

SANLAM KENYA PLC RESULTS

AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

MESSAGE FROM THE DIRECTORS

The Board of Directors of Sanlam Kenya Plc (the Group) announces the Group's financial results for the year ended 31 December 2023. The Group implemented International Financial Reporting Standard (IFRS) 17 - Insurance Contracts, which was effective 1 January 2023. The 2022 financial results have been restated to comply with the requirements of IFRS 17.

Financial performance for the period ended 31 December 2023

The Group recorded a loss after-tax of KShs 127 million compared to KShs 83 million restated loss-after tax reported in the prior year. The decline in earnings was due to the prevailing high interest rates leading to increased finance costs. Sanlam Life Insurance Limited recorded a profit after-tax of KShs 534 million representing a 15% growth from KShs 464 million restated profit after-tax recorded in the prior year. Sanlam General Insurance Limited recorded a profit after-tax of KShs 123 million, a significant improvement from prior year restated loss after-tax of KShs 36 million.

The Board of Directors continues to focus on innovation, improving capital efficiency and digitalization of key business processes to build a resilient business offering a competitive customer value proposition while providing the required return to its shareholders.

Summary of directors' remuneration

During the year the Group paid KShs 138.3 million (2022: KShs 108.8 million) as directors' emoluments.

Summary of Key Audit Matters

The key audit matters reviewed was on the transition from IFRS 4 - Insurance contracts to IFRS 17 - Insurance contracts, effective 1 January 2023, and determination of year-end balances of insurance contract liabilities and evaluation of the group's and the company's ability to continue as a going concern.

Changes of Directors

Dr Tobias Doyer resigned from the Board of Directors to take up other roles outside the wider Sanlam Group. During his tenure, Dr Tobias was also a member of the Audit, Actuarial, Risk & Compliance Committee. In his place, the Board has appointed Amine El Kernighi as a Non-Executive Director. Amine El Kernighi holds the role of the SanlamAllianz Regional Executive Director Southern & Eastern Africa and brings onboard a wealth of global insurance expertise. The Board thanks Dr Tobias for his contribution and welcomes Mr Amine to the Board.

Annual General Meeting

Sanlam Kenya PLC will hold its Annual General Meeting on 26 June 2024; the Notice of the Annual General Meeting will be circulated to the shareholders beforehand.

The Board of Directors does not recommend the payment of Dividend for the financial year ended 31 December 2023 (2022: Nil).

The summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of financial position, summary consolidated statement of changes in equity and summary consolidated statement of cash flows are an extract of the consolidated financial statements as audited by KPMG Kenya and have received an unqualified opinion dated 22 April 2024.

The financial statements below were approved by the Group's Board of directors on 22 April 2024 and signed on its behalf by;

Dr John P N Simba, EGH, MBS, OGW
Chairman

Dr Patrick Tumbo, EBS
Group Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SANLAM KENYA PLC

Opinion

The summary consolidated financial statements of Sanlam Kenya Plc, which comprise the summary consolidated statement of financial position as at 31 December 2023, the summary consolidated statement of profit or loss and other comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended, and related notes (together "the summary financial statements") are derived from the audited consolidated financial statements and the directors remuneration report of Sanlam Kenya Plc for the year ended 31 December 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited consolidated financial statements as at and for the year ended 31 December 2023, in accordance with the Kenyan Companies Act, 2015 and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

Summary financial statements

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards as issued by International Accounting Standards Board and the Kenyan Companies Act, 2015. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 April 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Kenyan Companies Act, 2015 and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements and directors' remuneration report based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

The engagement partner responsible for the audit resulting in this report of the independent auditor on the summary financial statements is CPA Dr. Alexander Mbai, Practising Certificate No. P/2172.

For and on behalf of
KPMG Kenya, Certified Public Accountants

P.O Box 40612-00100

Nairobi

Date: 22 April 2024

SANLAM KENYA PLC

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs '000	KShs '000	KShs '000
Insurance revenue	6,936,282	8,302,078	
Insurance service expenses	(5,048,193)	(8,167,325)	
Net expense from reinsurance contracts	(1,201,990)	(232,221)	
Insurance service result	686,099	(97,468)	
Interest revenue calculated using the effective interest method	244,768	178,267	
Other interest income	2,757,142	2,819,286	
Other Investment revenue	(1,940,684)	(952,880)	
Investment return	1,061,226	2,044,673	
Net finance expenses from insurance contracts	(682,425)	(1,139,688)	
Net finance income from reinsurance contracts	9,477	(9,341)	
Net financial result	388,278	895,644	
Other operating expenses	(220,937)	(212,106)	
Other incomes	(6,043)	155,040	
Finance costs	(604,610)	(455,345)	
Profit before tax	242,787	285,765	
Income tax expense	(369,355)	(368,708)	
Loss for the year after tax	(126,568)	(82,943)	
Other comprehensive income;			
Other comprehensive income net of tax	-	-	
Total comprehensive loss for the year	(126,568)	(82,943)	
Comprehensive loss attributable to:			
Equity holders of the parent	(161,128)	(72,691)	
Non controlling interest	34,560	(10,252)	
Loss per share (basic and diluted)	(1.12)	(0.50)	
Shares used in calculating loss per share	144,000,000	144,000,000	

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs. '000	KShs. '000	KShs. '000
Assets			
Property and equipment	531,750	578,965	635,229
Right-of-use asset	64,791	64,833	87,811
Investment properties	2,479,580	2,472,680	2,459,680
Intangible assets	8,540	31,662	35,338
Deferred income taxation	92,181	193,192	333,431
Equity securities - At fair value through profit or loss	439,384	576,692	671,655
Government securities - At fair value through profit or loss	26,571,319	26,585,346	24,995,992
Government securities - At amortised cost	1,095,918	1,556,898	263,500
Loans	86,178	92,221	95,660
Reinsurance contract assets	1,153,349	1,958,063	1,949,244
Inventory	90,108	89,696	89,696
Current income tax receivable	227,787	254,960	226,183
Receivables from intermediaries	255,201	197,430	216,080
Receivables and other assets	399,836	416,619	487,979
Deposits with financial institutions	1,561,335	1,343,437	1,048,650
Cash and bank balances	477,955	304,645	658,260
Total assets	35,535,212	36,717,339	34,254,388

	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs. '000	KShs. '000	KShs. '000
Equity and liabilities			
Capital and reserves			
Issued share capital	720,000	720,000	720,000
Statutory fund	2,380,139	2,249,279	2,103,896
Retained earnings	(2,288,343)	(1,996,355)	(1,778,281)
Shareholders fund	811,796	972,924	1,045,615
Non controlling interest	54,454	19,894	30,146
Total capital and reserves	866,250	992,818	1,075,761
LIABILITIES			
Borrowings	4,657,144	4,088,010	3,000,000
Life insurance contract liabilities	25,154,281	25,938,951	24,199,699
General insurance contract liabilities	2,775,967	3,685,582	3,969,181
General insurance reinsurance contract liabilities	53,586	33,639	93,079
Deferred income tax	1,020,059	963,977	901,670
Lease liabilities	69,670	82,079	101,208
Provisions	34,570	34,570	34,570
Current income tax	-	1,137	-
Payables and other charges	903,685	896,576	879,220
Total liabilities	34,668,962	35,724,521	33,178,627
Total equity and liabilities	35,535,212	36,717,339	34,254,388

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs. '000	KShs. '000	KShs. '000
Issued share capital	720,000	720,000	720,000
Opening reserves	252,924	325,615	(161,206)
Adjustment on initial application of IFRS 17	-	-	486,821
Loss for the year attributable to equity holders of the parent	(161,128)	(72,691)	-
Shareholders' funds	811,796	972,924	1,045,615
Non-controlling interest	54,454	19,894	30,146
Balance at end of the year	866,250	992,818	1,075,761

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Dec-23	31-Dec-22
	KShs. '000	KShs. '000
Net cash flows (used in)/ from generated from operations	(1,151,993)	133,997
Net cash flows from/(used in) investing activities	1,532,438	(800,938)
Net cash flows (used in)/ from financing activities	(14,400)	621,672
Net cash increase/(decrease) in cash resources	366,045	(45,269)
Effects of changes in exchange rates	25,163	(13,559)
Cash and cash equivalents at the start of the year	1,648,082	1,706,910
Cash resources at the end of the year	2,039,290	1,648,082

SANLAM LIFE INSURANCE LIMITED

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-23	31-Dec-22
		Restated
	KShs '000	KShs '000
Income		
Insurance revenue	4,113,095	4,321,505
Insurance service expenses	(3,378,801)	(4,024,241)
Net expense from reinsurance contracts	(140,036)	(273,942)
Insurance service result	594,258	23,322
Interest revenue calculated using the effective interest method	124,730	75,409
Other interest income	2,530,423	2,636,229
Other investment revenue	(1,853,758)	(900,017)
Investment return	801,395	1,811,621
Net finance expenses from insurance contracts	(552,620)	(1,164,018)
Net finance income from reinsurance contracts	(23,201)	-
Net financial result	225,574	647,603
Other incomes	94,598	100,596
Other operating expenses	(113,957)	(88,427)
Profit before tax	800,473	683,094
Income tax expense	(266,575)	(219,127)
Profit for the year after tax	533,898	463,967
Other comprehensive income		
Other comprehensive income; net of tax	-	-
Total comprehensive income for the year	533,898	463,967
Earnings per share (KShs)	3.17	2.75

SANLAM KENYA PLC RESULTS

AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

SUMMARY STATEMENT OF FINANCIAL POSITION			
	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs. '000	KShs. '000	KShs. '000
Assets			
Intangible assets	8,541	21,436	34,332
Property and equipment	99,852	127,467	136,366
Right of use asset	31,066	54,804	77,671
Investment properties	2,881,900	2,875,000	2,856,000
Quoted equity securities at fair value through profit or loss	83,827	131,395	226,639
Government securities	24,884,685	25,416,878	23,441,986
Current income tax receivable	10,484	26,310	22,841
Receivables from related companies	6,163	3,051	4,402
Loans to policyholders	159,869	146,288	154,976
Mortgage loans	68,506	74,550	77,989
Reinsurance contract assets	436,552	599,783	688,545
Other assets	159,294	185,358	203,823
Deposits with financial institutions	1,391,495	1,180,184	681,098
Cash and cash balances	438,276	236,309	488,457
Total Assets	30,660,510	31,078,813	29,095,125
Equity and liabilities			
Capital and reserves			
Share capital	843,138	843,138	843,138
Share premium	30,260	30,260	30,260
Statutory fund	2,380,139	2,249,279	2,103,896
Retained earnings	536,165	283,127	264,543
Total capital and reserves	3,789,702	3,405,804	3,241,837
Liabilities			
Insurance contract liabilities	25,154,281	25,938,485	24,199,698
Deferred tax liability	1,020,059	963,977	901,670
Lease liabilities	32,581	66,207	90,104
Provision for expenses	113,714	145,149	96,798
Other liabilities	550,173	559,191	565,018
Total liabilities	26,870,808	27,673,009	25,853,288
Total equity and liabilities	30,660,510	31,078,813	29,095,125

SUMMARY STATEMENT OF CHANGES IN EQUITY			
	31-Dec-23	31-Dec-22	01-Jan-22
		Restated	Restated
	KShs '000	KShs '000	KShs '000
Share capital and share premium	873,398	873,398	873,398
Opening reserves	2,532,406	2,368,439	2,864,220
Dividend paid	(150,000)	(300,000)	(1,000,000)
Adjustment on initial application of IFRS 17	-	-	504,219
Profit for the year after tax	533,898	463,967	-
Balance at end of the year	3,789,702	3,405,804	3,241,837

Company proposed dividend of Kshs 400,000,000 (2022 Kshs 150,000,000)

SUMMARY STATEMENT OF CASH FLOWS		
	31-Dec-23	31-Dec-22
		Restated
	KShs. '000	KShs. '000
Net cash (used in)/ received from operations	(891,245)	505,780
Net cash generated from investing activities	1,471,529	71,822
Net cash used in financing activities	(167,006)	(330,664)
Net increase in cash and cash equivalents	413,278	246,938
Cash resources at the beginning of the year	1,416,493	1,169,555
Cash resources at the end of the year	1,829,771	1,416,493

KEY RATIOS		
	31-Dec-23	31-Dec-22
Capital adequacy ratio (capital available/required capital)	267%	238%
Return on assets (profit before tax / average asset x 100)	2%	2%
Return on equity (profit after tax / average equity x 100)	15%	14%
Current ratio (current assets / current liabilities x 100)	301%	228%

Deposit Administration		
	31 Dec 2023	31 Dec 2022
	KShs '000	KShs '000
Fund as at 1 January	3,368,093	2,592,275
Pension fund deposits received	1,556,104	1,454,753
Pension benefits paid	-	-
Withdrawals	(1,102,748)	(690,533)
Interest declared to deposit administration (5%) (2022: 5%)	132,671	143,268
Management charges(2.5%) (2022: 2.5%)	(91,121)	(77,276)
Other charges	11,594	(54,393)
Fund as at 31 December	3,874,593	3,368,094

Investment contract liabilities		
	31 Dec 2023	31 Dec 2022
	KShs '000	KShs '000
Fund as at 1 January	2,360,337	2,996,298
Deposits received	311,143	388,492
Maturities/payments to policyholders	(125,621)	(948,068)
Withdrawals	(78,868)	(171,684)
Interest payable to policyholders (3%)(2022: 3%)	83,531	200,775
Management charges(3%) (2022: 3%)	(45,278)	(70,024)
Other charges	(37,073)	(35,453)
Fund as at 31 December	2,468,171	2,360,336

Annuities		
	31 Dec 2023	31 Dec 2022
	KShs '000	KShs '000
Fund as at 1 January	12,807,712	11,951,774
Annuity premiums	556,645	1,775,418
Amount paid to annuitants	(1,703,475)	(1,680,546)
Annual annuity rate per thousand	8.89	8.78
Fund as at 31 December	12,099,171	12,807,712

Participating products		
	31 Dec 2023	31 Dec 2022
	KShs '000	KShs '000
Bonuses declared to participating business 3% (2022: 3%)	88,982	154,078

SANLAM GENERAL INSURANCE LIMITED

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	31-Dec-23	31-Dec-22
	KShs '000	KShs '000
Insurance revenue	2,823,187	3,980,573
Insurance service expenses	(970,609)	(3,654,158)
Net expense from reinsurance contracts	(1,061,954)	41,721
Insurance service result	790,624	368,136
Interest revenue calculated using the effective interest method	120,038	102,858
Other investment revenue	226,719	183,058
Net impairment loss on financial assets	(86,926)	(52,863)
Investment return	259,831	233,053
Net finance (expenses)/income from insurance contracts	(129,805)	24,331
Net finance income/(expenses) from reinsurance contracts	32,679	(9,342)
Net financial result	162,705	248,042
Operating and other expenses	(698,783)	(488,926)
Operating profit	254,546	127,252
Interest on borrowings	(27,309)	(27,217)
Profit before tax	227,237	100,035
Income tax expense	(104,519)	(136,439)
Profit for the year after tax	122,718	(36,404)
Other comprehensive income	-	-
Other comprehensive income; net of tax	-	-
Total comprehensive income for the year	122,718	(36,404)

SUMMARY STATEMENT OF FINANCIAL POSITION			
	31-Dec-23	31-Dec-22	1-Jan-22
		Restated	Restated
	KShs. '000	KShs. '000	KShs. '000
Assets			
Property and equipment	41,368	49,810	64,121
Right of use assets	33,725	23,415	39,052
Intangible assets	-	10,227	1,007
Deferred tax asset	79,265	183,784	320,223
Investment property	44,000	44,000	50,000
Quoted equity investments at fair value through profit or loss	1	797	516
Receivables from intermediaries	255,201	197,430	216,080
Reinsurance contract assets	716,797	1,358,280	1,260,700
Other assets	51,188	63,215	87,142
Government securities at fair value through profit or loss	1,686,634	1,627,776	1,817,506
Government securities at amortized cost	1,095,918	1,097,591	-
Secured loans to employees	194	194	194
Current income tax	173,659	186,447	152,130
Receivables from related companies	-	17,685	-
Deposits with financial institutions	134,839	147,448	171,100
Cash and bank balances	32,226	63,229	159,129
Total assets	4,345,015	5,071,328	4,338,900
Equity and liabilities			
Capital and reserves			
Share capital	1,028,998	1,028,998	1,028,998
Share premium	100,362	100,362	100,362
Accumulated losses	(936,000)	(1,058,718)	(1,022,314)
Shareholders' funds	193,360	70,642	107,046
Liabilities			
Insurance contract liabilities	2,775,966	3,685,582	3,969,181
Reinsurance contract liabilities	53,586	33,639	93,079
Borrowings	1,140,226	1,112,917	-
Lease liabilities	37,088	32,515	51,211
Other liabilities	144,789	136,033	118,383
Total liabilities	4,151,655	5,000,686	4,231,854
Total equity and liabilities	4,345,015	5,071,328	4,338,900

SUMMARY STATEMENT OF CHANGES IN EQUITY			
	31-Dec-23	31-Dec-22	01-Jan-22
		Restated	Restated
	KShs '000	KShs '000	KShs '000
Share capital and share premium	1,129,360	1,129,360	1,129,360
Opening reserves	(1,058,718)	(1,022,314)	(998,096)
Adjustment on initial application of IFRS 17	-	-	(24,218)
Profit for the year after tax	122,718	(36,404)	-
Balance at end of the year	193,360	70,642	107,046

SUMMARY STATEMENT OF CASH FLOWS		
	31-Dec-23	31-Dec-22
		Restated
	KShs. '000	KShs. '000
Net cash generated/(used) in operations	83,325	(184,726)
Net cash (used)/generated from investing activities	(148,827)	(1,012,738)
Net cash used in financing activities	(3,273)	1,091,471
Net (decrease)/increase in cash resources	(68,775)	(105,993)
Cash resources at the beginning of the year	210,677	330,229
Effects of changes in exchange rates	25,163	(13,559)
Cash resources at the end of the year	167,065	210,677

KEY RATIOS		
	31-Dec-23	31-Dec-22
Capital adequacy ratio (capital available/required capital)	156%	105%
Return on assets (profit before tax / average asset x 100)	5%	2%
Return on equity (profit after tax / average equity x 100)	93%	-41%
Current ratio (current assets / current liabilities x 100)	327%	359%