

SANLAM VIE Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



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DATE..... 4/4/2023

PwC PwC Rwanda Limited

Sanlam Vie Plc
Corporate information
For the year ended 31 December 2022

REGISTERED OFFICE	Sanlam Vie Plc KN3 Avenue P.O Box 2616 Kigali, Rwanda	
LEGAL ADVISORS	Niyibizi Aloys P.O Box 2616 Kigali-Rwanda	Wisdom law chambers CHIC, 2nd Floor, Room No F030A Kigali, Rwanda
	Legal Link Chambers KN 8th Avenue Kigali, Rwanda	Ruzindana Ignace Kigali – Rwanda
COMPANY SECRETARY	Niyibizi Aloys P.O Box 2616 Kigali, Rwanda	
AUDITOR	PricewaterhouseCoopers Rwanda Limited Certified Public Accountants 5th Floor, Blue Star House 35 KG 7 Ave P.O. Box 1495 Kigali, Rwanda	
PRINCIPAL BANKERS	Bank of Kigali Plc Avenue de la Paix P.O. Box 175 Kigali, Rwanda	Cogebanque Plc Avenue du commerce P.O. Box 5230 Kigali, Rwanda
	Access Bank Rwanda Plc Avenue de la Paix P.O Box 205 Kigali, Rwanda	Development Bank of Rwanda Plc P.O. Box 1034 Kigali, Rwanda
	I & M Bank Rwanda Plc 11 Bouvelard de la Revolution P.O. Box 354 Kigali, Rwanda	Bank of Africa Rwanda Plc P. O. Box 265 Kigali, Rwanda
	BPR Bank Rwanda Plc Avenue de la paix P.O. Box 5620 Kigali, Rwanda	Guaranty Trust Bank Rwanda Plc 20 Boulevard de la Révolution P.O Box 331 Kigali, Rwanda
	Ecobank Rwanda Plc Plot 314, Avenue de la paix P.O Box 3268 Kigali, Rwanda	Banque Populaire du Rwanda Plc P.O Box 1348 Kigali, Rwanda



The directors submit their report together with the audited financial statements for the year ended 31 December 2022, which show the state of affairs of Sanlam Vie Plc (the "Company").

PRINCIPAL ACTIVITIES

The Company is engaged in underwriting of Life Insurance. The company is no longer underwriting pension. The products offered by the company include Education Insurance Plan, Retirement Plan, Workers' Group Life Insurance, Credit Life Insurance, Safe Family Life Insurance and saving scheme plan.

SUBSEQUENT EVENTS

COVID - 19 IMPACT ASSESSMENT ON SANLAM VIE Plc

The year 2022 started on a good note where COVID 19 cases and deaths decreased with containment measures fully erased for the second half of the year.

From the month of February 2022 with the crisis Russia-Ukraine, the general economy has been affected by the consequences from that crisis. The inflation increase has negatively affected the purchasing power of the citizens and consequently the purchasing power of our actuals and potentials customers.

The combined effect has been that the prospection of new customers has not reached our set budget and the recovery on existing customers hard.

On the other hand, rental income continues to experience serious negative effects mainly on investment property apartments side as most of the apartment's clients are foreigners.

RESULTS

The results for the year are set out on page 11.

DIVIDEND

The Directors recommend approval of payment of a dividend of Frw 1.9 billion (2021: Frw 1 billion).



Directors' report (continued)

DIRECTORS

The directors who served during the year and to the date of this report are:

Name	Role	Nationality	Appointment date
Sebuhuzu Gisanabagabo	Chairman	Rwandan	Appointed 22 May 2019
Moses Mutuli	Director	Kenyan	Appointed 24 August 2018
Marie Louise Kagaju	Director	Rwandan	Appointed 14 May 2021
Warren Bruce	Director	South African	Appointed 18 July 2017
Julien Kavaruganda	Director	Rwandan	Appointed 28 June 2019
Louis Niyongabo	Director	Rwandan	Appointed 01 November 2021
Esperance Mukarugwiza	Director	Rwandan	Appointed 22 May 2019
Jean Chrysostome Hodari	CEO	Rwandan	Appointed 2 February 2011

All directors are independent directors apart from Moses Mutuli and Warren Bruce.

HOLDING COMPANY

Sanlam Rwanda Plc, the company's holding company, holds 78,338% and Colina Holdings Limited owns 21,662% of the total issued ordinary share capital.

AUDITOR

The external auditor, PricewaterhouseCoopers Rwanda Limited was appointed during the year in accordance with regulation no 14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insurance companies and insurance brokers. During the year 2022, the auditor PricewaterhouseCoopers have replaced KPMG Rwanda Limited, which rotates out in accordance with regulation no 14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insurance companies and insurance brokers.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issue at a meeting of the Board of Directors held on 14 March 2023.

The directors have the powers to amend and reissue these financial statements.

By Order of the Board Secretary



The Company is committed to the best principles of Corporate Governance in running the operations of a company. The company ensures the compliance of all the rules, regulations, and laws of the land in the conduct of its business.

Board of Directors

The directors who served during the year ended 31 December 2022 and as at the date of the report are listed on page 2.

Though the overall responsibility of monitoring and controlling the operational and financial performance of Sanlam Vie Plc vests with the Board of directors, the day-to-day management of the company has been delegated to the Chief Executive Officer.

The Board of Directors meets at least quarterly and is chaired by a non-executive director.

Board Committees

The Board has instituted various committees to assist it in fulfilling its role of monitoring key activities of Sanlam Vie Plc. The Board reviews the reports and minutes of the committees and is accountable of its decisions and functions.

Board attendance during the year

S/N	Date of Board Meeting	Directorship Type	Meetings Attended
1	Dr. GISANABAGABO Sebuhezuzi	Independent (Chairperson)	4/4
2	Moses Mutuli	Executive Director (Member)	4/4
3	Warren E. Bruce	Executive Director (Member)	4/4
4	Julien KAVARUGANDA	Independent (Member)	4/4
5	Marie Louise KAGAJU	Independent (Member)	4/4
6	Esperance MUKARUGWIZA	Independent (Member)	4/4
7	Louis NIYONGABO	Independent (Member)	4/4

Board Audit Committee

The Board Audit Committee comprises of the Chairperson and three non-executive directors. Its key objective is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and internal control system of Sanlam Vie Plc.

Members:

Name	Role	Number of meetings held	Number of meetings attended
Kagaju Marie Louise	Chairperson	4	4
Moses Mutuli	Member	4	4
Esperance Mukarugwiza	Member	4	4
Niyongabo Louis	Member	4	4

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Statement of corporate governance (continued)

Risk Management Committee

The Risk Management Committee meets every quarter and comprises of the board members. Its key objective is to monitor the implementation of overall strategy of the company. The committee reviews company's performance of all departments each month and particularly ensures that the company's expected financial results are achieved.

Members:

Name	Role	Number of meetings held	Number of meetings attended
Esperance Mukarugwiza	Chairperson	4	4
Moses Mutuli	Member	4	4
Kagaju Marie Louise	Member	4	4
Niyongabo Louis	Member	4	4

Underwriting and Claims Committee

The underwriting and claims meet every quarter and comprises of the board members. Its key objective is to monitor underwriting and claims processes and payments and the compliance with existing related policies together with policies regular updates.

Members:

Name	Role	Number of meetings held	Number of meetings attended
Julien Kavaruganda	Chairman	4	4
Moses Mutuli	Member	4	4
Warren Bruce	Member	4	4



Sanlam Vie Plc
Statement of Directors' Responsibilities
For the year ended 31 December 2022

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Sanlam Vie Plc financial statements comprising the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes set out on pages 16 to 66, in accordance with International Financial Reporting Standards and in the manner required by the Law No 007/2021 of 05/02/2021 Governing Companies.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have assessed the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The independent auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the International Financial Reporting Standards, the requirements of Law No 007/2021 of 05/02/ 2021 Governing Companies.

Approval of financial statements

The financial statements of the Company from pages 11 to 67 were approved and authorized for issue by the board of directors on 14 March 2023.

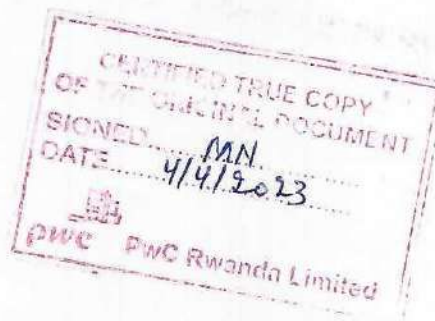
Director



Director



Chief executive officer





INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANLAM VIE PLC

Report on the audit of the financial statements

Our opinion

In our opinion, Sanlam Vie Plc (the "Company")'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 Governing Companies.

What we have audited

Sanlam Vie Plc's financial statements as set out in pages 11 to 67 comprise:

- the statement of financial position as at 31 December 2022;
- the statements of comprehensive income;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Rwanda Limited, 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru
PO Box 1495 Kigali, Rwanda

Tel: +250 (252) 588201/2/3/4/5/6, www.pwc.com/rw

Directors: M Karanja M Nyabanda B Kimania P Ngahu





INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANLAM VIE PLC (CONTINUED)

Key audit matters (continued)

Valuation of insurance contract liabilities	How the matter was addressed in our audit
Insurance contract liabilities involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of policy holder liabilities. Significant economic and non-economic assumptions, such as investment returns, mortality and persistency, expenses and expense inflation and withdrawals are the key inputs used to estimate these insurance contract liabilities. The assumptions to be made have high estimation uncertainty and changes in the estimates may lead to material impact on the valuation of the liabilities. The valuation also depends on accurate data from the information systems. If the data used is not complete and accurate then material impacts on the valuation of policyholder liabilities may also arise. As a result of the significant judgement, estimation uncertainty and assumptions above, we determined insurance contract liabilities to be a key audit matter. Refer to note 24 of the financial statement for details.	Our audit procedures in this area included: - Inspecting subsequent claims and payments for any unrecorded liabilities at the end of the period to ascertain whether insurance claims liabilities recorded at period end were adequate. - Obtaining a sample of claims reserves and comparing the estimated amount of the reserve to reports from loss adjusters to ascertain accuracy of the recorded amounts. - Re-performing reconciliations between the data recorded in the financial reporting systems and the data used in the actuarial reserving calculations. - Re-evaluate the reserving methodology applied. We focused on understanding the methodologies applied and examined areas of judgment such as changes in valuation assumptions.





INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANLAM VIE PLC (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Statement of corporate governance, Directors' Report, Statement of Directors' Responsibilities and Appendix 1 which we obtained prior to the date of this auditors report, and the other information that will be included in the integrated report which is expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 Governing Companies, and for such internal control as 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, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Directors are also responsible for overseeing the Company's financial reporting process.

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.





**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANLAM VIE PLC
(CONTINUED)**

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

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 judgment and maintain professional skepticism throughout the audit. We are 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 Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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.

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

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

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





**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANLAM VIE PLC
(CONTINUED)**

Other matters

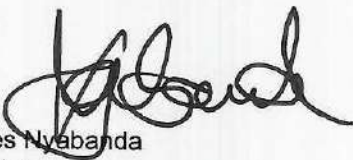
The financial statements of the company for the year ended 31 December 2021 were audited by another firm of auditors whose report, dated 5 April 2022, expressed an unmodified opinion on those statements.

Report on other legal and regulatory requirements

Law No. 007/2021 of 05/02/2021 Governing Companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. We have no relationship, interest, or debt with Sanlam Vie PLC. As indicated in our report on the financial statements, we have complied with the required ethical requirements. These are the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) which includes comprehensive independence and other requirements.
- ii. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- iii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iv. We have communicated to the Company's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters.
- v. According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the annual accounts comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies.

For PricewaterhouseCoopers Rwanda Limited, Kigali,


Moses Nyabanda
Director

 April 2023



Statement of comprehensive income

	Notes	2022 Frw '000	2021 Frw '000
Gross written premium	5 (a)	17,444,556	15,210,596
Premium ceded to reinsurers	5 (b)	(1,338,760)	(898,995)
Net written premium		16,105,796	14,311,601
Provision for unearned premium	6	(1,903,861)	(1,303,407)
Net Insurance premium revenue		14,201,935	13,008,194
Investment income	7	4,359,294	3,851,924
Revaluation gains/(losses) on investments	8	236,560	(26,307)
Income from reinsurance contracts ceded	9	545,730	340,869
Other income	10	469,670	406,901
Total operating income		19,813,189	17,581,581
Net insurance claims	11	11,608,397	11,790,778
Cost of acquisition of insurance contracts	12	1,508,572	1,222,533
Employee benefits	13	1,294,697	1,195,667
Operating expenses	14	2,518,344	1,346,062
Depreciation charge	16 (c)	76,126	80,894
Total expenses		17,006,136	15,635,934
Profit before income tax		2,807,053	1,945,647
Income tax expense	15	(895,630)	(659,704)
Profit for the year		1,911,423	1,285,943
Other comprehensive incomes			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gains on unquoted equities at FVOCI	17	373,808	374,996
Revaluation surplus on land and buildings	16 (a)	6,531	98,478
Deferred income tax	26	(114,102)	(142,042)
Total other comprehensive income		266,237	331,432
Total profit after tax and other comprehensive income for the year		2,177,660	1,617,375

The notes on pages 15 to 67 are an integral part of these financial statements.



Statement of financial position

	Notes	2022 Frw '000	2021 Frw '000
Cash and cash equivalents	23 (a)	2,671,765	1,454,057
Short term investments at amortised cost	23 (b)	18,131,838	12,580,102
Investments securities at FVPL	22	24,804,618	23,678,717
Investments securities at FVOCI	17	3,129,000	2,755,189
Due from related parties	19	299,441	314,355
Due from re-insurers	21	41,268	43,328
Other assets and prepaid expenses	20	683,166	549,258
Investment properties	18	4,973,306	6,235,394
Property and equipment	16	883,358	950,055
Asset in progress	16(b)	124,247	61,360
Current income tax		-	4,718
Total Assets		55,742,005	48,626,532
Equity and Liabilities			
Equity			
Share capital	29	2,000,000	2,000,000
Retained earnings	29	7,805,214	6,893,790
Other reserves	29	4,082,722	3,816,532
		13,887,936	12,710,322
Liabilities			
Insurance liabilities	24	35,776,197	31,723,668
Deferred Tax Liability	25	1,298,717	1,543,016
Due to related parties	26	212,086	44,757
Current income tax	27	566,702	-
Due to re-insurers	21	219,599	454,901
Trade and other payables	28	3,780,768	2,149,868
Total Liabilities		41,854,069	48,626,532
Total equity and liabilities		55,742,005	48,626,532

The notes on pages 15 to 67 are an integral part of these financial statements.



Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2022

Statement of changes in equity

Year ended 31 December 2021	Notes	Share capital	Revaluation reserve	Fair value reserve	Retained earnings	Total
At 1 January 2021		2,000,000	1,481,148	2,003,955	5,607,845	11,092,948
Profit for the year		-	-	-	1,285,943	1,285,943
Revaluation gain on financial assets at FVOCI		-	374,995	-	-	374,995
Deferred income tax on revaluation gain		-	(112,498)	-	-	(112,498)
Revaluation surplus on PPE		-	-	98,479	-	98,479
Deferred income tax on surplus		-	-	(29,545)	-	(29,544)
Total comprehensive income for the year		-	262,495	68,934	1,285,945	1,617,374
At December 2021		2,000,000	1,743,643	2,072,889	6,893,790	12,710,322
Year ended 31 December 2022						
At 1 January 2022		2,000,000	1,743,643	2,072,888	6,893,792	12,710,323
Profit for the year		-	-	-	1,911,423	1,911,423
Revaluation gain on financial assets at FVOCI		-	373,808	-	-	373,808
Deferred income tax on revaluation gain		-	(112,143)	-	-	(112,143)
Revaluation surplus on PPE		-	-	6,531	-	6,531
Deferred income tax on surplus		-	-	(1,959)	-	(1,959)
Total comprehensive income for the year		-	261,665	4,524	1,911,423	2,177,613
Transaction with owner:						
Dividends to be paid		-	-	-	(1,000,000)	(1,000,000)
At December 2022	30	2,000,000	2,005,310	2,077,412	7,805,215	13,887,936

The notes on pages 15 to 67 are an integral part of these financial statements.



Statement of cash flows

Items	Notes	2022 Frw '000	2021 Frw '000
Profit before income tax		2,807,053	1,945,647
Adjustment for:			
Depreciation of property plant and equipment	16.2	76,126	80,894
Loss on write off property and equipment		-	1,748
Loss on revaluation of investment property		183,312	26,307
Expected credit loss on investment securities at amortised cost	23 (b)	31,929	-
Expected credit loss on cash and cash equivalents	23 (a)	19,454	-
Operating profit before changes in operating working capital		3,117,874	2,054,594
Working capital changes:			
-Net movement in Insurance liabilities and Investment contract liabilities		4,052,529	4,594,699
-Trade and other receivables		(245,086)	(840,133)
-Due from related parties		14,914	546,879
-Due to related parties		189,431	(31,464)
-Trade and other payables		1,630,899	383,495
-Due to re- insurers		(235,302)	179,790
-Due from re- insurers		(2,060)	(43,328)
Net cash flows from operations		8,338,497	7,693,402
Income tax paid		(659,703)	(489,989)
Net cash flows generated from operating activities		7,678,794	7,203,413
Investing activities:			
Investment securities FVPL		(1,125,901)	(1,265,937)
Investment securities at amortised cost		(5,660,736)	(5,619,668)
Purchase of software		(62,887)	(32,782)
Purchase of property and equipment		(20,563)	(31,507)
Net cash flows used in investing activities		(6,870,087)	(6,949,894)
Net increase/(decrease) in cash and cash equivalents		808,707	253,519
Cash and cash equivalents at 1 January		1,454,058	1,200,539
Cash and cash equivalents at 31 December	23 (a)	2,262,765	1,454,058

The notes on pages 15 to 67 are an integral part of these financial statements



Notes

1 Corporate information

Sanlam Vie Plc is a limited by shares registered and domiciled in Rwanda and licensed under the Law No. 007/2021 of 05/02/ 2021 Governing Companies. The address of its registered office and principal place of business is stated in page 1. The company is an independent life insurance companies to split short term and long-term activities. Sanlam Group Ltd, the company's holding company, holds 78,338% and Colina Holdings Limited owns 21,662% of the total issued ordinary share capital. The ultimate parent of the Company is Sanlam Limited incorporated in South Africa (SA).

2 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except for investment properties and financial instruments that are carried at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.2

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Law No. 007/2021 of 05/02/ 2021 Governing Companies.

The financial statements are approved and authorized for issue by the Board of Directors after obtaining the necessary regulatory approval. The Board of Directors reserves the right to amend or withdraw the financial statements.

Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rwandan Franc which is the Company's presentation currency.

Comparative financial statements

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

(b) Significant accounting judgements, estimates and assumptions

In the process of applying the company's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

2. Significant accounting policies (continued)

(b) Significant accounting judgements, estimates and assumptions (continued)

The ultimate liability arising from claims made under insurance contracts.

The estimation of future benefit payments from long-term insurance contracts is one of the company's most critical accounting estimates. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the company. Estimates are made as to the expected number of deaths for each of the years in which the company is exposed to risk. The company bases these estimates on standard mortality tables that reflect historical mortality experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS, TB etc. could result in future mortality being significantly worse than in the past for the age Company's in which the company has significant exposure to mortality risk.

However, continuing improvements in medical care and social conditions could result in improvements in longevity more than those allowed for in the estimates used to determine the liability for contracts where the company is exposed to longevity risk. For contracts without fixed terms and with discretionary participation in profits, it is assumed that the company 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.

Given the correlation in the assumptions, it is not possible to demonstrate the effect of changes in key assumptions whilst other assumptions remain unchanged. Further, in some instances the sensitivities are non-linear. Interdependencies between certain assumptions cannot be quantified and are accordingly, not included in the sensitivity analyses. Sensitivity analysis has been performed under note 2.4

Fair value of unquoted financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

Sensitivity

A 5% decrease in Weighted Average Cost of Capital will increase the equity value by 118,681,908 Frw

Valuation of investment property

The fair value of investment property is determined by valuation experts using recognized valuation techniques. Where the management estimates that the value has not changed significantly, they make judgement as to whether the assets need to be revalued after considering the inflation rate and market determinants. This is analyzed on an annual basis. Cash flow generation together with reconstruction costs models have been combined for the fair value calculation. Depreciation in reconstruction cost model have been applied as well as discounting at prevailing rates on cash flow generation model.

Insurance contracts are those contracts when the company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Sensitivity

A 1% increase in interest rate applied for cash flow discounting will result in an increase of the value of the properties by 98,136,815 Frw

Income taxes

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from 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.

(c) New IFRS standards and amendments

(i) *New standards, amendments and interpretations adopted by the company*

The following standards, amendments and interpretations are effective for the first time for annual reporting periods ending on 31 December 2022 and have been applied by the company:



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(i) New standards, amendments and interpretations adopted by the company (continued)

Number	Effective date	Executive summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 April 2021 (early adoption is permitted) (Published March 2021)	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. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such 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 variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient. This has not had a significant impact to the company.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(i) New standards, amendments and interpretations adopted by the company (continued)

Number	Effective date	Executive summary
Annual improvements cycle 2018 -2020 (continued)		The amendment intends to remove any potential confusion about the treatment of lease incentives IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	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.
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	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.
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The IFRS Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board IFRS added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The IFRS Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the company*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. 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.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(ii) Standards, interpretations and amendments issued but not effective and have not been early adopted by the company (continued)

Number	Effective date	Executive summary
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the IFRS 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.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(d) Product classification

Insurance contracts are those contracts when the company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(e) Revenue recognition

Gross written premiums.

Gross recurring premiums on life and investment contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective.

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered during the accounting period. They are recognized on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Gross Premiums exclude value added tax and any other foreign indirect taxes. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. This also includes premiums received in terms of inward reinsurance arrangements.

(f) Investment contracts

The liability for these contracts is established in the same way as for the universal life insurance contracts (see section b) Gross written premium above). Revenue is also recognized in the same way.

Where the resulting liability is lower than the sum of the amortized cost of the guaranteed element of the contract and the intrinsic value of the surrender option embedded in the contract, it is adjusted and any shortfall is recognized immediately in profit or loss.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(g) Reinsurance

The Company assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognized as income in the same manner as they would be if the reinsurance were considered direct business. Premiums ceded and claims reimbursed are presented on a gross basis in profit and loss and statement of financial position as appropriate.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss is recognized in the profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. The Company also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, considering the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

(h) Income from reinsurance contracts ceded

The company gets from reinsurers commission on business ceded. The treaties also provide for profit sharing on the business ceded. This income is recorded once the Company is entitled having completed performance obligations due.

(i) Dividend income

The company have invested in other companies where it receives, when declared and distributed, income in form of dividend in prorate of its shareholding in each company. There is no investment in overseas companies.

(j) Other income

Other income comprises mainly income received from surrenders and withdrawals in form of penalties as per the contract clause.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities

Provision for claims

Comprises claims incurred by the policyholder and reported to the insurance company, and IBNR claims. The Company uses the most reliable technique to estimate the ultimate cost of claims including IBNR provision. Claims expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges

Incurred but not reported (IBNR)

The company allocates from the net written premiums the provision that will meet the total estimated costs that may result from events that have occurred before the end of the financial period but were not reported to the company with that period. The company ensure that sufficient provision is made but at all instances is not lower than 15% of the estimated amount of outstanding claims at the end of the last preceding year as required by the National Bank of Rwanda regulations.

Gross benefits and claims (Net Insurance Claims)

Gross benefits and claims for life insurance contracts and for investment contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared. Changes in the gross valuation of insurance and investment contract liabilities are also included. Death claims and surrenders are recorded based on notifications received. Maturities and annuity payments are recorded when due. General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims related to Retirement plan

The benefits are paid on retirement or in case of premature death or total and permanent disability. The guaranteed rate is 3.5% which is accrued for on an annual basis. The death capital claim is capped up to 60 years after which the renewal is subject to negotiation. The capital payable on retirement is equal to the whole account balance.

Claims related to Education Plan

The claims are paid on education fees as stated at the inception of the contract.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Claims related to Worker's Group Life insurance

Workers' group life policy in general conditions associated with the contract signed between the company and the workers' group specifies some agreed quotations over discount rate to be received on a particular premium paid.

Death or total and permanent disability

The benefit is payable on death from illness (natural causes) or accidental. The amount payable, called the sum assured, is either a fixed sum for all members in a particular category as predetermined by the employee or is determined as a multiple of the annual salary as set by the employee. The benefit is normally paid out as a lump sum to either the Employee or the designated beneficiaries of the deceased employee/member. In the case of a total/permanent disability, an amount equal to the sum assured will be paid.

For the case of partial and permanent disability

A lump-sum payment is paid in the event of partial or permanent disability of an employee while in service. The coverage amount is determined based on multiple of salary or on a fixed amount. The benefits are calculated according to the continental scale of disability benefits.

For the case of claims related to the funeral fees

A lump-sum payment upon the death of an insured person is paid in accordance with the term of the contract. The sum assured is two- or three-monthly salary or a fixed amount not less than 500.000 Frw.

Claims related to the credit life insurance policy

The company signs a contract with individuals or banks to insure their credits in their respective banks. This is paid on the outstanding credit amount if the policyholder is unable to pay the bank for any reason specified in the contract (death, PTD: Partial to Total Disability, loss of income, etc.).

Claims related to Safe family insurance policy

The claim is paid on the event of death or absolute and permanent disability, where the designated beneficiary or beneficiaries stated in the agreement receive the payment of a capital guaranteed of which the amount was determined at the time of entering into the contract.

Deposit administration contracts

The Company administers the funds of several retirement benefit schemes. The Company's liabilities in relation to these schemes have been treated as payables in the statement of financial position. The liabilities with respect to the deposit administration contracts are determined by the Consulting Actuary on an annual basis.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Life insurance contracts

The company products offered by the company include: Education Insurance Plan, Retirement Plan, Worker's Group Life Insurance, Credit Life Insurance and Safe Family Life Insurance.

Retirement Plan

Retirement Plan assurance are contracts where retirement benefits are expressed in the form of an annuity payable at retirement age. If death occurs before retirement, contracts generally return the value of the fund accumulated or premiums. The contracts give the policyholder the option at retirement to take a cash sum at guaranteed conversion rates allowing the policyholders the option of taking the more valuable of the two. Certain personal pension plans also include contribution protection benefits that provide for payment of contributions on behalf of policyholders in periods of total disability.

Education Plan

The Education Insurance Plan aims at increasing the policyholder capacity to pay for their children's education using the money that was paid during a given period as agreed in the insurance contract.

Safe Family Life Insurance guarantees a specified payment to the policyholder. In the event of death or absolute and permanent disability, the designated beneficiary or beneficiaries stated in the agreement will receive the payment of a capital guaranteed of which the amount was determined in advance by the subscriber.

The premium is based on the age of the insured, the duration of guaranty, the guaranteed capital and health status of the insured at the moment of the Credit life insurance is designed to offer protection policyholders from the financial consequences of the inability to repay the outstanding loan due to death

The main risks that the company is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Life insurance contracts (continued)

Assumptions are further evaluated on a continuous basis to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follow

Mortality and morbidity rates

Assumptions are based on the type of contract written and they reflect recent historical experience and are adjusted when appropriate to reflect the company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class, and contract type.

Sensitivity

A 5% increase in assumed mortality table will increase the liability by 56,325,925 Frw (45,868,432 Frw in 2021)

Longevity

Assumptions are based on Rwanda Mortality Tables, adjusted when appropriate to reflect the company's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class, and contract type.

An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

The table below shows a summary of investment mix and economic scenarios applied:

Asset mix backing required capital	Dec-22	Dec-21
Fixed-interest securities	23.1%	23.1%
Equities	0%	0%
Property	0%	0%
Cash	76.9%	76.9%

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

(l) Life insurance contracts (continued)

The table below shows a summary of investment mix and economic scenarios applied:

Economic Assumptions		
Risk discount rate	18.1%	17.7%
Inflation	8.1%	7.7%
Valuation Rate	11.1%*	10.7%

*The latest central bank yield curve is used for the valuation rate. The value in the table represents a point-estimate on the curve for comparability to Dec-21 valuation rate.

Expense risk

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

The tables below summarize the basis used to calculate Gross Premium Valuation (GPV) Reserves for Individual Life business and UPR and IBNR on Group Life business:

Individual life unit expenses

Individual Life Unit Expenses	Dec-22	Dec-21
Unit Maintenance Expense (FRW)	14,624	11,233
Acquisition Expenses (FRW)	27,611	26,934

Pension unit expenses

Pension Unit Expenses	Dec-22	Dec-21
Unit Maintenance Expense (FRW)	14,802	11,255
Acquisition Expenses (FRW)	35,880	22,573

Maintenance expense shown as annualized cost per policy, adjusted with inflation.

Sensitivity

An increase in the expenses by 10% would increase the liability by Frw 336,249,748 (Frw 313,181,569 Frw in 2021)



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Life insurance contracts (continued)

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect. Discount rate Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Sensitivity

A 10% increase in lapse rate would increase the liability by Frw (337,499,579) (2021 – Frw (474,316,275)).

(l) Insurance receivables and payables

Insurance receivables and payables are recognized when due. This include amounts due to and from agents, intermediaries and insurance contract holders and are disclosed as insurance receivables and payables. They are measured on initial recognition at the fair value of the consideration received or receivable or payable. After initial recognition, insurance receivables and payables are measured at amortized cost, using the effective interest rate method.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables and payables are derecognized when the recognition criteria for financial assets and liabilities have been met. The current regulation does not allow life insurance to issue life contract on credit.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(m) Investment properties

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of recognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

(n) Property and equipment

Land and motor vehicles are stated at cost less depreciation. Buildings are recorded at fair value less depreciation. Land is not depreciated. Buildings are depreciated on a reducing balance method basis to allocate the cost over the estimated useful life (20 years) of the building. The residual values and useful lives of buildings are reviewed at each statement of financial position date and adjusted accordingly.

Equipment is stated at cost less accumulated depreciation and impairment charges.

Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the statement of comprehensive income over the estimated useful life of each significant part of an item of equipment, using the reducing method balance basis.

Estimated useful lives are as follows:

Computer equipment	2 years
Furniture and equipment	4 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(n) Property and equipment (continued)

Owner occupied properties

Owner-occupied properties are stated at revalued amounts, being fair value at the date of valuation less subsequent accumulated depreciation for buildings and accumulated impairment losses. If the open-market valuation information cannot be reliably determined, the company uses alternative valuation methods such as discounted cash flow projections or recent prices on active markets. The fair value adjustments on owner-occupied properties are recognised in OCI and accumulated in a revaluation reserve in equity to the extent that the accumulated adjustment is a surplus. Any accumulated deficits are recorded in profit or loss. On disposal or transfer (change in use) of owner-occupied properties to investment properties, the amounts included in the revaluation reserve are transferred directly to retained surplus.

(o) Property and equipment

The deemed cost for any reclassification (between investment properties and owner-occupied properties) is at fair value, at the date of reclassification.

Depreciation is recognised in profit or loss at rates appropriate to the expected useful lives of owner-occupied buildings and any significant component part. Land is not depreciated. Depreciation is calculated on the opening open-market fair value less any expected residual value. If the expected residual value is greater than or equal to the carrying value, no depreciation is provided for. On the date of the revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the property and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is directly transferred net of any related deferred taxation, between the revaluation reserve and retained earnings as the property is utilized. Depreciation period for owner-occupied period is 25-40 years.

(p) Revaluation reserves

The company assesses and records at the end of the year any impairment which may result into fair value of its unlisted equities.

(q) Deferred acquisition costs

The Company computes unearned premium computation on net premium basis (Gross premium-commission-reinsurance). This results in there being no deferred acquisition costs for consideration. Consequently, the Company does not recognize deferred acquisition costs.

(r) Current and deferred income taxation

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(r) Current and deferred income taxation (continued)

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognized directly in other comprehensive income/equity are also recognized in other comprehensive income/equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(s) Value added tax

Expenses and assets are recognized net of the amount of VAT tax, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable,
- When receivables and payables are stated with the amount of VAT tax included.

The net amount of VAT tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(t) Leases

Right of use assets

Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Amounts expected to be payable under any residual value guarantee.
- The exercise price of any purchase option granted in favor of the company, should it be reasonably certain that this option will be exercised.
- Any penalties payable for terminating the lease, should the term of the lease be estimated based on this termination option being exercised.

The company applies the cost model after the initial measurement of the right-of-use assets.

Depreciation on right-of-use assets

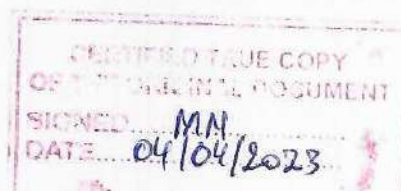
Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the company at the end of the lease term, whereby the right-of-use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of general marketing and administration expenses.

Termination of leases

When the company or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognized. On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss.

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease

When the company reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(u) Leases – continued

Lease modifications that are accounted for as a separate lease

When the company modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the company accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the company elected the short-term lease exemption and the lease term is subsequently modified.

(u) Financial instruments

Financial assets

Financial assets include financial investments, assets held for trading and for hedging repurchase agreements, scrip and collateral assets, components of receivables that are not measured under IFRS 4, cash and cash equivalents and intercompany balances.

Financial assets are classified based on the business model and nature of cash flows associated with the instrument.

Amortized cost financial instruments	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): - Held within a business model whose objective is to hold the debt instrument (financial asset) to collect contractual cash flows. - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. The company have no equity instruments that have been elected to be measured at fair value through other comprehensive income.
Designated at fair value through profit or loss	This assessment includes determining the objective of holding the asset and whether the Financial assets are designated to be measured at fair value to eliminate or significantly.
Fair value through other comprehensive income	Financial assets that are not classified into one of the above-mentioned financial asset classes.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial assets - continued

Financial assets subsequent measurement

After initial measurement, financial assets are classified, according to the business model assessment, in their respective categories and measured at either amortized cost or fair value as follows:

Amortised cost (loans receivable)	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate. Interest income is shown as a separate line on the face of the income statement (combined with interest income on financial assets held at fair value through OCI).
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to fair value adjustments on financial instruments. Expected credit impairment losses are recognised as part of impairment charges. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on debt financial assets is recognised in interest income in terms of the effective interest method. Interest income from these assets is shown as a separate line on the face of the statement of profit or loss (combined with interest from financial assets held at amortised cost).
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on financial assets are recognised in the income statement as part of fair value gains or losses on financial instruments.
Fair value through profit or loss (default)	Fair value gains and losses on financial assets are recognised in the income statement as part of fair value gains or losses on financial instruments.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Impairment

Expected credit losses (ECL) are recognised on debt financial assets classified as at either amortized cost or fair value through OCI.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. A significant change in credit risk (SICR) is when there is a material change in the probability of default since origination. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Impairment (continued)

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	Lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: — Default: A financial asset is in default when there is objective evidence of impairment. Exposures which are overdue for more than 90 days are also considered to be in default. — Significant financial difficulty of borrower and/or modification — Probability of bankruptcy or financial reorganisation — Disappearance of an active market due to financial difficulties.

ECL's are recognised as a deduction from the gross carrying amount of the asset. Therefore, financial assets subject to ECL's are disclosed on a net basis in the statement of financial position. The gross ECL disclosures are disclosed in the note.

Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

The company 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



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

on advice from economic experts and consideration of a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the company operates, supranational organizations such as the Organization 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 company for other purposes, such as strategic planning and budgeting. The company also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Cash and cash equivalents

Cash and cash equivalents comprise:

- balances with banks.
- highly liquid short-term funds on deposit; and
- cash on hand.

Instruments included in this category are those with an initial term of three months or less from the acquisition date. It does not include money market securities held for investment. Cash and cash equivalents are classified according to the business model assessment, either at fair value through profit or loss default, or at amortized cost. Due to the short-term nature of cash and cash equivalents, the amortized cost approximates fair value.

Prepayments and other receivables

Other receivables are initially measured at fair value with subsequent measurement at fair value through profit or loss (default) or at amortized cost. Those balances at amortized cost are subject to ECL impairment testing. The company has elected to apply the simplified approach for trade receivables that do not contain a significant financing component, contract assets and lease receivables. This means that the entity assesses lifetime losses on day one and does not have to do the three-stage testing as per the general ECL calculation. Prepayments are not financial instruments as defined.

Reclassification

Reclassifications of financial assets under IFRS 9 are permitted when, and only when, the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

Transactions with related party companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures, and associates and are recognized initially at fair value plus direct transaction costs. Loans to related companies are classified as loans and receivables. Loans from related

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

companies are classified as financial liabilities measured at amortized cost. Loans to shareholders, directors, managers, and employees are classified as loans and receivables.

Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The carrying amount of the asset is reduced by an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Financial liabilities

Financial liabilities include financial liabilities under investment contracts and other payables.

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. There were no financial liabilities in this category at year end
Designated at fair value through profit or loss	IFRS 9, contains an option to designate a financial liability as measured at FVTPL when: - — doing so significantly reduces or eliminates an accounting mismatch that would arise from measuring assets and liabilities or recognising gains or losses on different basis. — the liability is part of a group of financial liabilities that are managed, and performance is evaluated on a fair value basis. There were no financial liabilities in this category at year end
Amortised cost	All financial liabilities as at year end were included in the above categories.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Subsequent measurement

Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including finance costs but excluding fair value gains and losses attributable to own credit risk) recognised in the fair value adjustments on financial instruments. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within profit or loss.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Inter-company loans

Based on an assessment of the business model and contractual cash flows under IFRS 9, in the company financial statements, inter-company loans (being financial instruments) are classified at amortized cost.

Reclassification

A financial liability may not be reclassified.

Derecognition

Financial liabilities are derecognized when they are extinguished, that is when the obligation is discharged, cancelled, or expires.

Trade and other payables

Trade payables including accruals are recognized when the company has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the company. Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

(v) Rental income

Rental income arising from leases on investment properties is accounted when due. Bills paid lies in cash balances and non-paid in receivables.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(w) Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

(x) Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

(y) Provisions and contingencies

Provisions are recognized when:

- the company has a present obligation because of a past event.
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(y) Provisions and contingencies – continued

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision.

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least: the business or part of a business concerned.

- the principal locations affected.
- the location, function, and approximate number of employees who will be compensated for terminating their services.
- the expenditures that will be undertaken; and
- When the plan will be implemented; and has raised a valid expectation in those affected
- that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognized in business combinations that are recognized separately are subsequently measured at the higher of:

- the amount that would be recognized as a provision; and
- the amount initially recognized less cumulative amortization.

(z) Borrowing costs

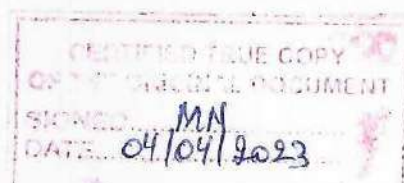
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.



Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(z) Borrowing costs – continued

Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(aa) Employee benefits

Defined contribution scheme

The company and all its employees contribute to the national Social Security Fund, which is a defined contribution scheme. As per the current law, the employee contributes in a portion of 3% whereby the company contribution is 5%. To this have been recently added, from 2019, 0.3% for maternity leave fund and 0.3 to support the "mutuelle de sante" fund.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.



Notes to the financial statements (continued)

3. Financial risk management

The company permanently measure its financial risk related to its financial instruments. Financial risk management is the process of understanding and managing the financial risks that the business might be facing either now or in the future. The idea is to understand what risks the company is willing to take, what risks to avoid, and how the company is going to develop a strategy based on its risk appetite.

The Company has exposure to the following risks from its use of financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations,

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, other than those relating to reinsurance contracts as described in reinsurance risk, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position. The Company seeks to limit its credit risk with respect to customers by setting credit limit for individual customers and monitoring outstanding receivables. Premiums and insurance balances receivable comprise many customers and insurance companies within Rwanda.

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

- reinsurers' share of insurance liabilities.
- amounts due from reinsurers in respect of claims already paid.
- amounts due from insurance contract holders.
- amounts due from insurance intermediaries.



Notes to the financial statements (continued)

3. Financial risk management (continued)

Investments

The Company limits its exposure to credit risk by only investing in liquid securities. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022 Frw '000	2021 Frw '000
Financial assets – bonds and equities	27,933,618	26,433,906
Due from reinsurers	41,268	43,328
Trade and other receivables	683,166	249,258
Investments at amortized cost	18,540,838	12,880,102
Cash at bank	2,262,765	1,454,057
	<u>49,461,654</u>	<u>41,060,651</u>

None of the assets above are past due or impaired. The expected credit loss is immaterial and have been estimated to zero.

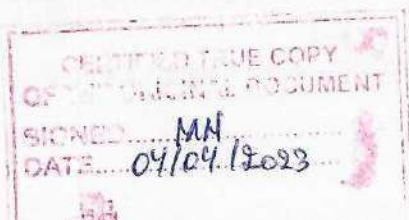
Trade receivables aging analysis

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables arising out of direct insurance arrangements. The expected loss rates are based on the payment profiles of premiums over a period of 24 months before 31 December 2021 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2021 was determined as follows for receivables arising out of direct insurance arrangements.

	0-30 Days Frw '000	31-60 Days Frw '000	61-90 Days Frw '000	91 Days and above Frw '000	Total Frw '000
Past due but not impaired					
31 December 2022	-	683,166	-	-	683,166
31 December 2021	-	249,258	-	-	249,258

Resultant ECL is immaterial which has not been recorded.



Notes to the financial statements (continued)

3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the business will encounter difficulty in raising funds to meet commitments associated with financial instruments and insurance liabilities.

The Company monitors its daily cash flow requirements and optimizes its cash return on investments by immediately investing any excess cash on hand. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Impact of COVID 19 on liquidity risk

The following table provides an analysis of financial assets and liabilities of the company into relevant maturity based on the remaining periods to maturity. It also shows the applicable effective interest rates and the periods within which the financial assets and liabilities reprice.

2022	Less than 3 months	3 - 12 Months	1 - 5 Years	After 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Financial assets					
Financial instrument at FVPL	2,416,427	-	12,906,535	9,481,655	24,804,618
Trade and other receivables	683,166				683,166
Due from re-insurers	-	41,268	-	-	41,268
Invest. at amortized cost		18,540,838			18,540,838
Cash and cash equivalent	2,262,765	-	-	-	2,262,765
	5,362,357	18,582,106	12,906,535	9,481,655	46,332,654
Liabilities					
Insurance contract liabilities	3,507,713	5,998,267	9,601,059	16,669,159	35,776,197
Due to Reinsurers	219,599	-	-	-	219,599
Due to related parties	-	212,086	-	-	212,086
Trade and other payable	-	3,780,768	-	-	3,832,151
	3,727,311	9,991,120	9,601,059	16,669,159	39,988,649
Liquidity gap	1,635,046	8,590,986	3,305,476	(7,187,504)	6,344,005



Notes to the financial statements (continued)

3. Financial risk management (continued)

(b) Liquidity risk (continued)

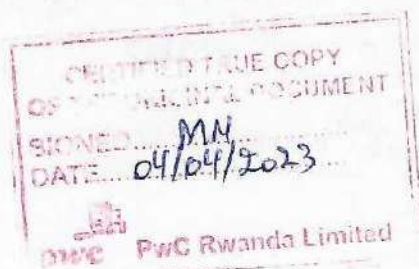
2021	Less than 3 months Frw '000	3 - 12 Months Frw '000	1 - 5 Years Frw '000	After 5 Years Frw '000	Total Frw '000
Financial assets					
Financial assets - bonds		5,703,139	11,083,746	6,891,833	23,678,718
Trade and other receivables	1,353,223	-	-	-	1,353,223
Due from re-insurers	43,327	-	-	-	43,327
Cash and cash equivalent	1,454,057	11,827,383	-	-	13,281,440
	2,850,607	17,530,522	11,083,746	6,891,833	38,356,708
Liabilities					
Insurance contract liabilities	3,317,389	5,367,965	13,264,576	9,773,738	31,723,668
Due to Reinsurers	454,901	-	-	-	454,901
Due to related parties	-	44,757	-	-	44,757
Trade and other payable	-	2,151,217	-	-	2,151,217
	3,772,290	7,563,939	13,264,576	9,773,738	34,374,543
Liquidity gap	(921,683)	9,966,583	(2,180,830)	(2,881,905)	3,982,165

The gap arising between asset and liability liquidity period is managed by reinvesting the short-term maturing assets.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market price risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investments.



Notes to the financial statements (continued)

3. Financial risk management (continued)

Foreign currency exposure

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The amounts below summarize the foreign currency exposure position as at 31 December 2021 and 31 December 2020. The company does not have any liability denominated in external currency.

Assets	USD	Rate	Total Frw '000
Foreign denominated balances as at 31 December 2022	87,851	1,081	94,995
Foreign denominated balances as at 31 December 2021	10,346	1,010	10,446

Sensitivity analysis

Closing and average rate are respectively 1,009.62 and 1,019.061

The following table demonstrates the sensitivity, to a reasonable possible change in the USD, with all other variables held constant, of the company's profit before tax due to changes in fair value of monetary assets. No creditors or liabilities in foreign currency.

This percentage derived from the of USD to local currency in the past three years.

		Effect on profit before tax
As at 31 December 2022	Changes in USD +- 6%	+5,700
As at 31 December 2021	Changes in USD +- 6%	+ 627

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments.

The company ensures that its investments are held primarily at fixed interest rates to avoid fluctuations in earnings due to change in interest rates though they are exposed to fair value changes.

The company has short term fixed deposits with banks and long terms investments on bonds.

	Change in variables	Effect on P&L
As at 31 December 2022		
Short term deposits	-1%	(173,600)
As at 31 December 2021		
Short term deposits	-1%	(110,324)

Notes to the financial statements (continued)

3. Financial risk management (continued)

(c) Market risk (continued)

Price risks

Equity price risk arises from equity securities held. Management of the Company monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Asset Liability Committee.

The primary goal of the Company's investment strategy is to maximize investment returns to meet partially the Company's claims payment obligations.

If prices in the stock exchange changed by +/-5%, the effect on the PBT is as follows.

As at 31 December 2022	Change in variables	Effect on PBT
Rwanda Stock Exchange	(5%)	-
As at 31 December 2021		
Rwanda Stock Exchange	(5%)	-

There is no sensitivity as the company does not hold listed shares

(d) Insurance risk

(i) *Claims are payable on claims occurrence basis*

The company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term.

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

The Company reinsurance placement policy assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.



Notes to the financial statements (continued)

3. Financial risk management (continued)

(d) Insurance risk (continued)

(ii) Insurance contract liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged.

These liabilities are measured by at the end of year by actuarial valuation using the net premium method.

The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the company.

For permanent assurances, the liabilities are determined by deducting the present value of future net premiums from the present value of the sum assured.

For individual retirement business, the reserve is the full amount of fund standing to the credit of the policy holder at the valuation date including interest for the year. The death guarantee is based on the sum at risk for each policy.

For Group life business, the reserve is based on the unearned net premium at the valuation date with an allowance in respect of reassurances ceded for group life policies.

Adjustments to the liabilities at each reporting date are recorded in the income statement in 'Gross change in contract liabilities'. Profits originated from margins of adverse deviations on run-off contracts are recognised in the income statement over the life of the contract, whereas losses are fully recognized in the income statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged, or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Any inadequacy is recorded in the income statement by establishing an additional insurance liability for the remaining loss.

Impairment losses can be reversed in future years if the impairment no longer exists.

Notes to the financial statements (continued)

3. Financial risk management (continued)

(d) Insurance risk (continued)

(ii) Insurance contract liabilities (continued)

Methodology

The Company uses Gross Premium valuation methodology for individual life business. For guaranteed business, reserves are kept based on the fund values for each policy per the system build up. The full value of the fund is kept for in-force and dormant policies. The surrender value is kept for paid up policies while the fund value with an adjustment for reinstatement probability is kept for lapsed policies.

The total reserve on any given policy at is at a minimum equal to the surrender value of on the policy. For group life and group mortgage business, IBNR reserve based on the Bornheutter-Ferguson method is kept. The unearned premium reserve (UPR) is calculated on a straight-line method. For group credit facilities, the UPR is calculated on a reducing balance of the single premium received.

Assumptions

The following economic assumptions have been applied:

- Discount rate and inflation: The latest published yield curve from the National Bank of Rwanda (BNR) is used to determine the valuation rate. A risk discount rate of 18.1% is used. Inflation has been set at a -3% margin to the valuation rate which is consistent with data from the National Institute of Statistics of Rwanda.

The following non-economic assumptions have been applied:

- Mortality: The Company uses 100% of the Rwanda mortality tables.
- Individual life persistency assumptions:

	Dec-22 %	Dec-21 %
Individual life persistency assumptions		
Year 1 lapse (Funeral/Education/Retirement)	28/29/22	28/29/22
Year 2 lapse (Funeral/Education/Retirement)	16/17/10	16/17/10
Year 3 lapse (Funeral/Education/Retirement)	20/12/9	20/12/9
Premium collection - Education	85.6	86
Premium collection - Retirement	92	92
Premium collection - Safe Family and Funeral	90.5	90
Premium collection - Pension	94.1	92



Notes to the financial statements (continued)

3. Financial risk management (continued)

(d) Insurance risk (continued)

Insurance contract liabilities (continued)

Concentration risk

The table below shows the concentration risk of the business as at and for the year ended 31 December 2022:

Product	Policy Count	Premium Received Frw	Sum Assured Frw	Provisions Dec 2022 Frw	Provisions Dec 2021 Frw
Group Life	6,380	831,056,783	85,176,333,543	117,469,829	152,158,094
Group Credit	217,946	9,713,572,209	725,581,018,660	4,146,229,514	3,427,745,444
Group Mortgage	4,311	941,892,447	67,801,086,006	202,139,920	187,719,732
Education Plan	35,213	5,906,296,548	69,998,941,453	15,528,549,126	14,409,353,197
Retirement Plan	12,800	1,105,056,606	13,969,767,063.3	4,130,341,929	4,259,514,082
Pension Plan	3,745	503,202,040	1,573,638,778	1,698,862,787	1,496,094,863
Teganya Plan	42,392	6,095,079,861	8,473,138,215	8,098,381,738	6,996,729,312
Funeral Plan	25,672	840,478,559	95,226,256,000	819,179,055	305,490,550
Safe Family	14,521	1,047,832,535	71,842,513,671	110,733,375	114,061,347
Outstanding Claims	-	-	-	250,000	945,000
Matured policy reserve	-	-	-	-	-
Data reserve on savings products	-	-	-	-	144,830,945
IBNR	-	-	-	312,355,746	194,728,170
Micro insurance	-	-	-	611,704,121	34,297,200
Total	362,980	26,984,467,588	1,139,642,693,389	35,776,197,140	31,723,667,937

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OF FINANCIAL DOCUMENT
SIGNED: MN
DATE: 04/04/2023
PwC PwC Rwanda Limited

Notes to the financial statements (continued)

3. Financial risk management (continued)

(d) Insurance risk (continued)

Insurance contract liabilities (continued)

(e) Reinsurance risk

In common with other insurance companies, to minimize financial exposure arising from large insurance claims, the Company, in the normal course of business, enters arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under excess of loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristic of the reinsurers.

Reinsurance contracts do not relieve the Company from its obligations to cedants and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Capital management

In Rwanda, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in addition to its insurance liabilities. The minimum required capital must always be maintained throughout the year.

The Company is subject to insurance solvency regulations and is required to comply with solvency regulations. The Company has embedded in its Asset Liability Policy Framework the necessary tests to ensure continuous and full compliance with such regulations.

The solvency and capital adequacy margins are calculated based on distribution of assets among investment classes, and the matching of specific classes of assets and liabilities.

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

- (i) Comply with the capital requirements as set out by the regulator
- (ii) Comply with the regulatory solvency requirements as set out by the regulator
- (iii) Safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders
- (iv) Provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.



Notes to the financial statements (continued)

3. Financial risk management (continued)

(d) Insurance risk (continued)

Insurance contract liabilities (continued)

The Regulator requires each insurance company to hold the minimum level of paid-up capital depending on the insurance business they carry. Long term insurance business is required to maintain the minimum capital of FRW 500 million and the minimum solvency rate of 120%

The solvency margin of the Company as at 31 December 2022 and 2021 from the Actuarial report is illustrated below:

	2022 Frw '000	2021 Frw '000
Admitted assets	53,356,505	45,232,741
Admitted liabilities	45,278,033	39,030,598
Margin	1,513%	1,240%



Notes to the financial statements (continued)

4. Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset/liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The table presents the company's financial assets measured at fair value at 31 December 2022 and 31 December 2021

31 December 2022	Level 1 (Frw'000')	Level 2 (Frw'000')	Level 3 (Frw'000')	Total (Frw'000')
Unlisted equities	-	-	3,129,000	3,129,000
31 December 2021	Level 1 (Frw'000')	Level 2 (Frw'000')	Level 3 (Frw'000')	Total (Frw'000')
Equity securities				
Unlisted	-	-	2,755,189	2,755,189

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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 company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Rwanda Securities Exchange (RSE).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) 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.



Notes to the financial statements (continued)

4. Fair value measurement – continued

Level 3 reconciliation

	2022 Frw '000	2021 Frw '000
At 1 January	2,755,189	2,755,189
Revaluation gains	373,811	374,995
At 31 December	<u>3,129,000</u>	<u>2,755,189</u>

The movement between 2021 and 2022 is the result of the revaluation carried as at end of the year 2022

The market may not be ready for such investments and this can lead to unreliable estimates on the real position of the equities. IFRS requires measurement and disclosures to be recorded without "undue cost". A consideration for the cost versus benefit of attempting a valuation under the current uncertain circumstances would likely result in not only valuations bogged by uncertainties but would also incur undue cost and effort.

The management position is to wait for the economic situation to stabilize to order a professional valuation for its investment in unquoted equities.

5 (a) Gross written premium

	2022 Frw'000	2021 Frw'000
Retirement	642,698	595,933
Pension	2,975,900	3,795,862
Teganya Plan	1,127,753	-
Education plan	5,708,067	5,197,710
Credit protection	4,358,424	3,038,001
Sponsored account	77	773
Safe family	862,802	895,418
Group Life	963,468	911,721
Funeral plan	805,368	775,178
	<u>17,444,556</u>	<u>15,210,596</u>



Notes to the financial statements (continued)

5 (b) Reinsurance written premium (premium ceded to reinsurers)

Reinsurer/Coinsurer	2022 Frw'000	2021 Frw'000
CICA RE	-	(11,526)
ZEP RE	123,503	61,905
AFRICA RE	61,751	29,485
HANNOVER RE	1,148,351	715,879
KENYA RE	-	-
EA RE	-	(5,683)
COINSURERS	5,154	108,936
Total	1,338,760	898,995

6 Provision for unearned premium

Movement in unearned premium reserve	1,903,861	1,303,407
	1,903,861	1,303,407

	2022 Frw'000	2021 Frw'000
Unearned premium reconciliation		
Balance brought forward as at 1 January	4,416,201	3,112,794
Premiums earned and written during the year	1,903,861	1,303,407
Balance carried forward at the end of the year	6,320,062	4,416,201
Change for the year	1,903,861	1,303,407

	2022 Frw'000	2021 Frw'000
7 Investment income		
Investment income	3,904,413	3,356,774
Rental income	434,481	476,138
Dividend income	20,400	19,012
	4,359,294	3,851,924

8 Investment surpluses

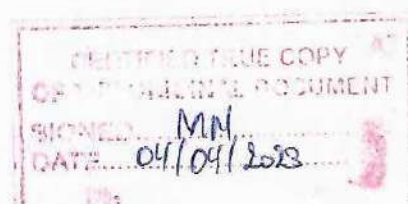
Recovery on Loss on disposal of unlisted equities	142,693	-
Gain on revaluation of Investment property	93,867	(26,307)
Net loss on revaluation	236,560	(26,307)

9 Income from reinsurance contracts ceded

Commission income from re-insurers	545,730	340,869
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10 Other income

Income on surrenders	258,922	226,871
Other income	210,748	180,030
	469,670	406,901



Notes to the financial statements (continued)

11 Net insurance claims

	2022 Frw'000	2021 Frw'000
Life and death claims (net of reinsurance share)	2,596,450	2,609,786
Surrenders and annuity payments	6,724,4873	5,774,403
Maturities	138,792	115,297
Increase in actuarial value of insurance contract liabilities	1,558,716	2,841,759
Interest declared on deposit administration contracts	590,898	449,533
	<u>11,608,398</u>	<u>11,790,778</u>

Surrenders claims relate to the voluntary termination of policies by policyholders. Management recognize actual claims on surrenders at each reporting period.

12 Cost of acquisition of insurance contracts

	2022 Frw'000	2021 Frw'000
Cost of acquisition of insurance contract	1,508,572	1,222,533
Cost of acquisition of insurance contracts	<u>1,508,572</u>	<u>1,222,533</u>

The Company changed the basis of its unearned premium computation such that the same is computed on net premium (Gross premium-commission-reinsurance). This results in there being no deferred acquisition costs for consideration.

13 Employee benefits

	2022 Frw'000	2021 Frw'000
Direct staff costs	799,821	740,571
Short term employee benefits	133,441	126,909
Directors' Remuneration - Executives	361,435	328,187
	<u>1,294,697</u>	<u>1,195,667</u>



Notes to the financial statements (continued)

14 Operating expenses

	2022 Frw'000	2021 Frw'000
Advertising	23,802	22,543
Bank charges	13,225	7,457
Consulting and professional fees	446,951	190,439
Consumables	200,595	115,655
Donations	12,415	1,616
Other operating expenses	312,403	326,115
Fines and penalties	8,622	-
Provision	832,188	167,213
Insurance	20,173	11,580
Documentation	2,370	3,338
Non-refundable taxes	148,741	115,081
Repairs and maintenance	85,433	125,752
Subscriptions	3,983	6,648
Telephone and fax	52,810	27,214
Transport and freight	277,157	174,201
Travel - overseas	13,816	1,092
Utilities	25,696	24,702
Audit fees	37,964	25,416
	2,518,344	1,346,062

15 Income tax expense

	2022 Frw'000	2021 Frw'000
Current income tax	1,254,033	529,8973
Deferred income tax	(358,403)	129,807
	895,630	659,704
Profit before income tax	2,807,053	1,945,648
Tax calculated at the statutory income tax rate of 30% (2021 - 30%)	842,116	583,693
Tax effect of:		
Expenses not deductible for tax purposes	96,037	(53,797)
Prior year underprovision for tax	(42,523)	
Income not allowable for tax	-	123,808
	895,630	659,704

Notes to the financial statements (continued)

16 (a) Property and equipment

	Furniture and Fixture Frw'000	Motor vehicles Frw'000	IT equipment Frw'000	Land Frw'000	Building Frw'000	Total Frw'000
1-Jan-22	511,873	307,895	165,777	441,047	775,818	2,202,410
Additions	11,633	-	8,930	-	-	20,563
Revaluation gain	-	-	-	-31,692	38,223	6,531
Disposals	(1,080)	(35,318)	(605)	-	-	(37,003)
At 31 December 2022	522,425	272,577	174,102	409,355	814,041	2,192,500
Accumulated depreciation						
1-Jan-22	454,985	229,222	138,204	-	429,943	1,252,354
Charge for the year (Note 16)	14,755	10,757	14,399	-	36,215	76,126
Elimination of disposals	(1,080)	(17,654)	(605)	-	-	(19,339)
At 31 December 2022	468,660	222,325	151,998	-	466,158	1,309,142
NBV as at 31 December 2022	53,765	50,252	22,104	409,355	347,882	883,358
1-Jan-21	522,410	307,895	162,059	398,791	719,596	2,110,752
Additions	11,267	-	20,240	42,256	56,222	129,985
Disposals	(21,805)	-	(16,523)	-	-	(38,327)
At 31 December 2021	511,873	307,895	165,777	441,047	775,818	2,202,410
Accumulated depreciation						
1-Jan-21	461,982	215,116	137,214	-	393,729	1,208,040
Charge for the year	14,808	14,106	15,765	-	36,215	80,894
Elimination of disposals	(21,805)	-	(14,775)	-	-	(36,579)
At 31 December 2021	454,985	229,222	138,204	-	429,943	1,252,354
NBV as at 31 December 2021	56,888	78,673	27,573	441,047	345,875	950,055



Notes to the financial statements (continued)

16 (b) Intangible asset

As at end of December 2022, the business was still building EDMS (Electronic Data Management System) which will help in efficient management of data and documents as well as assist in minimization of archiving space. The total expenses incurred to date for the software amounted.

	2022 Frw '000	2021 Frw '000
Opening	61,360	28,579
Additions	62,887	32,781
At 31 December	124,247	61,360
Accumulated amortization	-	-
NBV as at 31 December	124,247	61,360

16 (c) Depreciation

The company depreciates its assets by applying the rates as per its depreciation policy Hereafter the comparative of depreciation recorded in 2022 and 2021

	2022 Frw' 000	2021 Frw '000
Depreciation headquarter, own use	36,215	36,215
Depreciation office equipment	7,039	4,832
Depreciation motor vehicles	10,757	14,106
Depreciation IT equipment	14,399	15,765
Depreciation equipment buildings	7,716	9,976
	<u>76,126</u>	<u>80,894</u>

17 Investment in unquoted equity instruments

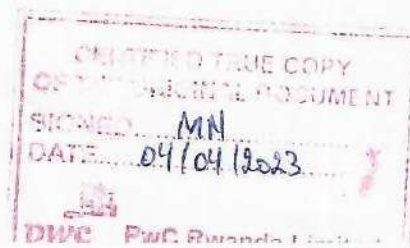
	2022 Frw'000	2021 Frw'000
Rwanda Investment Group	712,000	690,365
Cogebanque	2,417,000	2,064,824
Maiserie Mukamira	-	200,000
Impairment Maiserie Mukamira	-	(200,000)
	<u>3,129,000</u>	<u>2,755,189</u>

The business does not have any quoted equities.

Valuation of unlisted equities

Rwanda Investment Group and Cogebanque shares

We applied different approaches in the valuation of each of the companies and based our conclusions on the Adjusted Net Asset (NAV) for Rwanda Investment Group (RIG) and Market approach: Comparable Company Multiples for Cogebanque Plc. Other methods have therefore been used as reasonability test against our recommended final valuations.



Notes to the financial statements (continued)

17 Investment in unquoted equity instruments (continued)

The table below shows the percentages of investments in the equity investments:

	Dec 2022	Dec 2021
Rwanda Investment Group	4.3%	4.3%
Cogebanque	6.98%	6.98%

The Directors have made an assessment and concluded that the Company does not have significant influence over the investee Companies neither does it control the same investee Companies. The investments are in scope of IFRS 9 being at fair value through profit or loss. Consequently, valuation has been measured in line with IFRS 13.

18 Investment properties

	2022 Frw '000	2021 Frw '000
Balance at 1 January	6,235,394	6,261,701
Disposal during the year	(1,355,955)	-
Fair value changes	93,866	(26,307)
Carrying value as at 31 December 2022	4,973,305	6,235,394

Investment property relates to the company office buildings leased out to other tenants and the company apartments. As at 31 December 2022, the fair values of the properties are based on valuations performed by 2020 Construction Limited accredited independent value.

In arriving at the valuation figures the following principles have been assumed and applied;

- A willing buyer and willing seller both of whom are fully informed about the property and not acting out of compulsion.
- That to the date of valuation, a reasonable period would be allowed to properly market the property considering the
- That the state of the market, levels of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation

That no account would be taken of any bid by a purchaser with special interest.

Investment property valuation Hierarchy

Investment property is recognised in level 2 of valuation hierarchy which includes significant unobservable inputs.

	Level 1 Frw'000	Level 2 Frw'000	Level 3 Frw'000
31-Dec-22			
Investment property	-	4,973,305	-
31-Dec-21			
Investment property	-	6,235,394	-

Notes to the financial statements (continued)

19	Due from related parties	2022 Frw 000	2021 Frw 000
	Sanlam Rwanda Limited – Common controlled	264,355	264,355
	Sanlam Towers – Common controlled	35,086	50,000
		<u>299,441</u>	<u>314,355</u>

Related party companies can support each other for very short term and no interest is applicable. A big component of the balances between local entities is made of internal bank transfers made by customers on one entity account instead of another and they are directly paid by end of the month after reconciliation.

20	Other assets and prepaid expenses	2022 Frw 000	2021 Frw 000
	Rental income receivables	122,734	146,751
	Receivables from commercial agents	115,595	71,521
	Inventory of stationaries	3,401	4,983
	Other assets	525,803	77,250
	Expected credit loss	(84,367)	(51,246)
		<u>683,166</u>	<u>249,258</u>

Movement in expected credit loss is as follow

At 1 January	(51,246)	-
Movement	(33,121)	(51,246)
At 31 December	<u>(84,367)</u>	<u>(51,246)</u>

Other assets and prepaid expenses are non-interest bearing and are generally on short term period of 30 to 90 days and are expected to be recovered within twelve months after the reporting date. The carrying amount of trade and other receivables approximates their fair values.

21	Due to reinsurers	2022 Frw 000	2021 Frw 000
	CICA RE	(20,628)	(13,726)
	ZEP RE	7,991	(19,130)
	AFRICA RE	716	(3,846)
	HANOVA RE	202,474	430,088
	KENYA RE	(11,912)	11,238
	EA RE	(8,728)	(6,626)
	Coinsurers	8,417	13,575
	Net amount due to reinsurers	<u>178,331</u>	<u>411,573</u>
	Gross balances		
	Due to reinsurers	219,599	454,901
	Due from reinsurers	(41,268)	(43,328)



Notes to the financial statements (continued)

22	Investment securities at FVPL	2022 Frw'000	2021 Frw'000
	Investment in Government bonds	24,604,618	23,678,717
		<u>24,604,618</u>	<u>23,678,717</u>

The value of the Government bond is measured at fair value by discounting both principal and expected cash flow in form of coupon using the yield rates availed by the National Bank of Rwanda at the date of valuation. The model is built in the way to take into consideration the sensitivity for both to interest rate and additional margin to sum up a total discount rate of 0.5% to the prevalent rate displayed by the National Bank of Rwanda at the valuation date (31 December 2022).

23	(a) Cash and bank	2022 Frw'000	2021 Frw'000
	Cash on hand	125	120
	Cash at bank	2,282,094	1,453,937
	Expected credit loss	(19,454)	-
	Total	<u>2,262,765</u>	<u>1,454,057</u>

Movement in expected credit loss is as follow

At 1 January	-	-
Movement	19,454	-
At 31 December	<u>19,454</u>	<u>-</u>

(b) Investment securities at amortised cost

	2022 Frw'000	2021 Frw'000
Term Placements	18,163,767	12,580,102
Expected credit loss	(31,929)	-
Total	<u>18,131,838</u>	<u>12,580,102</u>

Movement in expected credit loss is as follow

At 1 January	-	-
Movement	31,929	-
At 31 December	<u>31,929</u>	<u>-</u>

Term placements are deposits in local financial institutions for a period of 1 year to 2 years. All deposits are subject to an average variable interest rate of 9.41% (2021: 9.2%).



Notes to the financial statements (continued)

24 Insurance contract liabilities

	2022 Frw'000	2021 Frw'000
Risk contract reserves		
Safe family	110,733	114,062
Funeral plan	819,179	305,491
UPR Group products	4,706,112	3,801,920
Incurred but Not Reported (IBNR, net of reinsurance share)	683,787	195,673
	6,319,812	4,417,146
Saving contract reserves		
Education Plan - Mathematical provision	15,528,549	14,409,353
Retirement Plan - Mathematical provision	5,829,205	4,259,514
Teganya Plan and pension	8,098,382	8,492,824
Provision for claim	250	945
Provision for matured policies	-	143,886
	29,456,386	27,306,522
Total	35,776,197	31,723,668

25 Deferred income tax liability

The following table shows deferred tax recorded on the statement of financial position under the non-current liabilities and changes recorded in the income tax expense.

2022 FRW '000'	01-Jan	charge/ (credit) to income statement	credit to OCI	31-Dec
Property and equipment	1,579,693	(195,378)	(1,959)	1,382,356
Other temporary differences	(149,176)	(189,225)	-	(338,401)
Fair value loss on financial assets – Note 14 (c)	112,499	254,405	(112,143)	254,761
	1,543,016	(130,198)	(114,102)	1,298,716
2021				
Property and equipment	1,532,211	77,044	(29,562)	1,579,693
Other temporary differences	(231,501)	37,699	44,626	(149,176)
Fair value loss on financial assets – Note 14 (c)	-	-	112,499	112,499
	1,300,710	114,743	127,563	1,543,016



Notes to the financial statements (continued)

26 Related party transactions

	2022 Frw 000	2021 Frw 000
Sanlam Emerging Market	164,459	
Sanlam Assurances Generals	47,627	44,757
	<u>212,086</u>	<u>44,757</u>

(a) Purchase of services

	2022 Frw 000	2021 Frw 000
Sanlam Assurance General	114,707	111,832

The Ultimate Parent Company is Sanlam Ltd incorporated in South Africa.

The above-mentioned outstanding balances arose from the ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022(2021: Nil), the company has not made any provision for doubtful debt relating to amounts owed by related parties. Amount due to and from related parties are expected to be recovered or settled within the twelve months period after the reporting period.

(b) Key management compensation

Key management personnel of the company include all directors and senior management. The summary of compensation of key management personnel for the year is as follows:

	2022 Frw 000	2021 Frw 000
Salaries	335,187	299,387
Bonus	47,920	57,583
Medical fees	6,524	7,293
Directors fees	59,828	49,804
Post-employment pension	8,380	7,485
Contribution to RSSB	16,759	14,969
	<u>474,598</u>	<u>436,521</u>

(c) Directors emoluments

	2022 Frw 000	2021 Frw 000
Directors fees	59,828	49,804



Notes to the financial statements (continued)

27 Current tax payable/(recoverable)

	2022 Frw'000	2021 Frw'000
Balance at 1 January	(4,717)	(74,167)
Tax paid in the year	(632,908)	(460,446)
Tax charge for the year	1,204,327	529,896
Balance at 31 December	566,702	(4,717)

28 Trade and other payables

	2022 Frw 000	2021 Frw 000
Trade payables	1,650,166	60,008
Other tax payables	41,483	246,079
Suspense accounts	333,588	378,186
Provisions	982,053	697,251
Dividend payable	773,478	-
Premium received after surrender	1,650,166	768,344
	3,780,768	2,149,868

The carrying amount of trade and other payables approximates fair value.

Suspense account comprises unallocated amount received waiting further clarification for owner identification for allocation or refund.

29 Share capital and reserves

(a) Share capital

	Number of shares	Value Frw '000
At 1 January 2022	200,000	2,000,000
Issued during the year	-	-
At 31 December 2022	200,000	2,000,000

Holders of ordinary shares are entitled to dividend when declared and one vote per share during Annual General Meetings. All the ordinary shares are authorized and fully paid up. The par value of each share is Frw 10,000.



Notes to the financial statements (continued)

29 Share capital and reserves (continued)

(b) Retained earnings.

These comprise prior year profits less any appropriation to credit risk plus current year profit. Movements in retained earnings are included within the statement of changes in equity in the financial statements.

(c) Other reserves

The revaluation reserve represents the surplus on the revaluation of buildings (own use) and freehold land net of deferred on income tax. The reserve is non-distributable.

(d) Non distributable reserves

Non distributable reserves relate to prior valuation gains/losses on equity instruments.

(d) Dividends

The declaration of dividend and its payout will be done in accordance with regulatory guidance. The Board will maximize the dividend amount as Shareholder's fund has enough liquidity to pay out any dividend in respect of 2022 results. In addition to other shareholders liquid assets, the fund comprises cash in term of deposits and available cash balances on bank accounts.

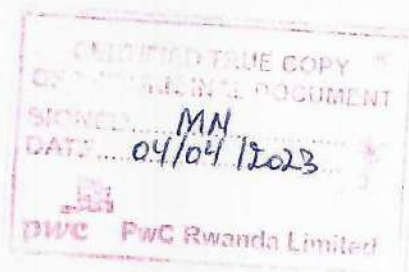
30 Contingent liabilities

Litigation is a common occurrence in the insurance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Company adjusts account for any adverse effects which the claims may have on its financial standing.

Based on information currently available, the unresolved claims which existed at year end have been provisioned at 100% with the amount of 123,825,326 Frw. Unpaid benefits have not been provisioned for as they have their reserves sitting in actuarial reserves

Ultimate Parent Company

The Ultimate Parent Company is Sanlam Emerging Market incorporated in South Africa



APPENDIX

SANLAM VIE

I. Calculation of Solvency Margin

Required Solvency Margin December 2022

I. Calculation of Solvency Margin

Required Solvency Margin

1	Gross Premium less reinsurance ceded last preceding year	14,311,601,143
2	Solvency Margin Required: Rwf 500 million	500,000,000
	Compliance with Solvency Margin	
3	Total Assets	55,742,005,454
4	Less: Non admitted Assets as per II.A.7	299,440,583
5	Less: Deductions for assets subject to maximum admissible % as per II.B.5	2,137,443,359
6	Admitted Assets I.3 less I.4 and I.5	53,305,121,513
7	Less Admitted Liabilities as per III.C.3	45,740,385,520
8	Solvency Margin Available (I.6 less I.7)	7,564,735,992
9	Excess or Deficiency of solvency required (I.8 less I.2)	7,064,735,992
10	Solvency Coverage Ratio (I.8 divided by I.2)	1513%

II.A. Non Admitted Assets

1	Intangible Assets	-
2	Exposure (Loans & Investment) to connected persons	299,440,583
3	Loans to Insurance Intermediaries overdue for more than 6 months	-
4	Receivables from reinsurers overdue for more than 6 months	-
5	Loans and other receivables overdue for more than 6 months	-
6	Deferred expenses, deferred taxes and prepayments	-
7	Non Admitted Assets (Add II.A.1. to 6)	299,440,583



II. B. Deductions for Assets Subject to Maximum Admissible Percentage

		A	Maximum admissible percentage (B)	Deductions (A less AxB)
1	Investment in equities: listed	-	90%	-
2	Investment in equities: Unlisted	3,129,000,000	70%	938,700,000
3	Investment in debt securities , Gov. Bond + IFC Bond	25,104,617,590	100%	-
4	Investments in properties	4,973,305,572	80%	994,661,114
5	Receivables from reinsurers which are non overdue	-	90%	-
6	a) All other Assets (Total assets less II.A.7 and II.B.1,2,3,4 and 5)	22,235,641,709	100%	-
	Less			-
	Cash	4,467,477,221	100%	-
	Deposit Balances	17,360,000,000	100%	-
	b) All other assets subject to maximum%	408,164,488	50%	204,082,244
7	Total Deductions (add II.B.1,2,3,4,5 and b6)			2,137,443,359

III.C. Admitted Liabilities

		Amount on Balance sheet A	Additional Percentage factor B	Admitted Liabilities (A plus Ax B)
1	Technical Provisions			
	Unearned Premium	-	0%	-
	Unexpired Risk	6,007,455,813	10%	6,608,201,395
	Outstanding claims	-	10%	-
	IBNR	312,605,747	10%	343,866,322
	Other provisions	29,456,135,579	10%	32,401,749,137
2	All other liabilities (Total Liabilities less technical provisions)	6,386,568,667	0%	6,386,568,667
3	Total Admitted Liabilities	42,162,765,807		45,740,385,520



SANLAM VIE PLC
DECEMBER 31ST 2022

Qualitative and quantitative disclosures

Item	Formula description	Amount/Ratio	
		Current Period (December 2021)	Previous period(Decembe r 2020
A. Solvency coverage			
SolvencyRequired		500,000,000	500,000,000
Admitted Assets		53,305,121,513	45,206,812,753
Admitted Liabilities		45,740,385,520	39,154,140,899
Solvency Available		7,564,735,992	6,052,671,853
Solvency surplus(Gap)		7,064,735,992	5,552,671,853
Solvency Coverage Ratio		1513%	1211%
B. Capital streingth			
TAC		13,567,015,339	12,610,000,712
RBC required		6,594,357,497	5,767,127,632
CAR		206%	219%
C.Earning risk			
Claim ratio	Net claims incurred /net earned premium	72%	80%
Management expense ratio	Management expenses/net earned premium	22%	17%
Underwriting expense ratio	Commission/Net earned premium	10%	9%
Combined ratio(For General insurance only)	Claim ratio+management expense ratio+U/W expense ratio	N/A	N/A
D. Investment exposure			
Investment exposure	Any investment above 10% of Total asset	Properties 9% ; Investment in Gov bonds 44% and bank deposits 33%, Total asset: 55,742,005,454	Properties 13% ; Investment in Gov bonds 49% and bank deposits 24%, Total asset: 48,626,532,153
Earning asset ratio	Earning Asset/Total asset	8%	8%
Investment properties ratio	Investment in property/Total asset	9%	13%
Equity asset ratio	Investment in Equity/Total asset	6%	6%

SANLAM VIE PLC
DECEMBER 31ST 2022

Qualitative and quantitative disclosures (continued)

E. Liquidity Risk			
Liquidity Ratio	Liquid assets/current Liabilities	555%	550%
Liquidity stress test ratio	10% increase of current liabilities	505%	500%
F.Exposure to related parties			
Loans to Directors and senior managers		-	-
Loans to employees/staff		-	-
Loans to Subsidiaries and affiliates		-	-
Loans to shareholders and holding companies		-	-
Investment in related parties		-	-
G. Operational risk			
Number and types of fraud and their corresponding amounts		-	-
H. Business composition			
Number of policyholders per branch		248,263	213,940
Number of policies in force per branch		330,207	294,152
I. Management and Board composition			
Number of Board members(Independent and non independents)		5 independent, 2 non independent	5 independent, 2 non independent
Number of Board committees		3	3
Number of senior manager by gender		13Male, 4 Female	13Male, 4 Female
J. Staff			
Total number of non managerial staff by gender		16Males/13Female	16Males/13Female
K.Insurance intermediaries			
Number of insurance agents		259	259
Number of loss adjuster		N/A	N/A
L. Branches			
Number of branches per province including Kigali City		1	1

Sanlam Vie Plc
Appendix to annual report and financial statements
For the year ended 31 December 2022

SANLAM VIE Plc
Product performance as at 31 December 2022

Types of Insurance (Include all Types)	Gross Premium Written	Premium Ceded (-)	Net premium Written	Total Claims Paid	Surrender	Other Benefits (Refund/Advances/Cancellations)	Bonus paid on cash or premium/increase in actuarial liabilities	Annuities and maturities paid	Net claims, surrenders and benefits	Commission Paid (-)	Management expenses (-)	Net Underwriting P/L
Ordinary Life	10,464,345,905	802,305,203	9,652,040,612	937,924,859	2,821,822,189	3,824,112,808	2,287,490,758	138,791,875	9,969,942,500	904,071,837	2,330,738,185	(3,572,711,910)
Traditional Life												
Term Life	963,488,180	73,940,123	889,528,057	900,400,918		(180,000)			900,220,918	83,318,885	214,799,854	(308,811,810)
Credit Life	4,359,054,836	334,530,042	4,024,524,794	454,365,263		67,907,433	697,270,992		1,219,543,688	376,952,724	971,828,994	1,456,191,368
Funeral and Other	805,368,092	61,806,936	743,561,156	143,170,660		4,677,521	513,688,505		661,536,686	69,646,692	179,552,330	(167,174,551)
Industrial Life												
Bond												
Investment												
Miscellaneous	882,319,086	68,177,585	798,141,501	150,598,174		6,347,512	574,078,949		741,014,635	74,571,703	192,249,232	(211,864,069)
Total	17,444,556,079	1,338,759,958	16,105,796,121	2,596,449,884	2,821,822,189	3,902,865,275	4,052,529,204	138,791,875	13,512,268,427	1,508,571,642	3,889,166,505	(2,804,200,752)

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SIGNED BY MN
DATE 04/04/2023
PwC Rwanda Limited

SANLAM VIE Plc MICRO BUSINESS PERFORMANCE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 December 2022

	Dec-22	Dec-21
	Rwf	Rwf
Gross written Premium	912,168,740	412,360,738
Less: Reinsurance written premium	-	-
Net Written premium	912,168,740	412,360,738
Provision for Unearned premium	649,490,173	34,297,200
Net Insurance Premium revenue	262,678,567	378,063,538
Investment Income	-	-
Net income	262,678,567	378,063,538
Claims paid	151,733,549	402,750,386
Acquisition cost	136,825,311	61,854,111
Expenses	82,228,433	67,467,056
Profit for the year from operating activities	(108,108,725)	(154,008,015)
Finance costs	-	-
Profit before tax	(108,108,725)	(154,008,015)
Income tax charge	-	-
Profit for the period/year	(108,108,725)	(154,008,015)
Other comprehensive income to be reclassified to profit or loss in subsequent periods net of taxes:		
Net gain on revaluation of assets	-	-
Net gain/loss on available for sale shares net of tax	-	-
Other comprehensive loss/income for the year	-	-
Total comprehensive income for the year, net of tax	<u>(108,108,725)</u>	<u>(154,008,015)</u>

