|---|---|---|
| Treasury bonds maturing within 1 year | 355,040 | 16,173 |
| Treasury bonds maturing in 1-5 year | 448,091 | 818,912 |
| Treasury bonds maturing after 5 years | 22,315,789 | 14,295,103 |
| **Total** | **23,118,920** | **15,130,188** |

Treasury bonds of Kes 3.6 billion (2020: Kes 3.6 billion) are held under lien with the Central Bank of Kenya as security deposit in favor of the Insurance Regulatory Authority as required under the provisions of Section 32 of Kenya Insurance Act, an equivalent of Kes 30 million (2020: Kes 30 million) are held under lien with the Bank of Uganda as security deposit in favor of the Insurance Regulatory Authority Uganda as required under the provisions of section 38 (3) of Uganda Insurance Act and an equivalent of Kes 192 million (2020: Kes 192 million) are held under lien with the Bank of Tanzania as security deposit in favor of the Tanzania Insurance Regulatory Authority as required under the provisions of Tanzania Insurance Act.

### Company

| Movement | FV Through P&L 2021 Kes'000 | Total 2021 Kes'000 | FV Through P&L 2020 Kes'000 | Total 2020 Kes'000 |
|---|---|---|---|---|
| At start of year | - | - | - | - |
| Additions | 3,938,955 | 3,938,955 | - | - |
| Fair value gains/(losses) through profit or loss | (63,748) | (63,748) | - | - |
| Accrued interest | 149,609 | 149,609 | - | - |
| **Total at the end of the year** | **4,024,816** | **4,024,816** | **-** | **-** |

| Maturity Profile – Government securities at fair value through profit and loss | 2021 Kes '000 | 2020 Kes 000 |
|---|---|---|
| Treasury bonds maturing within 1 year | - | - |
| Treasury bonds maturing in 1-5 year | - | - |
| Treasury bonds maturing after 5 years | 4,024,816 | - |
| **Total** | **4,024,816** | **-** |

### 18. (ii) COMMERCIAL BONDS AT AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

**Group**

| Movement | FV Through P&L 2021 Kes'000 | Amortized cost 2021 Kes'000 | FV Through P&L 2020 Kes'000 | Amortized cost 2020 Kes'000 |
|---|---|---|---|---|
| At start of year | - | - | - | 579,736 |
| Additions | - | - | - | - |
| Maturities | - | - | - | (579,736) |
| **Total** | - | - | - | - |

### 19. LOAN

| | Group 2021 Kes'000 | Group 2020 Kes'000 | Company 2021 Kes'000 | Company 2020 Kes'000 |
|---|---|---|---|---|
| Current | 1,712,789 | - | 581,504 | - |
| **At end of the year** | 1,712,789 | - | 581,504 | - |

During the year, the group advanced a loan to IPS Cable Systems Ltd. In December 2021, funds were transferred to IPS Cable Systems Limited, an associate of the Jubilee Group, toward their financing of additional shareholding in Seacom through IPS Cables Holdings Limited.
This funding has been envisaged as a debt instrument and the return shall be linked to the economic participation of IPS Cable Systems Limited. As at 31 December 2021, the terms for the financing were yet to be agreed and hence the amount was classified as an advance to related parties.

### 20. LOAN RECEIVABLES

**Group**

**i) Mortgage loans**

| Movement | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| At start of year | 35,721 | 49,663 |
| Loans advanced | - | - |
| Accrued interest and penalties | 13,009 | 3,778 |
| Expected credit loss | - | - |
| Loan repayments | (8,005) | (7,178) |
| Exchange differences | 74 | 616 |
| **At end of year** | **40,799** | **46,879** |
| Transfer to assets held for sale (Note 39) | - | (11,158) |
| Net book value from continuing operations | 40,799 | 35,721 |
| **Maturity profile** | | |
| **Loans maturing** | | |
| Within 1 year | 3,116 | 4,142 |
| In 1-5 years | 14,546 | 20,155 |
| In over 5 years | 23,137 | 22,582 |
| **Total** | **40,799** | **46,879** |
| Transfer to assets held for sale (Note 39) | - | (11,158) |
| Net book value from continuing operations | 40,799 | 35,721 |

**ii) Loans on life insurance policies**

| Movement | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| At start of year | 1,223,521 | 1,004,928 |
| Loans advanced | 253,049 | 256,913 |
| Interest | 114,335 | 96,712 |
| Loan repayments | (193,092) | (146,595) |
| Exchange differences | 12,179 | 11,563 |
| **At end of year** | **1,409,992** | **1,223,521** |
| **Maturity profile** | | |
| **Loans maturing** | | |
| Within 1 year | 114,449 | 18,091 |
| In 1-5 years | 556,048 | 1,190,377 |
| In over 5 years | 739,495 | 15,053 |
| **Total** | **1,409,992** | **1,223,521** |

## 21. QUOTED EQUITY INVESTMENTS

### Group

| | FV Through P&L 2021 Kes '000 | FV Through OCI 2021 Kes '000 | Total 2021 Kes '000 | FV Through P&L 2020 Kes '000 | FV Through OCI 2020 Kes '000 | Total 2020 Kes '000 |
|---|---|---|---|---|---|---|
| **At start of year** | **3,353,176** | **80,865** | **3,434,041** | **4,082,470** | **1,282,162** | **5,364,632** |
| Additions | 1,279,286 | 790,803 | 2,070,089 | 352,437 | 108,233 | 460,670 |
| Disposals | (124,603) | (48,538) | (173,141) | (131,677) | (368,108) | (499,785) |
| Fair value (loss) through other comprehensive income | - | (65,666) | (65,666) | - | (219,764) | (219,764) |
| Fair value (loss) through profit or loss | (197,973) | - | (197,973) | (950,054) | - | (950,054) |
| Exchange differences | - | - | - | - | 12,719 | 12,719 |
| **At end of year** | **4,309,886** | **757,464** | **5,067,350** | **3,353,176** | **815,242** | **4,168,418** |
| Transfer to assets held for sale (Note 39) | - | - | - | - | (734,377) | (734,377) |
| Net book value from continuing operations | 4,309,886 | 757,464 | 5,067,350 | 3,353,176 | 80,865 | 3,434,041 |

### Company

| | FV Through OCI 2021 Kes '000 | Total 2021 Kes '000 | FV Through OCI 2020 Kes '000 | Total 2020 Kes '000 |
|---|---|---|---|---|
| **At start of year** | **454,943** | **454,943** | **656,200** | **656,200** |
| Fair Value loss through other comprehensive in-come | (88,974) | (88,974) | (201,257) | (201,257) |
| **At end of year** | **365,969** | **365,969** | **454,943** | **454,943** |

Quoted equity investments are all non-current.

## 22. RECEIVABLES ARISING FROM DIRECT AND REINSURANCE ARRANGEMENTS

**Group**

Receivables arising out of direct insurance and re-insurance arrangements are summarized as follows:

| | Direct Insurance Arrangements | | Reinsurance Arrangements | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Neither past due nor impaired | 377,570 | 1,695,588 | 915,145 | 1,128,168 |
| Past due but not impaired | 615,813 | 1,699,370 | 521,645 | 554,290 |
| Impaired | 346,784 | 688,606 | 274,651 | 370,472 |
| **Gross** | **1,340,167** | **4,083,564** | **1,711,441** | **2,052,930** |
| Expected credit loss allowance | (462,233) | (872,291) | (474,357) | (534,357) |
| **Net** | **877,934** | **3,211,273** | **1,237,084** | **1,518,573** |
| Transfer to assets held for sale (Note 39) | - | (2,659,637) | - | (1,042,264) |
| Net book value from continuing operations | 877,934 | 551,636 | 1,237,084 | 476,309 |

These are all current assets.

Movements for provisions for impairment are as follows:

| | Direct Insurance Arrangements | | Reinsurance Arrangements | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| At start of year | 872,291 | 797,725 | 534,357 | 357,579 |
| Increase/(Decrease) in the year | (410,058) | 74,566 | (60,000) | 176,778 |
| **At end of year** | **462,233** | **872,291** | **474,357** | **534,357** |

## 22. RECEIVABLES ARISING FROM DIRECT AND REINSURANCE ARRANGEMENTS (CONTINUED)

Of the total gross impaired receivables, the following amounts have been individually assessed:

| | Direct Insurance Arrangements | | Reinsurance Arrangements | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Individually assessed impaired receivables | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| - brokers | 34,776 | 279,461 | 222,631 | 262,631 |
| - agents | 132,819 | 283,260 | - | - |
| - insurance companies | 67,965 | 189,020 | 251,726 | 271,726 |
| - direct clients | 226,673 | 120,550 | - | - |
| **Total** | **462,233** | **872,291** | **474,357** | **534,357** |

## 23. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES AND DEFERRED ACQUISITION COSTS

### (i) Reinsurers' Share of Insurance Contract Liabilities

### Group

| | **2021** | **2020** |
|---|---|---|
| | **Kes '000** | **Kes '000** |
| Reinsurers share of | | |
| - Unearned premium (Note 28) | 892,469 | 3,276,205 |
| - Notified claims outstanding and IBNR | 784,937 | 3,945,489 |
| **Total** | **1,677,406** | **7,221,694** |
| Transfer to assets held for sale (Note 39) | - | (5,260,380) |
| **Net book value from continuing operations** | **1,677,406** | **1,961,314** |

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 in the statement of financial position.

These are all current assets.

### (ii) Deferred Acquisition Costs

### Group

| | **2021** | **2020** |
|---|---|---|
| | **Kes '000** | **Kes '000** |
| At start of year | 411,243 | 447,631 |
| Net (decrease)/ increase | 362,241 | (30,533) |
| Disposal | (236,892) | - |
| Exchange differences | 1,681 | 46,190 |
| **At end of year** | **538,273** | **463,288** |
| Transfer to assets held for sale (Note 39) | - | (52,045) |
| **Net book value from continuing operations** | **538,273** | **411,243** |

These are all current assets.

## 24. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Deposits - Office rent and utilities | 252,509 | 243,397 | - | - |
| Prepayments | 436,082 | 234,026 | - | - |
| Recoverable advances | 28,402 | 58,103 | - | - |
| Dividends receivable | 323,781 | 514,777 | - | - |
| Sundry debtors* | 2,101,662 | 1,487,787 | 1,604,312 | 245,421 |
| **Total** | **3,142,436** | **2,538,090** | **1,604,312** | **245,421** |
| Transfer to assets held for sale (Note 39) | - | (1,065,907) | | |
| Net value from continuing operations | 3,142,436 | 1,472,183 | | |

*Sundry debtors include staff loans, third party fund recoverable and deposits paid on rental offices among others and are current assets.

## 25. (i) DEPOSITS WITH FINANCIAL INSTITUTIONS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Maturity Profile | | | | |
| Deposits maturing within 90 days after balance sheet date | 4,566,014 | 8,159,216 | 1,036,615 | 128,264 |
| **Total** | **4,566,014** | **8,159,216** | **1,036,615** | **128,264** |
| Transfer to assets held for sale (Note 39) | - | (1,826,148) | - | - |
| Net value from continuing operations | 4,566,014 | 6,333,068 | - | - |

## 25. (ii) CASH AND CASH EQUIVALENTS

The year-end cash and cash equivalents comprise the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Cash and bank balances | 2,339,737 | 3,964,260 | 211,852 | 110,887 |
| Short-term deposits with banks | 4,566,014 | 8,159,216 | 1,036,615 | 128,264 |
| **Total** | **6,905,751** | **12,123,476** | **1,248,467** | **239,151** |
| Transfer to assets held for sale (Note 39) - Deposits with banks | - | (1,826,148) | - | - |
| Transfer to assets held for sale (Note 39) - Cash and bank bal-ances | - | (943,267) | - | - |
| **Total** | **-** | **(2,769,415)** | **-** | **-** |
| Net value from continuing operations - Deposits with banks | 2,339,737 | 6,333,068 | - | - |
| Net value from continuing operations - Cash and bank balanc-es | 4,566,014 | 3,020,993 | - | - |
| **Total** | **6,905,751** | **9,354,061** | **-** | **-** |

These are all current assets.

## 25. (iii) OPERATING CASH FLOW

### Group

| | 2021 | 2020 |
|---|---|---|
| | Kes '000 | Kes '000 |
| **Cash flow from operating activities** | | |
| Profit before income tax | 8,431,880 | 5,076,895 |
| Adjustments for: - | | |
| Depreciation and amortisation | 235,788 | 290,745 |
| Fair value gains on financial assets at fair value through profit and loss | 302,285 | 650,422 |
| Fair value gain on investment properties | (57,135) | (15,118) |
| Net fair value gains on disposal and amortisation on government bonds | (3,257,153) | 1,341,370 |
| Interest and other income | (12,023,031) | (10,461,512) |
| Dividend receivable | (60,267) | (305,239) |
| Rental income | (530,624) | (528,594) |
| Share of result of associates after income tax | (1,878,203) | (1,329,396) |
| **Operating profit before working capital changes** | **(8,836,460)** | **(5,280,427)** |
| Receivables arising out of direct insurance arrangements | 1,909,961 | (802,017) |
| Receivables arising out of reinsurance arrangements | (258,218) | (815,677) |
| Reinsurers' share of insurance contract liabilities | 3,316,111 | 89,881 |
| Deferred acquisition costs | (125,048) | 15,657 |
| Other receivables | (1,286,514) | 663,342 |
| Insurance contract liabilities | (1,114,601) | 3,607,246 |
| Investment contracts liabilities | 5,754,128 | 5,237,410 |
| Provision for unearned premium | (2,100,180) | 156,429 |
| Creditors arising out of direct insurance arrangements | 148,807 | (73,170) |
| Creditors arising out of reinsurance arrangements | (231,043) | (905,345) |
| Other payables | 42,619 | 468,089 |
| **Cash (used in)/generated from operations** | **(2,780,438)** | **2,361,418** |

## 26. INSURANCE CONTRACT LIABILITIES

| | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| **Short-Term insurance contracts** | | |
| Claims reported and claims handling expenses | 605,900 | 5,859,257 |
| Claims incurred but not reported (IBNR) | 946,151 | 2,128,680 |
| **Total Short-Term** | **1,552,051** | **7,987,937** |
| **Long-Term insurance contracts** | | |
| Claims reported and claims handling expenses | 1,389,371 | 1,241,225 |
| Actuarial value of long term liabilities | 27,415,350 | 24,107,264 |
| **Total Long-Term** | **28,804,721** | **25,348,489** |
| **Total Short-Term and Long-Term** | **30,356,772** | **33,336,426** |
| Transfer to assets held for sale (Note 39) | - | (6,798,095) |
| **Net value from continuing operations** | **30,356,772** | **26,538,331** |

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 2021 and 2020 are not material.

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.

Movements in insurance liabilities and reinsurance assets are shown in Note 36.

### Short –Term Insurance contracts

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the group's estimate of total claims liability for each accident year has changed at successive year-ends.

**Insurance Contract Liabilities**

**Short-term insurance contracts**

| Accident year | 2017 and prior Kes'000 | 2018 Kes'000 | 2019 Kes'000 | 2020 Kes'000 | 2021 Kes'000 | Total Kes'000 |
|---|---|---|---|---|---|---|
| **Estimate of ultimate claims cost** | | | | | | |
| at end of accident year | 12,891,511 | 1,640,987 | 1,511,032 | 1,527,814 | 2,476,719 | 20,048,063 |
| one year later | 11,430,108 | 1,376,905 | 1,381,704 | 2,077,896 | - | 16,266,613 |
| two years later | 2,887,496 | 473,778 | 531,360 | | - | 3,892,634 |
| three years later | 2,982,575 | 249,244 | | - | - | 3,231,819 |
| four years later | 1,215,037 | | - | - | - | 1,215,037 |
| Incurred per accident year | 1,215,037 | 249,244 | 531,360 | 2,077,896 | 2,476,719 | 6,550,256 |
| Current estimate of cumulative claims | 1,215,037 | 249,244 | 531,360 | 2,077,896 | - | 4,073,537 |
| Less: cumulative payments to date | (885,350) | (385,737) | (772,858) | (1,696,181) | (1,265,798) | (5,005,924) |
| **Total gross claims liability included in the statement of financial position before IBNR** | **329,687** | **(136,493)** | **(241,498)** | **381,715** | **1,210,921** | **1,544,332** |
| Incurred but not reported (IBNR) | **4,471** | **1,824** | **760** | **664** | **-** | **7,719** |
| **Total gross claims liability included in the statement of financial position** | **334,158** | **(134,669)** | **(240,738)** | **382,379** | **1,210,921** | **1,552,051** |

If there was a 10% increase/decrease in the average claims cost as at the end of the year, with all other variables held constant the impact on the post-tax profit would have been Kes 34 million (2020: 35 million).

## 26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

### Long-term insurance contracts

The Group determines its liabilities on long term insurance contracts based on assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. A margin for risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the consulting actuary and actuarial valuations carried out on a quarterly basis.

### Valuation assumptions

The latest actuarial valuation of the Life Fund was carried out as at 31 December 2021 by Actuarial Partners Consultants, using Gross Premium Valuation (GPV) method. This method is generally accepted in the actuarial industry as an appropriate method to place 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 summarized below per country. The assumptions used for the previous year-end valuation are shown in brackets:

*Kenya*

a) Mortality – The Company used KE 07-10 as a base table of standard mortality for ordinary life and KE 01-03 for annuity life. Statistical methods are used to adjust the rates reflected in the table based on the Company's experience for ordinary life and annuity life (2020: KE 07-10 as a base table of standard mortality for ordinary life and KE 01-03 for annuity life).
b) Persistency –The persistency rates used in the valuation were set according to the experience observed (by the actuary) in the Company's data.
c) Discount Rates - As per the valuation guideline, the expected future cash flows shall be discounted using the relevant risk-free interest rate. The risk-free interest rate is determined using the Nairobi Securities Exchange yield curve as at December 2021 and has been converted to zero coupon yield which ranged from 8.54% to 17.56% (2020: 8.54% to 17.56% The discount rate is further adjusted by a risk margin of 10% (2020: 10%).
(d) Expenses, tax and inflation – The current level of renewal expenses were taken based on the current expense position of the company. Expense inflation is assumed to be 4.64% p.a (2020: 4.64% p.a). It has been assumed that the current tax legislation and rates continue unaltered.

| | Ordinary Life 2021 Kes '000 | Annuity 2021 Kes '000 | Total 2021 Kes '000 | Ordinary Life 2020 Kes '000 | Annuity 2020 Kes '000 | Total 2020 Kes '000 |
|---|---|---|---|---|---|---|
| Liability movement due to change in valuation date | 1,316,904 | 152,024 | 1,468,928 | 1,718,352 | 92,386 | 1,810,738 |
| Liability movement due to change in yield assumption | (242,866) | (214,124) | (456,990) | 207,359 | (175,009) | 32,350 |
| Liability movement due to change in expense assumption | 36,992 | 27,014 | 64,006 | (43,779) | (21,430) | (65,209) |
| Liability movement due to change in other assumptions | (91,240) | (34,852) | (126,092) | (20,630) | 9,958 | (10,672) |
| Liability movement due to new business | 190,248 | 1,064,798 | 1,255,046 | 162,445 | 892,486 | 1,054,931 |
| Liability movement due to exits | (244,222) | (238,241) | (482,463) | (853,035) | (223,949) | (1,076,984) |
| **Total** | **965,816** | **756,619** | **1,722,435** | **1,170,712** | **574,442** | **1,745,154** |

*Uganda*

The principles on which the valuation was made were determined by the Actuary having regards to statutory requirements; in particular the basis provided in the Insurance (Valuation of Technical Provisions for Life Insurance Business) Guidelines and Insurance (Capital Adequacy) Guidelines dated August 2020.

For group life plans, a reserve equal to the higher of unexpired risks and the unearned portion of the office premium was held on a 1/365th methodology. An additional reserve for Incurred But Not Reported (IBNR) claims was also held using Chain Ladder method

For Ordinary Life, the valuation was based on a Gross Premium Valuation (GPV) basis. The Actuarial reserves were calculated as the present value of expected future cashflows based on the best estimate assumptions with additional compulsory margins loaded. The cash flows for each individual policy were projected on monthly intervals until natural expiry of the policies. Expenses, commissions, claims and premiums were included in the projection. In performing valuation using GPV methodology, we have adopted the Best Estimate assumptions which are derived from the Company's experience as follows:

• **Mortality and morbidity** – The assumptions are derived based on the Company's experience with partial credibility theory as follows:

| Type of policy | Mortality Table |
|---|---|
| All other assurances | 88% UA2015-2019 for assured lives for Males |
| | 91% UA2015-2019 for assured lives for Females |
| Total Permanent Disability | 8.8% UA2015-2019 for assured lives for Males |
| | 9.1% UA2015-2019 for assured lives for Females |

## 26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

**Long-term insurance contracts (continued)**
**Valuation assumptions (continued)**
*Uganda (continued)*

• **Management expense** – The assumption was calculated based on the Company's actual management expenses as follows:

| Expenses - Ordinary Life | 2021 | | 2020 | |
|---|---|---|---|---|
| | Per Policy (Ushs) | % of Premium | Per Policy (Ushs) | % of Premium |
| Acquisition expenses | 426,066 | 9.84% | 396,884 | 6.62% |
| Maintenance expenses | 167,984 | 1.24% | 158,296 | 1.02% |

- Inflation - Inflation assumption is 3.57% (2020: 4.13%) per annum based on the weighted average increase in Jubilee staff salary and Uganda inflation rate as at December 2021.
- Lapse - The lapse experience is derived based on the Company's lapse experience as follows:

| Year | 2021 Lapse Rate | 2020 Lapse Rate |
|---|---|---|
| 1 | 51% | 48% |
| 2 | 21% | 18% |
| 3 | 13% | 11% |
| 4 | 17% | 14% |
| 5 | 11% | 9% |
| 6 onwards | 11% | 9% |

• **Discount rate -** Based on the Capital Adequacy Guidelines, the discount rates were calculated as follows:
***Non-participating policies:*** The risk-free discount rate has been used in determining non-participating policy liability. The risk-free discount rates are determined using the long-term Government of Uganda Bonds and has been converted to zero coupon yield.
***Participating policies:*** The expected return of the life fund has been used to determine the policy liability for participating policies.

***Tanzania***
The Company determines its liabilities on long term insurance contracts based on the assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. A margin of risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the consulting actuary and actuarial valuations carried out on an annual basis.

Set out below are the general principles and details of the methods adopted in the valuation of the policies:

a) Except for the polices mentioned below, Actuarial Reserves were calculated using the 'full preliminary term' method with reserves calculated by deducting the present value of the future modified net premiums from the present value of the sums assured, guaranteed cash bonuses and accrued bonuses. Group Temporary Assurance, as reserve equal to the unearned portion of the office premium was held on a 1/365th methodology. An additional reserve for Incurred But Not Reported (IBNR) claims was also held. There are some Group Temporary Assurance policies with a policy term greater than one year (up to 5 years). For these plans the entity tested to ensure the basis used is more conservative than the prescribed basis.
b) Ordinary Life Business – The modified net premium was taken as the 'pure' net premium for an age one year higher than the actual age entry without changing the time when premiums cease or any policy money becomes payable if such time is determined by reference to the actual age entry. Actual premium terms and maturity dates were taken as set out in the policies.

***Valuation Assumptions***
The more significant valuation assumptions are summarized below:

| Financial Assumptions | 2021 Rate | 2020 Rate |
|---|---|---|
| 2007-2010 10 mortality tables (KE) | 100% | 100% |
| Inflation rate | 4.12% per annum | 3.34% per annum |
| Return on Investment | 4.0% per annum | 4.0% per annum |

***Demographic assumptions***

(i) The Company used mortality tables for a neighboring East African Country as a base table of standard mortality for assured individual life. i.e. KE2007-2010 Kenyan mortality tables. The mortality table is used to estimate among other things the life expectancy for the estimation of when the sum assured are expected to be paid. Statistical methods are used to adjust the rates reflected in the table based on the Company's experience for Ordinary Group Life.
(ii) Entry date was taken as the next birthday date.
As an alternative, gross valuation basis was also calculated. The policy liabilities calculated on a net premium basis was higher than that calculated on the gross premium basis and therefore the net premium valuation results were used for Ordinary Life business in line with the group accounting policy.

## 26. INSURANCE CONTRACT LIABILITIES (CONTINUED)

### 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 process. 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. The following table presents the sensitivity of these contracts to movements in key assumptions used in the estimation of liabilities:

| | **Increase in Liability** | **Increase in Liability** |
|---|---|---|
| | **2021** | **2020** |
| Variables: | **Kes '000** | **Kes '000** |
| Worsening of mortality | 298,420 | 273,219 |
| Lowering of investment returns p.a. | 980,595 | 961,511 |
| Worsening of expense inflation rate | 35,156 | 31,870 |
| Worsening of lapse rate | (27,178) | (24,459) |

We have not performed a sensitivity analysis for the non-Kenyan entities as the change within the long-term liabilities would not be material.

## 27. INVESTMENT CONTRACTS LIABILITIES

| | **2021** | **2020** |
|---|---|---|
| | **Kes '000** | **Kes '000** |
| At start of year | 60,131,333 | 54,893,923 |
| Pension fund deposits received | 8,165,530 | 8,123,362 |
| Surrenders and annuities paid | (8,384,854) | (7,650,503) |
| Fee income charged | (25,204) | (28,752) |
| Net benefits accrued | 5,956,320 | 4,736,351 |
| Exchange differences | 42,336 | 56,952 |
| **At end of year** | **65,885,461** | **60,131,333** |

Investments contracts are recorded at amortized cost. The investment contract liabilities are current.

## 28. PROVISION FOR UNEARNED PREMIUM

### Group

These provisions represent the liability for short-term business contracts where the Group's obligations are not expired at the year-end. Movements are shown below:

| | **2021** | | | **2020** | | |
|---|---|---|---|---|---|---|
| | **Gross Kes'000** | **Reinsurance Kes'000** | **Net Kes'000** | **Gross Kes'000** | **Reinsurance Kes'000** | **Net Kes'000** |
| At start of year | 4,131,997 | (637,722) | 3,494,275 | 8,414,682 | (2,881,912) | 5,532,770 |
| Increase in the period (net) | 285,349 | (223,298) | 62,051 | (45,847) | (77,198) | (123,045) |
| Exchange differences | 48,818 | (31,449) | 17,369 | 202,276 | 124,193 | 326,469 |
| **At end of year** | **4,466,164** | **(892,469)** | **3,573,695** | **8,571,111** | **(2,834,917)** | **5,736,194** |
| Transfer to assets held for sale (Note 39) | - | - | - | (4,439,114) | - | - |
| **Net value from continuing operations** | **4,466,164** | **(892,469)** | **3,573,695** | **4,131,997** | **(2,834,917)** | **5,736,194** |

The provision for unearned premium and reinsurance shares thereof are current.

## 29. OTHER PAYABLES

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Payroll, Value added tax payable and Withhold-ing taxes payable | 113,400 | 204,041 | - | - |
| Other liabilities* | 1,508,670 | 2,718,746 | 1,329,820 | 22,329 |
| Leave pay accrual | 38,688 | 36,595 | 8,843 | 8,843 |
| Accrued expenses | 883,285 | 314,638 | 7,059 | 5,348 |
| Premium deposits | 576,467 | 137,528 | - | - |
| Rental deposits | 120,854 | 88,624 | - | - |
| **Total** | **3,241,364** | **3,500,172** | **1,345,722** | **36,520** |
| Transfer to assets held for sale (Note 39) | - | (1,396,431) | - | - |
| **Net value from continuing operations** | **3,241,364** | **2,103,741** | **1,345,722** | **36,520** |

These are all current liabilities.
*Other liabilities include sundry creditors, deferred rental income and valuations fees among others .

## 30. SHARE CAPITAL

The total authorized number of ordinary shares is 90,000,000 (2020: 90,000,000) with a par value of Kes 5 per share. At 31 December 2021 72,472,950 ordinary shares were in issue (2020: 72,472,950 ordinary shares). All issued shares are fully paid.

| | Company | | | |
|---|---|---|---|---|
| | Share Capital | Share Capital | Number of shares | Number of shares |
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | '000 | '000 |
| Authorised | 450,000 | 450,000 | 90,000 | 90,000 |
| Issued and fully paid: | | | | |
| **At start of year and end of year** | **362,365** | **362,365** | **72,473** | **72,473** |

All shares rank equally with regard to the company residual assets. 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.

## 31. RESERVES

The breakdown of reserves is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Fair value reserves | (218,584) | (268,940) | (152,240) | (93,348) |
| General reserves | 70,000 | 70,000 | 70,000 | 70,000 |
| Translation reserves | 1,374,269 | 912,860 | - | - |
| Contingency reserves | 1,702,493 | 1,612,126 | - | - |
| Statutory and other reserves | 2,042,638 | 2,042,638 | - | - |
| **Total** | **4,970,816** | **4,368,684** | **(82,240)** | **(23,348)** |

The movement in the reserves during the year is given below:

### (a) Fair value reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| At start of year | (268,940) | 49,847 | (93,348) | 34,774 |
| Associate share of other comprehensive income | 86,448 | (22,558) | - | - |
| Fair value gain/(loss) through other comprehensive in-come | (36,091) | (296,229) | (58,892) | (128,122) |
| **At end of year** | **(218,583)** | **(268,940)** | **(152,240)** | **(93,348)** |

The fair value reserve relates to unrealized gains or losses on the Group's equity investments that are carried at fair value through other comprehensive income. It also includes the Group's share of other comprehensive income in associates. The fair value reserve is non-distributable.

### (b) General reserves

| | Group and Company | |
|---|---|---|
| | 2021 | 2020 |
| | Kes '000 | Kes '000 |
| At start and end of year | 70,000 | 70,000 |

The general reserves were an appropriation of retained earnings in 1992 and are distributable.

### 31. RESERVES (CONTINUED)

#### (c) Translation reserve (Group)

| | 2021 | 2020 |
|---|---|---|
| | Kes '000 | Kes '000 |
| At start of year | 912,860 | (902,683) |
| Movement for the year | 461,409 | 1,815,543 |
| **At end of year** | **1,374,269** | **912,860** |

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### (d) Contingency reserve (Group)

| | 2021 | 2020 |
|---|---|---|
| | Kes '000 | Kes '000 |
| At start of year | 1,612,126 | 1,427,497 |
| Transfer from retained earnings | 90,367 | 184,629 |
| **At end of year** | **1,702,493** | **1,612,126** |

The contingency reserve is in line with the provisions of the Insurance Act in Tanzania and Uganda which require an annual transfer to the contingency reserve of between 1% - 3% of the gross premium. These reserves are non-distributable.

#### (e) Statutory and other reserves (Group)

| | 2021 | 2020 |
|---|---|---|
| | Kes '000 | Kes '000 |
| At start of year | 2,042,638 | 2,042,638 |
| Transfer to from retained earnings | - | - |
| Deferred tax charge | - | - |
| **At end of year** | **2,042,638** | **2,042,638** |

The statutory reserve represents the actuarial surplus of the Kenyan long-term business after distribution of profits to the shareholders, bonuses to policy holders and interest to deposit administration. These reserves are distributable to policyholders and deposit administration holders subject to the requirements of regulator.

### 32. RETAINED EARNINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| At start of year | 27,411,368 | 24,618,483 | 7,229,827 | 7,901,162 |
| Profit for the year | 6,513,995 | 3,627,911 | 5,928,193 | (19,078) |
| Other movements | 1,424 | 1,860 | - | - |
| Transfer to contingency reserve | (90,367) | (184,629) | - | - |
| Transfer from Non- controlling interest on loss of control | 360,065 | - | - | - |
| Interim dividend | (72,473) | (72,473) | (72,473) | (72,473) |
| Dividend declared | (942,148) | (579,784) | (942,148) | (579,784) |
| **At end of year** | **33,181,864** | **27,411,368** | **12,143,399** | **7,229,827** |

## 33. DIVIDENDS

### (i) PROPOSED DIVIDEND

Proposed dividend is accounted for as a separate component of equity until ratified at an Annual General Meeting. During the year, an interim dividend of Kes 72.473 million was paid (2020: Kes 72.473 million) or Kes 1.00 per share (2020: Kes 1.00 per share). A final dividend of Kes 579.784 (2020: Kes 579.784 million) has been proposed, which is Kes 8.00 per share (2020: Kes 8.00 per share). Further a special dividend of Kes 362.364 has been proposed, which is Kes 5.00 per share (2020: Nil). The total dividend for the year 2021 is therefore Kes 1.015 billion (2020: Kes 652.257 million) or Kes 14 per share (2020: Kes 9.00 per share).

Payment of dividend is subject to withholding tax at the rate of either 0%, 5% or 10%, depending on the percentage shareholding and/or residential status of the respective shareholders.

### (ii) DIVIDENDS PAYABLE

| | 2021 | 2020 |
|---|---|---|
| | Kes '000 | Kes '000 |
| At start of year | 404,330 | 473,034 |
| Dividends declared within the year | 652,258 | 652,258 |
| Dividend paid within the year | (612,585) | (720,962) |
| **At end of year** | **444,003** | **404,330** |

## 34. CONTINGENT LIABILITIES, COMMITMENTS AND OFF-BALANCE SHEET ITEMS

The Group's companies are subject to litigation arising in the normal course of 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.

The Jubilee Insurance Company of Tanzania Limited As of end of the period the Company had appeal cases pending with the Tax Revenue Appeal Board relating to an assessment of Tzs 3.2 billion in respect of VAT Amnesty application of 2018 for the years 2015 to 2017, the company placed a deposit of Tzs1.1 billion with the Tanzania Revenue Authority in order to file an objection on the matter. Other assessments relate to the years of income 2015 to 2017 amounting to Tzs 6.9 billion in respect of VAT, SDL & PAYE and WHT for which the Company has already paid a deposit of Tzs 1.2 billion. The Company has objected for all the assessments and TRA has agreed to the objections with exception of the VAT assessment. The Group does not have any material outstanding commitments.

The Group engages various service providers for purchase of capital items. The engagement is normally contractual either through Purchase Orders or Service Level Agreements. The Group did not have any contractual commitments as the end of the year (2020: nil).

## 35. RELATED PARTY TRANSACTIONS

The largest shareholder of the Group is the Aga Khan Fund for Economic Development S.A., a company incorporated in Switzerland. There are various other companies related to Jubilee Holdings Limited through common shareholdings or common directorships. Related parties rendered various services to the Group during the year.

| **Related party Transactions** | | |
|---|---|---|
| **Transactions with related parties (Group)** | **2021** | **2020** |
| **Gross premium:** | **Kes '000** | **Kes '000** |
| Diamond Trust Bank Limited | 352,664 | 354,582 |
| Industrial Promotion Services (Kenya) Limited | 88,141 | 37,206 |
| TPS Eastern Africa Limited | 27,731 | 42,278 |
| Property Development and Management Limited | 2,545 | 22,107 |
| Nation Media Group | 13,671 | 41,013 |
| **Total** | **484,752** | **497,186** |
| **Net Claims Incurred:** | | |
| Diamond Trust Bank Limited | 30,257 | 28,781 |
| Industrial Promotion Services (Kenya) Limited | 10 | 30 |
| TPS Eastern Africa Limited | 618 | 1,855 |
| Property Development and Management Limited | 197 | 592 |
| Nation Media Group | 8,048 | 24,145 |
| **Total** | **39,130** | **55,403** |
| **Services Received From:** | | |
| TPS Eastern Africa Limited | - | - |
| Nation Media Group | 5,044 | 3,797 |
| **Total** | **5,044** | **3,797** |

## 35. RELATED PARTY TRANSACTIONS (CONTINUED)

| | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| **ii) Balances with related parties** | | |
| a) Group | | |
| **Outstanding premium:** | | |
| Diamond Trust Bank Limited | 10,946 | 16,107 |
| **Total** | **10,946** | **16,107** |
| **Outstanding claims:** | | |
| Diamond Trust Bank Limited | 3,981 | 2,396 |
| TPS Eastern Africa Limited | 12,733 | 2,447 |
| **Total** | **16,714** | **4,843** |
| **Deposits with financial institutions** | | |
| Diamond Trust Bank Limited | 2,572,511 | 3,198,293 |
| **Total** | **2,572,511** | **3,198,293** |
| **Interest received from financial institutions** | | |
| Diamond Trust Bank Limited | 64,818 | 59,322 |
| **Total** | **64,818** | **59,322** |

Outstanding premium and claims balances arose out of the normal course of business and are payable within one year.

| **Transactions with related parties (Company)** | 2021 Kes '000 | 2020 Kes '000 |
|---|---|---|
| **Due from related parties:** | | |
| Jubilee Insurance Company Of Uganda Limited | 1,087 | - |
| Jubilee Life Insurance Company-Uganda | 347 | - |
| Jubilee Insurance Company Of Tanzania Limited | 5,177 | - |
| Jubilee Life Tanzania | 773 | - |
| Jubilee Insurance (Mauritius) Ltd | 22,367 | 1,062 |
| Jubilee Financial Services Limited | 837 | - |
| Jubilee Investments Company Of Burundi | 95,146 | 60,620 |
| Jubilee Health Insurance Limited | 494 | - |
| Jubilee Life Insurance Limited | (13,668) | - |
| Jubilee Life Insurance Company of Burundi | 637 | - |
| Jubilee Health Insurance Company of Uganda Limited | 4,903 | - |
| JHL Properties Limited | 10,285 | - |
| Jubilee Insurance Company of Burundi Limited | - | 22,983 |
| Jubilee Life Insurance Company Limited | - | 20,991 |
| **Total** | **128,385** | **105,656** |
| **Due to related parties** | | |
| Jubilee Insurance Company of Kenya Limited | 580 | - |
| Jubilee Insurance Company of Tanzania Limited | - | 5,324 |
| Jubilee Life Insurance Corporation of Tanzania Limited | - | - |
| Jubilee Insurance Company of Uganda Limited | - | 6,947 |
| Jubilee Life Insurance Company of Uganda Limited | - | 146 |
| Jubilee Investment Company Limited (Tanzania) | - | - |
| Jubilee Investment Company Limited (Uganda) | - | 29,135 |
| **Total** | 580 | 41,552 |
| **Net owing** | **127,805** | **64,104** |

| **Transactions with related parties (Company)** | | 2020 Kes '000 |
|---|---|---|
| **Borrowings from related parties** | | |
| Jubilee Investment Company Limited (Uganda) | - | 680,713 |

Jubilee Investment Company Limited (Uganda) loaned USD 6.125 million to Jubilee Holdings Limited at the end of 2016, to settle inter-company balances owed to Jubilee Life Insurance Limited. The loan attracts an interest at 0.45% per annum and was cleared in 2021. These are all current assets.

## 36. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

### (i) Short-term insurance business

### Group

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | Kes '000 | Kes'000 | Kes '000 | Kes '000 | Kes'000 | Kes '000 |
| Notified claims | 1,707,554 | (844,088) | 863,466 | 5,124,380 | (3,080,595) | 2,043,785 |
| Incurred but not reported | 806,671 | (249,782) | 556,889 | 1,984,404 | (631,586) | 1,352,818 |
| Total at start of year | **2,514,225** | **(1,093,870)** | **1,420,355** | **7,108,784** | **(3,712,181)** | **3,396,603** |
| Cash paid for claims settled during the year | (5,689,688) | 2,080,094 | (3,609,594) | (8,767,741) | 1,569,913 | (7,197,828) |
| **Increase in liabilities:** | | | | | | |
| Arising from current year claims | 3,976,391 | (640,474) | 3,335,917 | 6,493,698 | (1,569,248) | 4,924,450 |
| Arising from prior year claims | 751,123 | (857,111) | (105,988) | 3,153,196 | (997,414) | 2,155,782 |
| Total at end of year | **1,552,051** | **(511,361)** | **1,040,690** | **7,987,937** | **(4,708,930)** | **3,279,007** |
| Notified claims | 605,900 | (472,438) | 133,462 | 5,859,257 | (4,077,638) | 1,781,619 |
| Incurred but not reported | 946,151 | (38,923) | 907,228 | 2,128,680 | (631,292) | 1,497,388 |
| **Total at end of year** | **1,552,051** | **(511,361)** | **1,040,690** | **7,987,937** | **(4,708,930)** | **3,279,007** |

### (ii) Long-term insurance business

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Ordinary Life | Group Life | Annuity | Total | Ordinary Life | Group Life | Annuity | Total |
| | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 | Kes '000 |
| Notified claims | | | | | | | | |
| **At the start of the year** | **13,013,619** | **341,956** | **10,583,969** | **23,939,544** | **11,842,908** | **311,213** | **10,009,524** | **22,163,645** |
| Claims, surrenders and annuity premiums | (2,894,332) | (520,479) | (1,245,244) | **(4,660,055)** | (2,466,933) | (485,219) | (1,150,440) | **(4,102,592)** |
| Increase / (decrease) in the period | 1,806,321 | 202,950 | 264,835 | **2,274,106** | 1,806,321 | 202,950 | 264,835 | **2,274,106** |
| New business | 772,442 | 480,055 | 1,083,112 | **2,335,609** | 660,611 | 282,269 | 885,607 | **1,828,487** |
| Change in actuarial reserves | 965,817 | 135,006 | 756,621 | **1,857,444** | 1,170,712 | 30,743 | 574,443 | **1,775,898** |
| **At the end of the year** | **13,663,867** | **639,488** | **11,443,293** | **25,746,648** | **13,013,619** | **341,956** | **10,583,969** | **23,939,544** |

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Gross | Reinsurance | Net | Gross | Reinsurance | Net |
| | Kes '000 | Kes'000 | Kes '000 | Kes '000 | Kes'000 | Kes '000 |
| Notified claims | 1,389,371 | (480,179) | 909,192 | 1,241,225 | (383,935) | 857,290 |
| Actuarial value of policy holders benefits | 27,415,350 | - | 27,415,350 | 24,107,264 | - | 24,107,264 |
| **Total at end of year** | **28,804,721** | **(480,179)** | **28,324,542** | **25,348,489** | **(383,935)** | **24,964,554** |
| **Total at end of year Short-term and Long-term** | **30,356,772** | **(991,540)** | **29,365,232** | **33,336,426** | **(5,092,865)** | **28,243,561** |

## 37. LEASES

### Group

### (i) Right of use asset

Movement in asset is as below;

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| **As at 1 January** | 314,591 | 585,216 | - | - |
| Additions | 296,023 | 6,344 | 87,265 | - |
| On derecognition | - | (2,806) | - | - |
| Exchange differences | 7,251 | 14,456 | - | - |
| **At end of the year** | **617,865** | **603,210** | **87,265** | **-** |
| **Depreciation** | | | - | - |
| **As at 1 January** | **95,452** | **134,683** | **-** | **-** |
| Charge for the year | 97,856 | 136,475 | 17,453 | - |
| On derecognition | - | (836) | - | - |
| Exchange differences | 1,405 | 3,729 | - | - |
| **At end of the year** | **194,713** | **274,051** | **17,453** | **-** |
| **Net Right of use asset** | **423,152** | **329,159** | **69,812** | **-** |
| Transfer to assets held for sale (Note 39) | - | (164,100) | - | - |
| **Net value from continuing operations** | **423,152** | **165,059** | **69,812** | **-** |

### (ii) Lease liability

| | Group 2021 Kes'000 | Group 2020 Kes'000 | Company 2021 Kes'000 | Company 2020 Kes'000 |
|---|---|---|---|---|
| As at 1 January | 125,541 | 284,765 | - | - |
| Additions | 348,068 | 3,021 | 87,265 | - |
| On derecognition | - | (973) | - | - |
| Interest expense | 44,756 | 9,456 | 10,472 | - |
| Repayments during the period | (106,730) | (21,060) | (21,873) | - |
| Exchange differences | 4,150 | 15,235 | - | - |
| **At end of the year** | **415,785** | **290,444** | **75,864** | **-** |
| Transfer to assets held for sale (Note 39) | - | (164,903) | - | - |
| **Net value from continuing operations** | **415,785** | **125,541** | **75,864** | **-** |

## 38. i) BORROWINGS (GROUP)

| | 2021 | 2020 |
|---|---|---|
| | Kes'000 | Kes'000 |
| Current | 512,469 | 562,811 |
| Non-Current | 1,324,468 | 1,705,588 |
| **At end of the year** | **1,836,937** | **2,268,399** |

Jubilee Investment Company Limited took a loan from DFCU bank amounting to USD 22 million to finance additional investment in Bujagali Energy Limited. The loan attracts an interest of six months libor plus a margin of 4% and is to be repaid within 5 years. There are covenants attached to the loan that include maintenance of debt to earnings ratio of 2.5 and banking of a minimum of 30% of total revenue. The group has complied with all the covenants required. The shares in Bujagali are pledged as collateral.

## 38. ii) FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | Kes'000 | Kes'000 | Kes'000 | Kes'000 |
| Finance cost | 100,825 | 98,406 | (340) | (209) |
| Interest expense on lease liabilities | 7,904 | 9,456 | - | - |
| **At end of the year** | **108,729** | **107,862** | **(340)** | **(209)** |

Finance costs relates to the interest expense on the borrowings.

## 39. SALE OF SHORT-TERM GENERAL BUSINESS

During the year, Jubilee Holdings Limited entered into an agreement to sell majority stakes of its regional general insurance subsidiaries to Allianz SE ("Allianz"). Allianz will acquire controlling stakes of between 51 percent and 66 percent in Jubilee's short-term or general insurance units in Kenya, Uganda, Tanzania, Burundi and Mauritius. Jubilee will retain significant minority stakes in the general insurance businesses in the deal expected to be concluded in 2021.

A breakdown of these assets and liabilities is shown below;

### a) Assets held for sale and the associated liabilities

| | Group | Company | Group | Company |
|---|---|---|---|---|
| | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2020 |
| **Assets held for sale** | **Kes '000** | **Kes '000** | **Kes '000** | **Kes '000** |
| Property and equipment | 70,247 | - | 103,387 | - |
| Right of use assets | 73,711 | - | 38,856 | - |
| Intangible assets | 35,380 | - | 164,100 | - |
| Deferred tax asset | 16,370 | - | 303,773 | - |
| Government securities at armortised cost | 756,204 | - | 5,025,976 | - |
| Loans on life insurance policies | 681 | - | - | |
| Mortgage loans | - | - | 11,158 | - |
| Quoted equity investments at fair value through other comprehensive income | - | - | 734,377 | - |
| Receivables arising out of direct insurance arrangements | 423,378 | - | 2,659,637 | - |
| Receivables arising out of reinsurance arrangements | 539,707 | - | 1,042,264 | - |
| Reinsurers' share of insurance contract liabilities | 2,228,177 | - | 5,260,380 | - |
| Deferred acquisition costs | 50,063 | - | 52,045 | - |
| Other receivables | 682,168 | - | 1,065,907 | - |
| Current income tax asset | 5,209 | - | - | - |
| Deposits with financial institutions | 700,417 | - | 1,826,148 | - |
| Cash and bank balances | 312,151 | - | 943,267 | - |
| Capitalised costs on assets held for sale | 63,132 | - | 50,064 | - |
| Investment in subsidiaries | - | 233,923 | - | 2,523,718 |
| **Total Assets held for sale** | **5,956,995** | **233,923** | **19,281,339** | **2,523,718** |
| **LIABILITIES** | | | | |
| Lease Liability | 81,700 | - | 164,903 | - |
| Insurance contract liabilities | 1,865,053 | - | 6,798,095 | - |
| Provision for unearned premium | 2,004,767 | - | 4,439,114 | - |
| Current income tax liability | 7,316 | - | 128,123 | - |
| Creditors arising out of direct insurance arrangements | 52,958 | - | - | - |
| Creditors arising out of reinsurance arrangements | 211,858 | - | 609,416 | - |
| Other payables | 301,427 | - | 1,396,431 | - |
| **Total liabilities** | **4,525,079** | **-** | **13,536,082** | **-** |
| **Net Assets** | **1,431,916** | **233,923** | **5,745,257** | **2,523,718** |

### b) Movement for net assets available for sale

The movement in the net assets available for sale is:

| | Group | Company |
|---|---|---|
| | **Kes '000** | **Kes '000** |
| Net asset as at 31 December 2020 | 5,745,257 | 2,523,718 |
| Net assets sold | (1,774,124) | (1,862,496) |
| Other movements during the year | (2,539,217) | (427,299) |
| **Net asset as at 31 December 2021** | **1,431,916** | **233,923** |

### c) Summarised Profit or loss and other comprehensive income

| | 31 Dec 2021 Kes '000 | 31 Dec 2020 Kes '000 |
|---|---|---|
| Total income less reinsurance | 3,234,309 | 7,799,568 |
| Net insurance benefits and claims | (1,170,603) | (3,259,807) |
| Total expenses and commissions | (1,760,556) | (3,631,581) |
| Finance cost | (4,535) | - |
| Total profit before income tax | 298,615 | 908,180 |
| Income tax expense | (78,704) | (251,373) |
| **Profit for the year** | **219,911** | **656,807** |
| Other comprehensive items | 1,478 | 4,384 |
| **Total comprehensive income for the year** | **221,389** | **661,191** |

### d) Summarised cashflows

| | 31 Dec 2021 Kes '000 | 31 Dec 2020 Kes '000 |
|---|---|---|
| Cash flow from operating activities | 812,318 | (314,454) |
| Cash flow from financing activities | (35,575) | (130,782) |
| Cash flow from investing activities | (1,168,075) | 648,819 |
| Opening balance | 1,403,900 | 2,565,832 |
| **Closing balance** | **1,012,568** | **2,769,415** |

### e) Determination of gains on disposal

**GROUP**

| | Uganda | Kenya | Total |
|---|---|---|---|
| Gross Sale Proceeds | 2,288,863 | 3,754,820 | 6,043,683 |
| Net Assets disposed | (284,544) | (1,489,580) | (1,774,124) |
| Other adjustments | (269,875) | (742,531) | (1,012,406) |
| **Gain on Disposal** | **1,734,444** | **1,522,709** | **3,257,153** |

**COMPANY**

| | Uganda | Kenya | Total |
|---|---|---|---|
| Gross Sale Proceeds | 2,288,863 | 3,754,820 | 6,043,683 |
| Net Assets disposed | (12,598) | (784,000) | (796,598) |
| Other adjustments | (718,362) | (738,620) | (1,456,982) |
| **Gain on Disposal** | **1,557,903** | **2,232,200** | **3,790,103** |

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 40.1 BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements have been prepared using the accrual basis of accounting and on a going concern basis and are presented in Kenya Shillings (Kes), rounded to the nearest thousand, unless otherwise indicated.

***(i) New standards and amendments to published standards effective for the year ended December 31 2021***

| Standards/ Amendments | Changes or Amendments | Effective Date |
|---|---|---|
| Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2) | The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.<br><br>This did not have an impact on the Company's financial statements as the Company does not have hedging contracts. | 1 January 2021 |
| IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment | The IASB has 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.<br><br>This did not have an impact on the Company's financial statements as the Company did not grant rent concessions to lessees. | 1 January 2021 |

***(ii) New standards, amendments and interpretations issued but not yet effective***

The below new accounting standards and interpretations have been published but are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company.

| Standards/ Amendments | Changes or Amendments | Effective Date |
|---|---|---|
| IFRS 17 Insurance Contracts | The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.<br>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. | Annual periods beginning on or after 1 January 2023 |

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.1 BASIS OF PREPARATION (CONTINUED)

***(ii) New standards, amendments and interpretations issued but not yet effective***

| | | |
|---|---|---|
| IFRS 17, Insurance contracts Amendments | In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway. | Annual periods beginning on or after 1 January 2023 |
| Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use | The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss. | 1 January 2022 |
| Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity | The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.<br><br>In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.<br><br>The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. | 1 January 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract | The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. | 1 January 2022 |
| Annual improvements cycle 2018 -2020 | IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.<br>IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. | 1 January 2022 |
| Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current | The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). | Annual periods beginning on or after 1 January 2022 |

These standards are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions except IFRS 17 which will significantly change the accounting for insurance contracts that the group issues.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.2 CONSOLIDATION

#### (a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value over any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### b) Investment in Associates

Associates are all entities over which the Group has significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition net of all accumulated impaired losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against 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 obligations or made payments on behalf of the associate

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also 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 of gains and losses arising from investment in associates are recognised in the profit or loss.

#### c) Foreign 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 Kenya Shillings, which is the Group's functional and presentation currency.

***(i) Foreign currency transactions***

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. 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 recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate when the fair value was determined.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.2 CONSOLIDATION (CONTINUED)

***(ii) Consolidation of group entities***

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 reporting date
- Income and expenses for each profit or loss 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 expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in the statement of other comprehensive income and accumulated in shareholders' equity (translation reserve). When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its investment in a subsidiary but retains control, then the relative proportion of the cumulative reserve is re attributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relative proportion of the cumulative amount is reclassified to profit or loss.

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.

### 40.3 SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Board of directors, to make decisions about resources allocated to each segment and assess its performance, and for which discrete information is available.

Group costs are allocated to segments on a reasonable and consistent basis. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra segment revenue and cost being eliminated in head office.

The Chief Operating Decision Maker within the Group is the Jubilee Holdings Limited Board of Directors. The group results are analyzed across 9 operating segments based on a combination of geographical areas and products and services. There are five geographical segments: Kenya, Uganda, Tanzania, Burundi and Mauritius within which there are three segments classified according to products and services: Short-term business, which includes General and Medical, Long-term business, which includes Individual Life, Group Life and Pension, and Investments. This is consistent with the way the Group manages the business.

General insurance business of any class or classes not being long-term insurance business. Classes of short-term insurance include, 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).

Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions.

Ordinary & Group Life: Includes insurance business of all or any of the following classes, namely, life assurance business, superannuation business and business incidental to any such class of business; Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for 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 liability under superannuation, group life and permanent health insurance policy.

The segments are individually considered by management when making decisions and they are the basis for resource allocation and performance measurement by the Board of Directors. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group accounts for inter-segmental transactions as if the transactions were to third parties. Any outstanding amounts owing within the Group companies most of which constitutes dividends payable are included under group eliminations.

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### 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.3 SEGMENT INFORMATION (CONTINUED)

Results of activities considered incidental to Jubilee Holdings main operations as well as unallocated revenues and expenses, liabilities and assets have been categorized under investments segment. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group has a widely diversified policy holder base and is therefore not reliant on any individual major customers.

### 40.4 INSURANCE CONTRACTS

#### a) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines 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.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. See accounting policy for these contracts under 41.5. Insurance contracts and investment contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Insurance Act.

***(i) Long-term insurance business***
Long term insurance business includes insurance business of all or any of the following classes; life assurance business, superannuation business and business incidental to any such class of business.

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

***(ii) Short-term insurance business - General***
Short-term insurance business means insurance business of any class or classes not being long term insurance business.

Classes of General Insurance Include, 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.

Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

Burglary insurance business relates to contracts of insurance against loss due to theft involving actual break in or break out.

***(iii) Short-term insurance business - Health***
Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.4 INSURANCE CONTRACTS (CONTINUED)

#### b) Recognition and measurement

***(i) Premium income and provision for unearned premium reserve***
For long term insurance business, premiums are recognized 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 recognized on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date. Whilst all other subsidiaries computed the reserve based on the 24ths method, The Jubilee Insurance Company of Kenya Limited revised the method of computing the unearned premiums to the 1/365th method with effect from 1 January 2014.

Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

***(ii) Claims expenses and insurance contracts liabilities***
For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

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

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognized as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each reporting date using the assumptions established at inception of the contracts.

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 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.

In the event of a loss-making business, additional unexpired risk reserve ("AURR") is to created in case of in capacity of insurers to fully cover the expected claims and expenses arising from active portfolio after the date of valuation.

***(iii) Commissions and deferred acquisition costs ("DAC")***
Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

***(iv) Liability adequacy test***
At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

As set out in Note 41.4(a) above, long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

***(v) Reinsurance contracts held***
Contracts entered into by the Company with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Company 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.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.4 INSURANCE CONTRACTS (CONTINUED)

**b) Recognition and measurement (continued)**

***(v) Reinsurance contracts held (continued)***
The benefits to which the Group is entitled under its reinsurance contracts held are recognized 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 recognized 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 recognizes that impairment loss in the statement of 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 amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

***(vi) Receivables and payables related to insurance contracts and investment contracts***
Receivables and payables are recognized 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 recognizes that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

***(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 recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized 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.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.5 INVESTMENT CONTRACTS

The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortized 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 amortized 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 recognized as income or expense in profit or loss. For investment contracts with discretionary participation in profits, the liability is set approximately equal to the value of the underlying asset of the contract.

### 40.6 REVENUE RECOGNITION

***(i) Insurance premium revenue***
The revenue recognition policy relating to insurance contracts is set out under note 40.4 (b) (i).

***(ii) Non interest income from financial investments***
The revenue recognition policy for non-interest income from financial investments is disclosed in note 40.10.

***(iii) Interest income and expenses***
Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the profit or loss using the effective interest rate method.

***(iv) Dividend income***
Dividend income for equity investments is recognized when the right to receive payment is established – this is the ex-dividend date for equity securities.

***(v) Rental income from investment properties***
Rental income is recognised in the period it is earned.

***(vi) Commission earned***
The revenue recognition policy on commission is disclosed in note 40.4 (b) (iii).

### 40.7 PROPERTY AND EQUIPMENT

All categories of property and equipment are initially recorded at cost. Property and equipment are subsequently measured 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Computers | 3 years |
| Office equipment | 4 years |
| Motor vehicles | 5 years |
| Furniture, fixtures and fittings | 10 years |

These rates have been applied consistently over the years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each 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 reference to their carrying amount and are included in profit or loss.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.8 INVESTMENT PROPERTY

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation are classified as investment property.

Investment property is measured at cost on initial recognition and subsequently measured at fair value. Directors monitor the investment property market and economic conditions, including general and property inflation, on a regular basis to identify changes in market conditions that may lead to significant change in fair value. Changes in fair values are included in investment income in the statement of profit or loss.

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

### 40.9 INTANGIBLE ASSETS

#### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each reporting segment.

#### (ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. 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 recognized as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

### 40.10 FINANCIAL ASSETS AND LIABILITIES

The Group initially classified financial instruments in accordance with IFRS 9 (2009) which was early adopted in the year 2009. The classifications have been updated based on full adoption in 2018.

All financial assets are initially recognized in the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL) which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unquoted investments 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 of financial assets***
The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

***Measurement***

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Debt instruments at amortised cost and the effective interest method***

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:
(i) the Group's business model for managing the financial assets; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
  Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses). Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income. Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Business model: the business model reflected how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ('SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### Cash and cash equivalents

Cash and cash equivalents includes 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. Bank overdrafts are shown as part of current liabilities on the statement of financial position. The reported cash and cash equivalents are amounts cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Foreign denominated balances are measured using the foreign exchange rates prevailing at the reporting date.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

***Equity instruments***

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.
Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the statement of profit or loss, but is reclassified to retained earnings.

**Determination of fair value**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on 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. This includes listed equity securities and quoted debt instruments at the Nairobi Securities Exchange. The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

***Impairment***

A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  - An adverse changes in the payment status of issuers or debtors in the Group; or
  - National or local economic conditions that correlate with defaults on the assets in the Group.

IFRS 9 impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:
- Government securities measured at amortised cost
- Receivables arising from direct insurance arrangements
- Rent and other receivables;
- Loan receivable
- Corporate bonds and commercial paper;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- Other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for premium and rent receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

**Expected credit losses**

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

**ECL = PD x LGD x EAD**

In applying the IFRS 9 impairment requirements, the Group follows one of the approaches below:
- The general approach
- The simplified approach

The Group will apply the approaches below to each of its assets subject to impairment under IFRS 9:

| Financial Asset | Impairment approach |
|---|---|
| Loans receivable | General Approach |
| Receivables arising out of direct insurance arrangements | Simplified Approach |
| Lease and other receivables | Simplified Approach |
| Government securities at amortised cost | General Approach |
| Corporate bonds and commercial paper | General Approach |
| Deposits with financial institutions | General approach |
| Cash and bank balances | General Approach |

***(i) The General Approach***

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

***(ii) The Simplified approach***

Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

***Definition of default***

The Group will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

***Significant increase in credit risk (SIICR)***
When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information. The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

***Incorporation of forward-looking information***
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group risk committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co¬operation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The predicted relationships between the key indicators and the default and loss rates on various portfolios of financial assets have been developed by analysing historical data over the past 10 to 15 years.

#### Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default;
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by [Rating Agency X based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-¬value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

***Incorporation of forward-looking information (continued)***

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;remaining term to maturity; industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios. This includes the PDs provided in the [Rating Agency N] default study and the LGDs provided in the [Rating Agency ll] recovery studies.

### Operating lease receivables

The ECL of operating lease receivables are determined at country level using a provision matrix. Loss rates are calculated with reference to days past due and actual credit loss experience over the past five years and are multiplied by scalar factors to incorporate forward-looking information.

### Modification of contracts

The Group rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the counterparty is in financial difficulty
- Whether any substantial new terms are introduced that affect the risk profile of the instrument
- Significant extension of the contract term when the borrower is not in financial difficulty
- Significant change in interest rate
- Change in the currency the security is denominated in
- Inclusion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the terms are substantially different, the Group derecognises the original financial asset and recognised a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a SICR has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

### Write off policy

The Group writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Group is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. There were no write offs such assets during the year ended 31 December 2021 (2020 – nil). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.11 ACCOUNTING FOR LEASES

The Group assesses whether a contract is or contains a lease based on the definition of a lease, as required by IFRS 16. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

**The Group as lessor**
The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. Amounts due from lessees under leases are recorded as receivables at the amount of the Group's net investment in the leases. Income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

**The Group as lessee**
The Group leases many assets including property, motor vehicles and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee
- any cost to dismantle

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over period of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the initial measurement of the lease liability and are expensed.

The lease payments are discounted using the Group's incremental borrowing rate. The incremental borrowing rate is determined as the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

### 40.12 CASH AND CASH EQUIVALENTS

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

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.13 EMPLOYEE BENEFITS

**(i) Short-term benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Retirement benefit obligations**

The Group operates defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the appropriate Social Security Fund, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

**(iii) Other entitlements**

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

### 40.14 CURRENT AND DEFERRED TAX

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred income tax is provided in full 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 reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. 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.

The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale. Deferred tax assets and liabilities are offset only if certain criteria are met.

### 40.15 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.

### 40.16 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

### 40.17 EARNING PER SHARE

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

## 40. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 40.18 COMPARATIVES

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

### 40.19 DISCONTINUED OPERATIONS

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

### 40.20 IMPAIRMENT OF NON FINANCIAL ASSETS

Non-financial assets are tested annually for impairment and additionally whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (CGUs).Impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 40.21 BORROWINGS

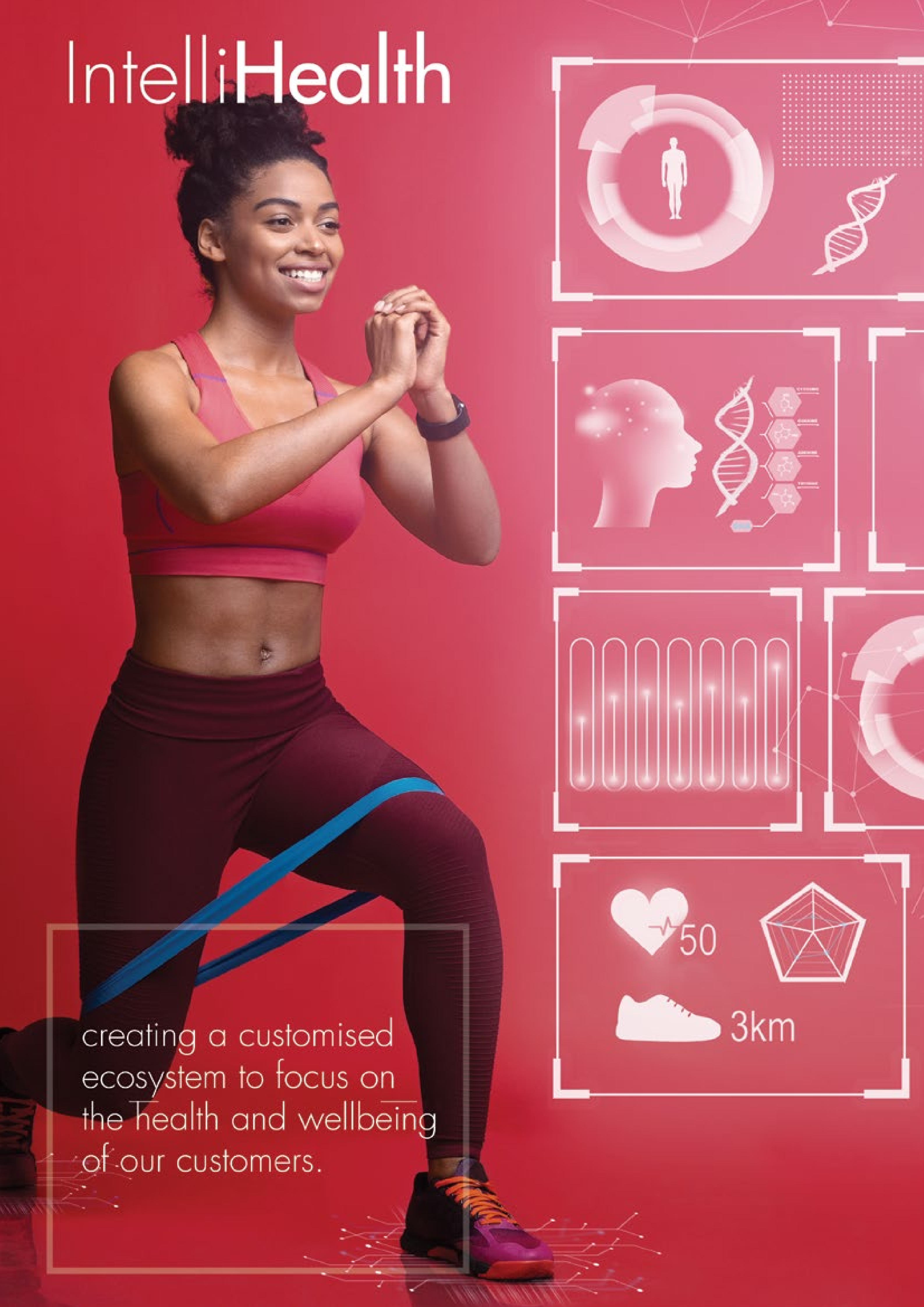
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs; the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## GROUP REVIEW—SEVENTEEN YEARS

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group Review 15 years** | | | | | | | | | **Kes Million** | | | | | | | | |
| GWP and Contribution | 38,795 | 37,970 | 38,187 | 34,750 | 33,940 | 33,810 | 30,159 | 29,469 | 22,363 | 19,377 | 15,983 | 11,494 | 9,187 | 7,532 | 5,640 | 4,340 | 4,143 |
| Shareholders' Funds | 39,457 | 32,722 | 28,248 | 25,468 | 22,897 | 19,946 | 19,098 | 15,439 | 12,431 | 8,020 | 6,154 | 5,114 | 3,389 | 2,871 | 3,606 | 3,393 | 2,370 |
| Share Capital | 362 | 362 | 362 | 362 | 362 | 329 | 329 | 299 | 299 | 299 | 272 | 248 | 225 | 225 | 225 | 180 | 180 |
| Long-Term Business Funds | 108,347 | 97,233 | 91,775 | 67,243 | 59,426 | 48,827 | 42,337 | 38,652 | 28,743 | 23,476 | 18,802 | 14,637 | 11,495 | 11,730 | 9,333 | 6,504 | 5,115 |
| Total Assets | 155,272 | 145,864 | 130,077 | 114,189 | 104,968 | 90,568 | 82,378 | 74,506 | 61,159 | 47,418 | 38,040 | 30,691 | 23,736 | 20,203 | 17,942 | 15,356 | 11,591 |
| Profit Before Tax | 8,432 | 5,077 | 5,007 | 5,338 | 5,161 | 4,563 | 4,145 | 3,949 | 3,151 | 2,693 | 2,144 | 2,053 | 1,116 | 901 | 810 | 665 | 471 |
| Profit Attributable to Shareholders | 6,514 | 3,628 | 3,556 | 3,756 | 3,932 | 3,297 | 2,814 | 2,880 | 2,255 | 2,115 | 1,802 | 1,756 | 825 | 636 | 617 | 528 | 348 |
| Profit Attributable to Non - Controlling interest | 315 | 460 | 461 | 371 | 298 | 379 | 307 | 224 | 248 | 169 | 108 | 83 | 89 | 77 | 46 | 32 | 47 |
| Dividends to Shareholders | 1,015 | 652 | 652 | 652 | 652 | 560 | 560 | 509 | 419 | 419 | 299 | 272 | 203 | 191 | 191 | 153 | 144 |
| Dividend Cover Ratio | 6.42 | 5.56 | 5.45 | 5.84 | 6.03 | 5.89 | 5.03 | 5.66 | 5.38 | 5.05 | 6.02 | 6.45 | 4.07 | 3.33 | 3.23 | 3.45 | 2.42 |
| Bonus Issue | 00:00 | 00:00 | 00:00 | 00:00 | 00:00 | 01:10 | 00:00 | 01:10 | 00:00 | 00:00 | 01:10 | 01:10 | 01:10 | 00:00 | 01:04 | 0:00 | 0:00 |
| *Earnings Per Share (Kes) (par value Kes 5) | 89.88 | 50.06 | 49.07 | 51.83 | 54.26 | 45.49 | 38.83 | 39.73 | 31.12 | 29.18 | 24.86 | 24.23 | 11.38 | 8.78 | 8.51 | 7.29 | 4.80 |

* Earnings per share has been calculated on 72.473 million shares for all the years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## ZANZIBAR INTERNATIONAL MARATHON (TANZANIA)

Jubilee Insurance Tanzania jogging club participated in the Zanzibar International Marathon for the first time since the charity race inception. Jubilee's participation was aimed at promoting, boosting, and rebranding tourism in blue economy, in consort with the Zanzibar government. This is because Jubilee recognize the role of blue economy in promoting socio economic development and health for the people of Zanzibar.

## FRUITS FOR LIFE (KENYA)


Jubilee Insurance through Jubilee Children's Fund joined hands with Fruity Schools Africa to plant over 3,500 grafted fruit seedlings in 52 public Primary and Secondary Schools within Machakos County.

## GREEN SCHOOLS (KENYA)

Jubilee Children's Fund's focus on Sustainable Environmental projects saw the fund establish a 8m by 30m greenhouse and irrigation project at St. Francis Kilala Mixed Secondary School located in Machakos County. Through the JCF sponsorship, over 1,000 tomato seedlings were planted that will support the schools' food supply needs as well as sustain themselves financially through selling of the surplus to the local community. The project is part of the fund's support towards the achievement of Net Zero goal by 2030 and working towards environmental conversation.

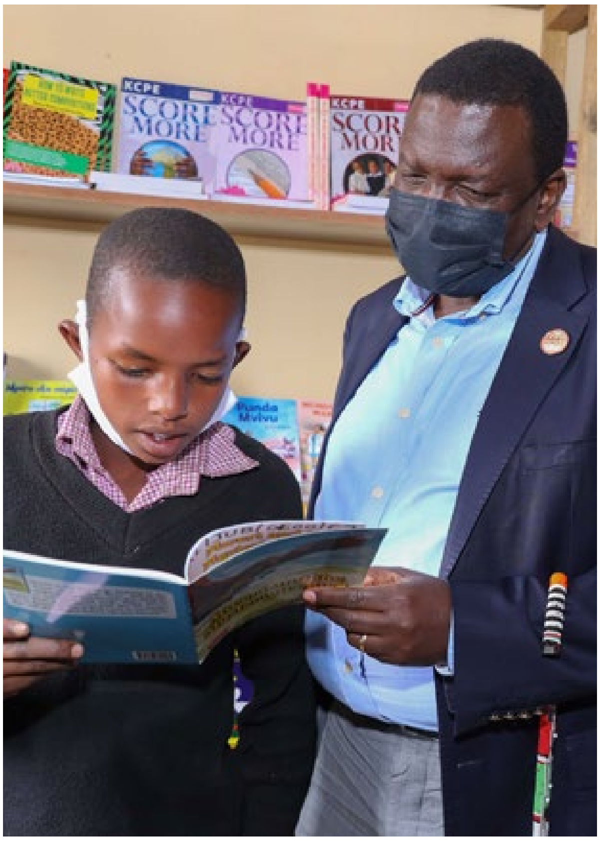
## RUN AND WALK FOR HEALTH (TANZANIA)

The Jubilee insurance companies sponsored the NMB Marathon 2021 "Mwendo wa upendo." The funds raised went to cover cost of treatment of fistula for 100 women at CCBRT Hospital. The Company also sponsored the BIMA Marathon 2021 "Chapa Mwendo" to raise funds for the care of Premature babies. Jubilee Insurance Tanzania participated in the CRDB marathon for a second time since starting of the race. The company has been participating in this charity race with the aim of raising funds to support, spreading smile and help people suffering from heart issues and cancer. With children of special needs, a focus for the TIRA2021 Charity walk held in Zanzibar, the Life Company participated to raise awareness and funds for the walk.

## CHILDREN'S VISIT HOME AND FEEDING PROGRAMS (KENYA)


Jubilee Insurance Children's fund visited Mama Elizabeth Children's Home on Friday 2nd July in Korogocho. As part of our first phase of support, JCF assist with the feeding program the home has for its 35 children and surrounding slum children by setting the home with foodstuff and cooking utensils. Part of the support included provision of necessary personal and grooming items, and 2 newly built pit latrines with a 5000 liters water tank.

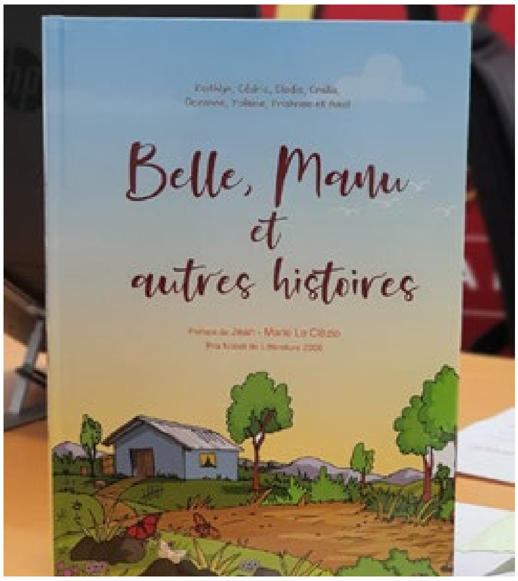
## LIVE FREE LIBRARIES (KENYA)





This is an initiative to equip a Jubilee Insurance Children Fund Live Free Library in each county in Kenya with various learning materials in a bid to enhance education access for both primary and secondary students in the area. The project has so far focused on developing 3 libraries, 2 in Kajiado county and 1 Migori County. Empuakini Primary our flagship library we set up a fully functional digital lab with the 10 desktops donated and ensured that the library was fitted with desks and benches for the students to enjoy their reading. Our other libraries in Loltiamiloi Primary and St Peter OfWanga Mixed Sec School were also stocked up with over 1000 books each and equipped with desktops to enrich the children's digital capabilities.

## BOOKS FOR THE FUTURE (MAURITIUS)




In December 2021, Jubilee Mauritius through our Corporate Social Responsibility (CSR) fund sponsored the book "Belle, Manu et autres Histoire" written by children from deprived families and co -sponsored by the literature Nobel Prize winner 2008, Jean Marie Leclezio.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# REGIONAL GROUP OFFICES AND BRANCHES

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The initiative whose membership is voluntary and free, gives members access to a suite of anti-graft trainings spearheaded by the United Nations Office on Drugs and Crime, Regional Office for Eastern Africa (UNODC ROEA). Associated benefits include; network collaboration, through which Blue Company members give preference to each other in business dealings, as well as enhanced brand value and employee retention as a crusader against corruption.

Speaking during the official unveiling ceremony of the initiative, Mr. Juma noted that more than a matter of need, corruption has become a subculture, a common practice, an accepted evil. Faced with this quandary people have grown used to it, making it part of their everyday life.

"Our children are growing up, accepting corruption to be a normal and acceptable phenomenon. The fight needs to start at the family level, where parents become role models for their children and by helping to make the term "Corruption Free" fashionable through their action and behavior," Mr. Juma noted.

**OFFICIAL LAUNCH OF THE BLUE COMPANY INITIATIVE**


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