



CIC AFRICA LIFE ASSURANCE LTD

CIC AFRICA LIFE ASSURANCE LIMITED

# Annual Report & Financial Statements

*for the year ended 31<sup>st</sup> December 2022*





# Alfa & Omega Life Plan

*We keep our word*

Regulated by the Insurance Regulatory Authority of Uganda



# InvestPlan

*We keep our word*

*Regulated by the Insurance Regulatory Authority of Uganda*



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This report sets out how our strategy, governance, performance and prospects have led to the creation of value. As a business we are committed to being transparent and accountable to all our stakeholders.



## Directors

**Francis Ogwang \***  
Chairman

**Tom Omiti \*\***  
Director / CEO

**Nelson Kuria \*\***  
Director

**Derick Nkajja \***  
Director

**Diana Nabukenya \***  
Director

**Joseph Areu \***  
Director

**Christine Kawasiima \***  
Director

\*\* Kenyan

\* Ugandan

## Senior Management

**Tom Omiti**  
CEO / Principal Officer

**Baker Sekasi**  
Head of Finance

**Lynette Masese**  
Deputy Manager Underwriting & Claims

**Francis Ssemwanga**  
Assistant Manager in Charge of Saccos  
and Cooperatives

**Ismael Mukasa**  
National Sales Manager

**Pheonah Tusiime**  
HR & Admin Manager

## Principal Place of Business and Registered Office

2<sup>nd</sup> Floor, AHA Towers,  
Plot 7 Lourdel Road Nakasero,  
P.O. Box 34975,  
Kampala, Uganda.

## Company Secretary

Sebalu & Lule Advocates,  
Plot 14 MacKinnon Road,  
P.O. Box 2255,  
Kampala, Central Region, Uganda.

## Legal Advisors

Sebalu & Lule Advocates,  
Plot 4, Nile Avenue,  
P.O. Box 2255,  
Kampala, Uganda.

## Principal Bankers

Centenary Rural Development  
Bank Limited,  
Plot 44-46 Kampala Road,  
P.O. Box 1892,  
Kampala, Uganda.

## Independent Auditor

PricewaterhouseCoopers,  
Certified Public Accountants,  
10<sup>th</sup> Floor, Communications House,  
1 Colville Street,  
P.O. Box 882,  
Kampala, Uganda.

## Consulting Actuaries

The Actuarial Services  
Company Limited,  
Victoria Towers, Upper Hill,  
P.O. Box 10472 - 00100,  
Nairobi, Kenya.

## About This Report

The CIC Africa Life Assurance Limited Annual Report and Financial Statements 2022 contain information on our financial and non-financial performance for the financial year ended December 2022. The report sets out how our strategy, governance, performance and prospects have led to the creation of value. As a business we are committed to being transparent and accountable to all our stakeholders.

### Framework

The report has been prepared in compliance with global best practices and prudent accounting frameworks. It is aligned with the provisions of the Uganda Companies Act. The company's and consolidated Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS).

### Reporting Scope and Boundary

This report focuses on the performance of the company. The company's operations offer Life Assurance services.

The principal target for this report is our investors who need to make informed decisions about their shares for short, medium or long-term investment. However, it also contains information relevant to our other stakeholders who include, but are not limited to our customers, staff members, the co-operative movement, strategic partners, suppliers, regulators and policymakers, the media and the communities within which the Group operates in.

### Assurance

The CIC Africa Life Assurance Ltd's Annual Financial Statements were audited by PricewaterhouseCoopers Uganda.

## Who We Are

CIC Africa Life Assurance Ltd is a subsidiary of CIC Africa (U) Ltd. CIC Africa Life Assurance Ltd is also part of the larger CIC Insurance Group, a leading Cooperative Insurer in Africa, providing insurance and related financial services in Uganda, Kenya, South Sudan, and Malawi.

The company is licensed and regulated by the Insurance Regulatory Authority of Uganda. Under this reporting period, the company is licensed to underwrite Life Assurances, Group Life and Group Credit classes of insurance.

## Our Purpose

A financial service industry institution predominately owned by the Co-operative Movement transforming lives.

## Our Mission Statement

**“To enable people achieve financial security.”**

We are first and foremost a co-operative. This is our identity and heritage which we are unashamedly proud of. Consequently, we shall consider ourselves successful only when all our stakeholders achieve financial security on account of association with us.

## Why we exist

We operate in Uganda and the region using the co-operative model to ensure that we economically and socially transform our stakeholders by the Innovative Insurance solutions that we offer.

## Our Vision

**To be a world class provider of insurance and other financial services.**

Today's consumer has unlimited choices. Advances in technology have made it possible for consumers to enjoy products/services from all over the world. CIC acknowledges that to remain relevant our services must meet global standards.

## CIC Tagline/Slogan

**“We keep our word.”**

We recognize that for our business to grow, we have a role to play in reversing the mistrust partly contributed by our own industry players through various malpractices such as mis-selling or failure to honour claims thus undermining the growth we so desire. We shall honour our promises to all our stakeholders.

## Value Proposition

**“To offer simple, flexible insurance and financial services built around our customers' needs.”**

Our approach to business growth shall be research-driven. We shall seek to understand our customers and their needs, and innovatively develop appropriate products that address their needs, wants and desires.

## Integrity

Be fair and transparent.

## Dynamism

Be passionate and innovative.

## Performance

Be efficient and results driven.

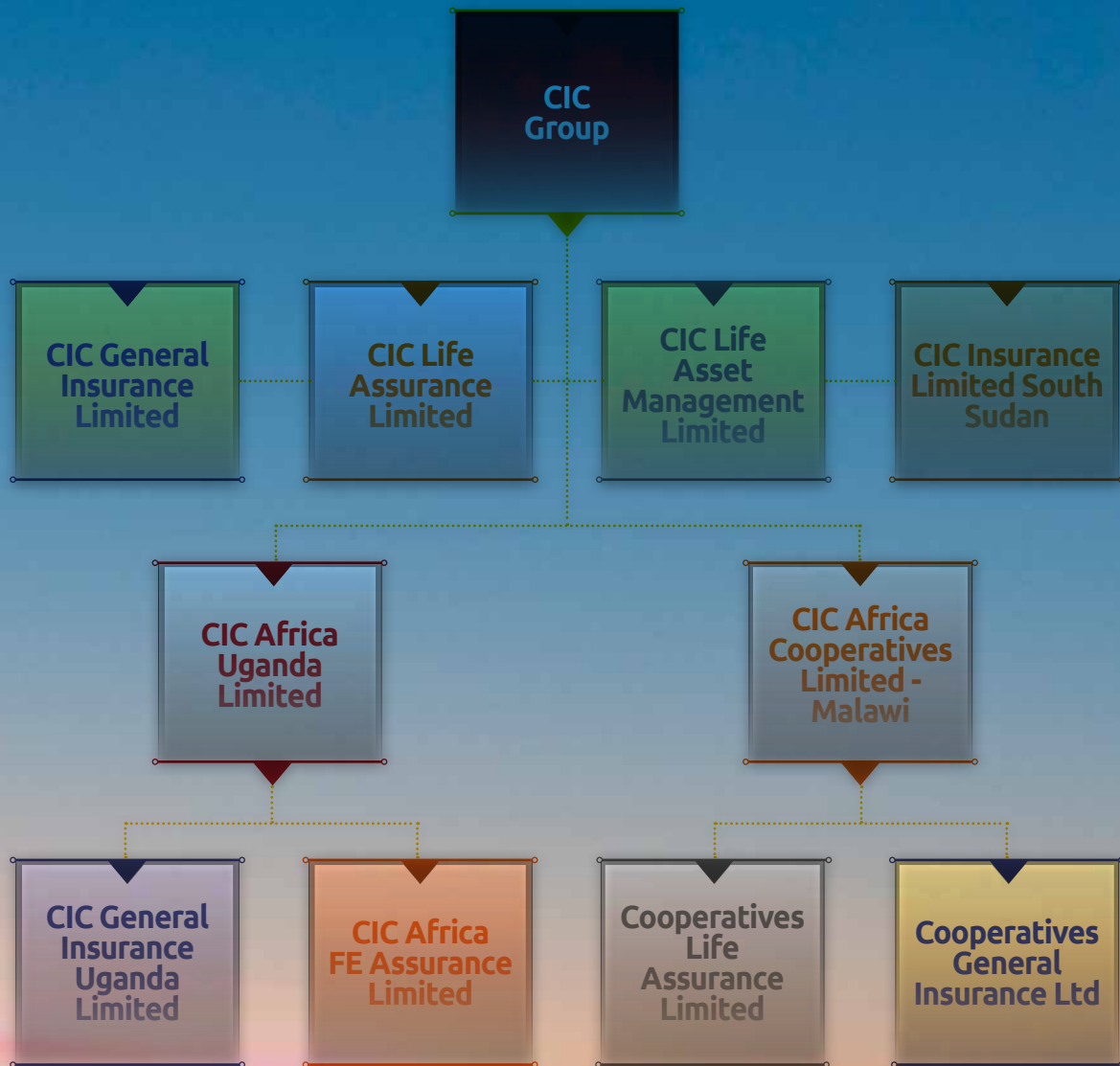
## Cooperation

Live the cooperative spirit.



# Our Group Structure

CIC Africa Life Assurance Limited is part of a large group of companies



## How we Created Value for our Shareholders

Our Inputs - at Start of the Year	The process	Outputs - Value created - at End of the Year
<p><b>Financial Capital</b></p> <ul style="list-style-type: none"> <li>⇒ Opening Total Assets - Ugx.11.7 Billion.</li> <li>⇒ Shareholders' Equity - Ugx. 3.1 Billion.</li> <li>⇒ Cash and cash equivalents - Ugx. 122 Million.</li> </ul>	<p><b>Value creation activities</b></p> <p><b>Our vision</b></p> <p>“To be a world-class provider of insurance and other financial services.”</p> <p><b>Our transformation agenda</b></p> <p>A transformation journey has earnestly started across the Group within the 2021-2025 strategy framework focusing on the 12 focus areas.</p> <p>We have set up strategic ambitions/ objectives for 2021- 2025 and various initiatives to achieve the set objectives. We have in place a robust strategy implementation and tracking framework.</p>	<p><b>Investors</b></p> <ul style="list-style-type: none"> <li>⇒ Closing Total Assets - Ugx. 16.6 Billion.</li> <li>⇒ Shareholders' Equity - Ugx. 6.6 Billion.</li> <li>⇒ Cash and cash Equivalents - Ugx. 400 Million.</li> </ul> <p><b>Customers and partners</b></p> <ul style="list-style-type: none"> <li>⇒ Over 600 policies issued.</li> <li>⇒ 100% of Individual Life transactions are done via digital channels.</li> <li>⇒ Ugx. 3.6 Billion claims paid.</li> <li>⇒ Ugx. 5.2 Billion paid commissions to intermediaries.</li> </ul>
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>⇒ 17 empowered staff members.</li> <li>⇒ 30 financial advisors.</li> <li>⇒ Strong leadership model with 5 members of senior management.</li> <li>⇒ Robust performance management framework – 4 reviews annually.</li> <li>⇒ Digital operating model and agile ways of working.</li> <li>⇒ Commitment to equal opportunities, safety and wellbeing.</li> <li>⇒ Digital up skilling and reskilling.</li> <li>⇒ Investment in training and development - Ugx 8.3 Million spent on staff training.</li> </ul>	<p><b>Our services and products to customers</b></p> <p>A wide range of products in:</p> <ul style="list-style-type: none"> <li>⇒ General Insurance.</li> <li>⇒ Individual Life.</li> <li>⇒ Group Life.</li> </ul>	<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>⇒ 20 members of staff.</li> <li>⇒ 43 active financial advisors.</li> <li>⇒ Ugx. 4.1 Billion salaries and benefits paid.</li> <li>⇒ Staff average tenure: 3.8 years.</li> <li>⇒ 6 middle and senior level managers trained on various leadership courses.</li> <li>⇒ Results from the 2022 staff engagement survey indicated a score of 73% against a target of 80%.</li> </ul>
<p><b>Manufactured capital</b></p> <ul style="list-style-type: none"> <li>⇒ 1 Branches.</li> <li>⇒ Digital Channels- Agents portals for Life business.</li> <li>⇒ ICT infrastructure that cost over Ugx 321 Million (Core systems).</li> </ul>	<p>In pursuit of offering products that are responsive to market demands we reviewed various products to improve on product offering or distribution models.</p>	<p><b>Communities</b></p> <ul style="list-style-type: none"> <li>⇒ Branches (New branch opened in Kasese district).</li> <li>⇒ Held a first ever Sacco CEO's summit.</li> <li>⇒ Over 20 trainings for Cooperative Societies.</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>⇒ A trustworthy brand positioning that resonates with our customers 'We keep our word'.</li> <li>⇒ Marketing campaigns and initiatives.</li> <li>⇒ Technology and process innovations and enterprise architecture.</li> <li>⇒ Specialized insurance and professional knowledge.</li> <li>⇒ Robust range of governance policies</li> </ul>	<p><b>Governance and risk management frameworks</b></p> <p>Our strategic enablers</p> <ul style="list-style-type: none"> <li>⇒ Our people.</li> <li>⇒ Processes.</li> <li>⇒ Investments in technology.</li> </ul>	<p><b>Regulators</b></p> <ul style="list-style-type: none"> <li>⇒ Continuous compliance with all set laws and regulations.</li> <li>⇒ Income tax payments in 2022 - Ugx. 109 Million.</li> </ul>
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>⇒ Extensive engagement with all our stakeholders.</li> <li>⇒ Socio - economic - environmental sustainability initiatives through the CIC Group Foundation.</li> </ul>		

# Our Operating Environment

## KEY INDUSTRY TRENDS

### Economic Outlook

#### Gross Domestic Product (GDP)

Real GDP growth is now forecast in the range of 5-5.3 percent for FY 2022/23 driven by the investments in the Oil sector which has seen recent upsurge in Foreign Direct Investments and economic activity. Growth could be lower than projected should the Ebola epidemic worsen, implementation of oil-related projects be delayed, financial conditions and fiscal policy get much tighter or a global recession materializes.

The stock of total public debt was estimated at 49 percent GDP and external debt component continues to dominate at about over 60 percent.

#### Inflation

Domestically, signs are clear that inflation is losing momentum. Indeed, annual headline and core inflation respectively edged down to 10.2 percent and 8.4 percent in December 2022 from 10.6 percent and 8.8 percent in November 2022, driven down by a continued fall of inflation for the Electricity, Fuel and Utilities (EFU) and drop of services inflation.

The Bank of Uganda assessed that inflationary pressures are fading and the outlook to inflation was relatively favourable compared to what was envisaged at the October 2022 Monetary Policy Committee (MPC) meeting. Nonetheless, significant uncertainty existing around the outlook, the MPC decided to maintain the Central Bank Rate at 10 percent and the band on the CBR at +/- 2 percentage points. (Source: Uganda Bureau of Statistics)

#### Currency

The Uganda Shilling remained relatively stable against the dollar and strengthened in December 2022 supported by tight financial conditions, inflows from offshores, seasonal inflows from remittances, coffee receipts and NGOs. The shilling appreciated by 1.6 percent in December 2022, though was 5.9 percent weaker compared to the same period last year. US dollar averaging at Ushs. 3,713.30 per US dollar at end of December 2022. (Source: Bank of Uganda).

## OUR KEY STAKEHOLDERS AND PARTNERS

CIC Africa Life Assurance Ltd recognizes that effective management of stakeholders will positively impact the company's achievement of its strategy and long-term growth. Stakeholders are considered to be any group who can affect, or be affected by the Company, its decisions and its reputation.

Stakeholder Category	Description	Material Interests	How we Engage
Customers	Our customers range from our own shareholders i.e. the co-operative movement and its membership, to corporate clients, to individuals – ranging from high net worth to the lowest income individuals in society. This is not only reflective of our adaptability as an insurer, but confirms our mission of providing financial security to all people.	Our customers are interested in: <ul style="list-style-type: none"> <li>⇒ Quality Products &amp; services offerings.</li> <li>⇒ Availability and accessibility of our products and services.</li> <li>⇒ Seamless processes and communication at every touch point.</li> </ul>	We engage our customers via: <ul style="list-style-type: none"> <li>⇒ Regular customer surveys.</li> <li>⇒ CIC website.</li> <li>⇒ Various direct customer engagement forums e.g. product trainings/ member education forums.</li> </ul>
Shareholders & Investor Community	Our shareholding structure as at 31st December 2022 was as follows: <ul style="list-style-type: none"> <li>⇒ Local institutional investors - 100%</li> </ul>	Our shareholders and the investor community expects sustainable growth & sound risk management among others. <ul style="list-style-type: none"> <li>⇒ Stable dividends pay out.</li> <li>⇒ Sound corporate governance practices.</li> <li>⇒ Experienced management &amp; transparency in executive remuneration.</li> </ul>	CIC is committed to engage our shareholders & investors through: <ul style="list-style-type: none"> <li>⇒ Annual General Meetings with shareholders to update them on our business strategy.</li> </ul>

## Our Key Stakeholders and Partners (continued)

Stakeholder Category	Description	Material Interests	How we Engage
<b>Employees</b>	CIC Africa Life has 20 staff members 98% of whom are on permanent and pensionable terms of employment while 2% are on short term contracts. The ratio of male to female stands at 50:50. The company remains committed to ensure that gender parity is maintained.	<p>Employees are interested in having:</p> <ul style="list-style-type: none"> <li>⇒ Clear career path.</li> <li>⇒ Health and safety in the workplace.</li> <li>⇒ Equitable remuneration. Opportunities for learning and development.</li> <li>⇒ Clear, fair and equitable performance management framework.</li> </ul>	<p>We believe that fully engaged employees will serve our customers well. Employee engagement is maintained via:</p> <ul style="list-style-type: none"> <li>⇒ Employee town halls.</li> <li>⇒ Internal newsletters/ publications.</li> <li>⇒ Internal website.</li> <li>⇒ Employee surveys.</li> </ul>
<b>Regulators &amp; Government</b>	The primary regulator of the insurance industry is The Insurance Regulatory Authority of Uganda (IRA). This implies that the company is under direct supervision of IRA. Other regulators that supervise different aspects of the company include Uganda Revenue Authority, Uganda Registrations Services Bureau, Financial Intelligence Authority and among others.	<p>The government and regulators expect CIC Life to run its business sustainably and in compliance with all set laws and regulations while:</p> <ul style="list-style-type: none"> <li>⇒ Promoting opportunities for job creation and socioeconomic development.</li> <li>⇒ Protecting consumer interests on service quality, costs and privacy.</li> <li>⇒ Contributing to the tax base.</li> <li>⇒ Being involved in industry discussions and thought leadership.</li> </ul>	<p>Our engagement with the government &amp; various regulators include:</p> <ul style="list-style-type: none"> <li>⇒ Participation in consultations and public forums.</li> <li>⇒ Engagement through industry consultative bodies.</li> <li>⇒ Provide inputs for new/ proposed legislation(s).</li> <li>⇒ Publication of policies and research engagements.</li> <li>⇒ Timely submission of the required reports.</li> </ul>
<b>Co-operative Movement</b>	<p>The co-operative movement in Uganda comprises 29,982 co-operatives as at 30th June 2021; 36% are involved in savings and credit services (Saccos), 34% in agriculture, 21%, in Emyoga and Others 8%.</p> <p>These cooperatives account for 5% of CIC shareholding in our parent company and 13% of the company's gross revenue.</p>	<p>The Cooperatives movement as a major shareholder are interested in consisted growth of the business and sound investments policies.</p> <p>As customers they are interested in:</p> <ul style="list-style-type: none"> <li>⇒ Quality Products &amp; services offerings.</li> <li>⇒ Availability and accessibility of our products and services.</li> <li>⇒ Seamless processes and communication at every touch point.</li> </ul>	<p>We engage the Cooperative movement stakeholders through:</p> <ul style="list-style-type: none"> <li>⇒ Regular delegates meeting.</li> <li>⇒ Targeted trainings.</li> <li>⇒ Attendance of their AGMs.</li> <li>⇒ Annual Cooperatives CEOs' summit.</li> <li>⇒ The CIC website.</li> </ul>
<b>Strategic Partners</b>	We collaborate with other organizations within the co-operative movement whom we are affiliated with including Uganda Co-operative Alliance (UCA) and Uganda Cooperative Savings and Credit Union Limited (UCSCU).	<p>Our strategic partners are interested in having:</p> <ul style="list-style-type: none"> <li>⇒ Clear and simple processes while engaging with CIC.</li> <li>⇒ Fair treatment.</li> <li>⇒ Involvement of top management with customers.</li> <li>⇒ Transparency &amp; accountability in our reporting.</li> </ul>	<p>We engage our strategic partners through:</p> <ul style="list-style-type: none"> <li>⇒ Regular reporting.</li> <li>⇒ Strategy retreats.</li> <li>⇒ One-on-one business meetings.</li> <li>⇒ Training sessions on new products and services.</li> <li>⇒ Market visits.</li> </ul>
<b>Suppliers</b>	Our suppliers are essential participants in the value chain and contribute either positively or negatively to the value we give our shareholders. We engage suppliers who respect our values and are ethical in their conduct of business.	<p>Our suppliers expect that CIC will:</p> <ul style="list-style-type: none"> <li>⇒ Provide timely payment and fair agreement terms.</li> <li>⇒ Deal in compliance with Occupational Safety and Health Act.</li> <li>⇒ Partnering on environmental solutions.</li> </ul>	<p>Our engagement with our suppliers is mainly through:</p> <ul style="list-style-type: none"> <li>⇒ National papers for invitation to prequalify.</li> <li>⇒ Supplier engagement forums and site visits in relation to specific engagements.</li> </ul>

## Our Key Stakeholders and Partners (continued)

Stakeholder Category	Description	Material Interests	How we Engage
Community	We remain cognizant of the impact our business has on the community. As a co-operative, we continue to go beyond our call of transactional responsibility to our customers and respond to needs of the most vulnerable around us through sponsorships and donations to groups such as rotary, churches, children homes and underfunded slum/rural schools.	<p>The community at large expects CIC to:</p> <ul style="list-style-type: none"> <li>⇒ Provide access to quality financial protection and investment products.</li> <li>⇒ Promotion of ethical practices and preservation of the environment.</li> <li>⇒ Give back or add value to the community.</li> </ul>	<p>Our community engagement platforms include:</p> <p>Corporate Social Responsibility (CSR) activities</p> <ul style="list-style-type: none"> <li>⇒ Public participation in projects and initiatives that give back to the society such as participation in the cooperatives week activities.</li> </ul>

### OUR TOP RISK AND OPPORTUNITIES

The insurance industry in Uganda is currently under the full risk based supervision regime. As such, the company has a robust risk function that tracks all the risks using comprehensive risk registers. CIC has adopted an Enterprise-wide (ERM) approach to risk management which enables the company to create a standardized risk management approach across its subsidiaries. In addition, the company's subsidiaries are regulated and the risk classification and mitigation is informed by the regulatory guidelines.

The Board of Directors and Management considered the below as key risks the business is exposed to and there is continued effort to reduce this exposure to manageable levels.

Key Risk Description	Impact	Mitigation
<p><b>Insurance Risk:</b></p> <p><b>Context:</b> Insurance Risk would be as a result of inappropriate reinsurance, reserving, underwriting, claims management, product design and pricing.</p> <p><b>Opportunity:</b> This risk gives us insight into market development and gives us the opportunity for product development and pricing adjustment.</p>	<p>This impacts business performance since it results in poor core business outcome which in turn affects strategic objectives.</p>	<p>We engage in reviews of the business performance using the Key Risk Indicators and realignment of any business to the tolerance and appetite as guided by the board. Strong controls are in place to guide product pricing and business rating.</p>
<p><b>Regulatory Risk:</b></p> <p><b>Context:</b> Being a parent of regulated entities the company is subject to changing regulatory requirement and increased reporting requirements.</p> <p><b>Opportunity:</b> We are keen on 100% compliance and by focusing on regulatory compliance was continue to strengthen our control environment to build a more resilient brand.</p>	<p>Our regulatory environment is complex and in the current year we experienced increased regulatory risk due to change in laws and regulation; the issuance Anti Money Laundering and Counter terrorism Financing guidelines for the Insurance Industry, the Data Protection Act and International Financial Reporting Standards Changes.</p>	<p>CIC has built a compliance culture and compliance is monitored through a well-established compliance model. The company has mapped out compliance requirement to anticipate regulatory deadlines and ensure full implementation and 100% compliance with new requirements.</p>
<p><b>Financial / Credit Risk:</b></p> <p><b>Context:</b> This is a risk that a counter party will be unable to pay amounts in full when due. These may arise out of insurance/reinsurance contracts, cash at bank, deposits with financial institutions..</p> <p><b>Opportunity:</b> Continuous engagement with customers and understanding the customer needs to form a long-lasting partnership and retain business. The investment counter party risk has provided us the opportunity diversify the investment portfolio ensuring sustainable investment income.</p>	<p>High amount of Insurance premium receivables or reinsurance claims receivables impact business solvency negatively under the Insurance Risk based Capital Requirements.</p> <p>Any credit resulting in failure of the investment counterparty has an impact of the Balance sheet. This further has impact on the Sustainability of competitive returns for customers and investors of our Asset Management business.</p>	<p>The company carries out its insurance business on a "cash and Carry" basis and further has a strict credit risk management framework.</p> <p>The company also minimizes its investment counter party risk through robust Investment Policy statement, that guides on investment grade assets / counter parties and give allowable ranges for all investment asset mix.</p>

### OUR TOP RISK AND OPPORTUNITIES (continued)

Key Risk Description	Impact	Mitigation
<p><b>Operational Risk - ICT Risk:</b></p> <p><b>Context:</b> This is the risk that failure of systems would leave the company exposed; the company operates in a highly digitized environment and thus keeps a close eye on its ICT environment as it is a key business enabler.</p> <p><b>Opportunity:</b> Moving the business to a highly digitized level with robust ICT features and enabling security framework.</p>	<p>Any systemic event that results in power or internet outage, external cyber-attack or internal ICT breach could result in service interruption, breach of confidentiality and loss of client, transaction and investment data.</p> <p>This would have a negative impact on our revenues, customers, reputation and leave us vulnerable to fraud.</p>	<p>CIC has strengthened its ICT environment by investing in better systems and data protection add-ons to ensure our operating environment is hardened against any attacks.</p> <p>We have also implemented a robust BCP and a contracted a state-of-the-art DRP center to ensure that we are able to recover our data in case of loss of primary data site.</p>
<p><b>Related Party Risk:</b></p> <p><b>Context:</b> This is the risk that in a Group setting subsidiaries will expose related parties to Risks due to their own internal weakness, operating environment and interparty transaction.</p> <p><b>Opportunity:</b> The Group is exposed to various regulatory requirements and standards which present an opportunity for adopting best practice across all subsidiaries.</p>	<p>This has a high impact on reputation risk for related parties and permeates to the sustainability of the Group and related entities.</p> <p>This also impacts regulated entities and where related party transactions are not at arm's length regulatory citations and penalties are levied.</p>	<p>The Group has adopted an Enterprise-Wide Risk Management model; this allows for harmonization of operating and compliance standards across the group.</p> <p>There is also in place a detailed related party transaction policy that governs all matters relating to the subsidiaries within the group</p>



The Group has adopted an Enterprise-Wide Risk Management model; this allows for harmonization of operating and compliance standards across the group.

### Our Sustainability Agenda

Our three key pillars of sustainability are Social, Economic and Environment. Their focus ensures we enhance our relationship with our stakeholders.


In our business model as we offer insurance solutions CIC is continuously contributing to the Country's economic empowerment agenda. This we do as we mitigate and cushion customers from risk. In the year 2022, we paid a total of Ugx. 3.6 Billion in claims in line with our vision of enabling people achieve financial security.

Agriculture is the backbone of Uganda's economy. We are contributed to the transformation of agriculture in Uganda by providing life insurance cover to over 80,000 farmers across the country.

We have also contributed to the economic empowerment of our staff and intermediaries. For the reporting period we paid a total of Ugx. 1.49 Billion in staff salaries & benefits and commissions to our intermediaries totaling to Ugx 5.2 Billion. We directly contribute to national revenue through payment of corporate taxes. In the year 2022 we paid income and other taxes of Ugx 109 Million.

Environmental conservation is an integral part of our business strategy. To contribute to nature's well-being, CIC staff participated in the 2022 cooperatives week activities of cleaning city markets in conjunction with Uganda Cooperative Alliance. On social sustainability, CIC has put in place frameworks that promote social justice on critical social matters such as gender balance in our staff, management and board. As at December 2022 the ratio of female to male employees was 50.50. Our human resource policy is very clear on fairness and justice. CIC is an equal opportunity employer and therefore shall not prejudice against race, color, language, nationality, pregnancy, marital status, HIV status, ethnic background, social, gender, age, health status, disability and religion in all employment matters. This is demonstrated through daily application of the policies as we run the business operations and various employee/employer engagements. We have a policy on zero tolerance for corruption and ensure integrity is upheld in engagements with all our stakeholders e.g. staff, suppliers and various engagement partners. In the year ended 2022 we had no staff exit on the basis of fraud.

In the year 2021 as the country continued to deal with the effects of the Covid-19 pandemic we walked the journey with our customers to ensure that all Covid-19 claims were paid. Within that period, we paid over Ugx 3 Billion Covid-19 related claims. We have also contributed to the deepening of the insurance penetration through engagements with customers and partners. Specifically, we have had several engagements with over 1,000 cooperatives in Uganda from all the regions of Uganda by attending their AGMs to carry out trainings on our products and insurance as a whole.



**Agriculture is the backbone of Uganda's economy. We are contributed to the transformation of agriculture in Uganda by providing life insurance cover to over 80,000 farmers across the country.**

### Chairman's Message

The market has received us well and we are among the fastest growing insurance companies as per the IRA results, among other achievements.



**Francis Ogwang**  
Chairman

#### Dear Partners and Stakeholders,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended 31 December 2022

CIC Africa Life Assurance Limited has come a long way and in as much as it is still far from the desired level, many milestones have been achieved over the years. The market continues to receive us well and we are among the fastest growing insurance companies as per the IRA results, among others.

These achievements are attributed to the concerted efforts and stewardship from all of you our partners and customers, the Board of Directors, Management, and staff.

#### CIC Africa Life Assurance Ltd

It is eight years and three months, since the Ugandan Cooperatives Movement together with their counterparts in Kenya, established the Cooperative Insurance Company of Uganda. That was the beginning of the journey that we see and are continuing with today. We have all worked tirelessly, bringing the pieces together, to become trusted and respected figures within our communities.

#### CIC Africa Life Assurance Ltd Performance

2022 was a challenging year for many businesses and organizations, especially those in the insurance industry. The market was characterized with increased competition, price

### Chairman's Message (continued)

undercutting among other factors which influenced the performance of various insurance firms. Despite these cited challenges, the company managed to register some results as follows:

We registered a gross written premium (GWP) of UGX 13.4 billion, compared to UGX 12.1 billion in 2021. We are determined to pursue a strategy that safeguards our profitability further to build our financial strength.

#### Future Outlook

Our Company is evolving. All the indices point to growth. Everyone is bracing up for these developmental changes. The Commitment to our vision and mission remains on course. Sound fiscal discipline which will enhance our profitability will be pursued.

To further grow our business, we are reviewing market opportunities that have the capacity for growth, locally and in the region using established groups such as cooperatives and other aggregators like banks, churches and schools. We will consistently review our general and life business, analyzing account performance in view of retaining businesses bearing the potential of driving the company towards profitable growth.

#### Acknowledgement

To all the stakeholders, on behalf of the Board of Directors, I thank you most sincerely for your continued support and partnership. I am proud to serve as Chairman during what I am confident will prove to be a pivotal period in CIC's long history.

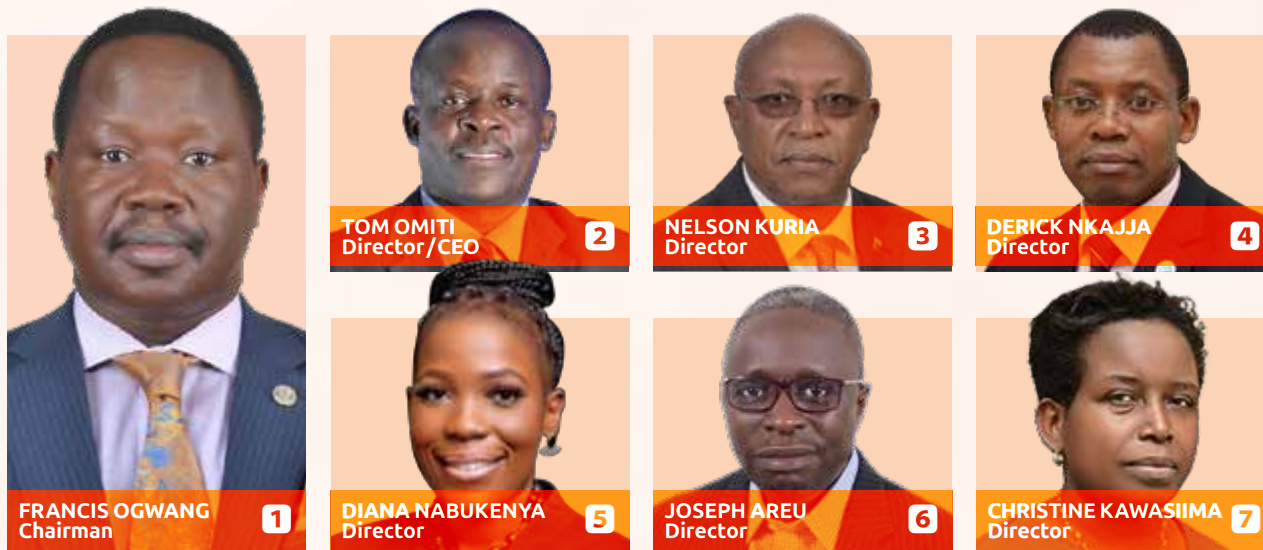
I would also like to thank our business partners, brokers, agents and all intermediaries. I must also thank my fellow directors for their dedication and insights as well as our staff and financial advisors for their hard work and commitment to the company.  
For God and my country.

**Francis Ogwang ) Chairman**

To enable you  
achieve financial  
security.



## Board Members' Profiles



### **1** Francis Ogwang Chairman

Francis Ogwang is the chairman, Board of Directors – CIC Africa Life Assurance Uganda Limited. He is currently the Country Manager Uganda East African Development Bank since 2018 to date. Previously, Francis worked as the country Head of Corporate Banking Ecobank Uganda, he has played various roles in Credit, Operations and Business Development; last role held was Chief Manager Business Growth Centenary Rural Development Bank Limited 2000-2012. Francis is pursuing a Master of Philosophy in Development Finance at Stellenbosch Business School-University of Stellenbosch, South Africa. He has a Master of Business Administration Finance and Accounting, and a BA Economics from Makerere University Business School, Post graduate diploma in Banking and Risk Management – SIDA/KPMG Program. He is also a Board Member; Uganda Development Corporation, Board Member, Micropay Uganda Limited, Board Member of the Uganda Catholic Management and Training Institute, as well as Past President of the Rotary Club of Kiwatule.

### **2** Tom Omiti Director / CEO

Tom is the Chief Executive Officer. He holds a Bachelor of Commerce (Insurance Option) from the University of Nairobi. He is an Associate of the Chartered Insurance Institute of London (ACII) as well as an Associate of the Insurance Institute of Kenya (AIIK). Mr. Omiti has over 26 years working experience in insurance. He has worked in various senior positions in Insurance. Prior to joining CIC Group Ltd he was the Chief Executive Officer - at Kenya Orient Life Assurance Limited (a company he set up from scratch). He previously worked at Kenya Orient Insurance Company as the Regional Manager in - charge of Coastal Region in Kenya, with the main focus of business development in the region. He is a certified Pensions Trustee (Trustee Development Program of Kenya, TDPK). He has a certificate in Corporate Governance from Center of Corporate Governance. He joined CIC Africa Life in April 2021.

### **3** Nelson Kuria Director

Dr. Nelson Kuria aged 67, Joined the Board in the year 2020 as an Independent Non- Executive Director. He holds a BA in Economics, MA in Leadership studies and an Executive Leadership training from Stanford Business School. The Director has 36 years of experience in development finance and insurance. He entered the insurance industry in 1982 through Kenya National Assurance Company as an assistant Manager in charge of Research and rose to the position of Chief Manager General Insurance Division and later also served as the General Manager in Gateway insurance Company. He was the CIC Insurance Group CEO from 2011 to 2015. Dr. Kuria is currently the Chairman of Smep Microfinance, Enwealth Financial Service and African International University Council. He is also a Board Member of Kenyatta National Hospital, Habitat for Humanity and Kenya Society of Professional Co-operators.

### Board Members' Profiles (continued)

#### **4** Derick Nkajja Director

CPA Derick Nkajja aged 50 a Director seconded by the Uganda Cooperative Saving and Credit Union (UCSCU). He is a Certified Public Accountant, a member of ICPAU. He is also the sitting Chief Executive Officer and Secretary to the Council of the Institute of Certified Public Accountants of Uganda (ICPAU). CPA Nkajja serves on the Finance Committee of the Institute of Corporate Governance of Uganda (ICGU). He is the Board Treasurer of Uganda Cooperative Savings & Credit Union Ltd. He also serves on the Trade Committee of the Private Sector Foundation of Uganda. Previously, CPA Nkajja served as the Chairperson of Franciscan Investment Cooperative (FIC SACCO), one of the vibrant SACCOs in Uganda. He represented the African Continent on the International Federation of Accountants (IFAC) Compliance Advisory Panel (CAP) for a period of six (6) years. He served on the founding Board of the Pan Africa Federation of Accountants (PAFA), representing the Eastern Africa region. Before joining ICPAU, he was a Finance Manager at Capital Radio Limited in Uganda, a media group with interests both in Uganda and Kenya. He holds a Master of Business Administration of Edinburgh Business School, Heriot-Watt University UK, a Bachelor of Commerce (Accounting) of Makerere University and a Diploma in Business Studies.

#### **5** Diana Nabukenya Director

Diana was appointed an Independent Non-Executive Director for CIC Africa Insurance effective February 2022. She is a 37 years Old Ugandan national with a strong background in commercial, marketing and strategy in corporate FMCGs, renewable energy and M/E commerce. She has led businesses and teams for over 14 years. Having lived and worked in 5 countries in Africa, she knows the continent well. Diana is currently Country Director for Copia in Uganda. She was responsible for setting up Copia Uganda's operations - their first International market and is now accelerating growth in Uganda. She holds a Masters in Business Administration from Edinburgh Business school Scotland, Bachelor's degree in Tourism from Makerere University, Uganda and is currently Pursuing her Project management Professional (PMP) from Project management Institute , USA. Diana is a member of Maishabora Sacco Kenya, Uganda Golf club and Entebbe Golf club.

#### **6** Joseph Areu Director

Joseph Areu, 58 joined the Board in 2022 as an Independent Non-Executive Director. He has 26 years of experience in Development Finance having worked for Uganda Development Bank, CDC PLC and IFC of the World Bank Group from 1988 to 2014. For the last 6 years, he has been providing independent investment advice to SACCOs, Companies and Retail Individuals in the capital markets in Uganda. Mr. Areu is also an Independent Director on the Boards of ALTX East Africa Ltd and SEEK Group Support Psychotherapy Initiative Ltd. Mr. Areu holds an MBA from the University of Missouri in the USA and a Bachelor of Statistics degree from Makerere University. He also has qualifications in Investment Management from the CFA UK Chapter and is a member of the CFA UK Society.

#### **7** Christine Kawasiima Director

Christine holds an upper second-class degree in Economics from Makerere University, an MBA (Finance) degree from the University of Leicester and is a fellow of the ACCA. Christine has 21 years' experience in external and internal audit. She began her career at Pride Africa a Microfinance Institution, and later joined Ernst & Young Kampala where she worked for close to 4 years before joining Uganda Management Institute (UMI) as Chief Internal Auditor. She was a board member of the Institute of Internal Auditors Uganda and ACFODE during the period 2009 and 2011. She also served as a co-opted member of the Audit Committee of Busitema University (2011-2016). She was a non-executive Director at Tropical Bank Limited (2018 to 2020) and also served on the CPA SACCO Board as Vice Chairperson during the period 2018 to 2021. Christine is currently an independent non-executive Director of Vision Fund Uganda. She is a member of professional bodies including the Institute of Internal Auditors, ICPAU and the ACCA. She is also a member of the Institute of Corporate Governance of Uganda, the League of East African Directors and is a Rotarian.

## What is CIC Kameeza Plan?

This is a low cost funeral expenses cover for self and immediate family members that caters for burial expenses and monthly family upkeep, for 3 consecutive months, thereafter upon the demise of the policy holder.

### Benefits

#### ① Funeral Benefit

In the event of death of any family member covered, the burial sum assured is payable to the nominated next of kin in whose absence the contingent next of kin to cater for the funeral expenses. The benefit is paid on first death basis.

#### ② Monthly family upkeep benefit / shopping benefit

On death of the policyholder, the nominated next of kin in whose absence the contingent next of kin shall receive monthly up-keep for the next 3 months. Upkeep payable sum up to a half (1/2) of the sum assured.

#### ③ No claim premium refund

50% of the premium paid is refunded in case of no claim at the end of the policy.

**CIC Kameeza Plan**

**Tubezeewo Akameeza**

*Regulated by the Insurance Regulatory Authority of Uganda*



## CEO's Message

We will continue to work hand in hand with partners, whether distribution partners, or technology partners enabling our platforms and services to continuously improve customer experiences.



**Tom Omiti**  
CEO/Principal Officer

### Dear fellow stakeholders.

It is a privilege to be leading CIC Africa Life Assurance Ltd, an iconic, purpose-driven, and diverse organization, and an exciting time to be taking the helm.

As the year 2022 comes to an end, I've been listening to our customers, agents, partners, and employees, and am excited for the future we all share, building upon strong foundations to expand our impact, increase our reach, and accelerate our pace.

One thing that has deeply impressed me is how our company resides in the fabric of so many people's lives. The part we play in helping build better futures for our customers, their families, and their communities is a source of pride and purpose for our employees, agents, partners, and shareholders.

### My Vision for 2023

I take pride in saying that while 2022 may have slowed us down, it most definitely didn't stop us. In 2023, my team will continue to make a positive impact by constantly delivering unparalleled innovation, that will bring tailored services and products to the market.

As part of effort to look at our strengths, as well as our opportunities, we recently began a strategic review of the business. We do this with an eye toward identifying new business opportunities, streamlining existing business functions, and accelerating execution.

While our strategy will likely introduce new opportunities for us to pursue, we believe driving on these key dimensions will continue to build our foundation for the future and we expect to stay highly focused on them in 2023:

### CEO's Message (continued)

#### 1. Growing Digital

We see opportunity for continued growth. We will continue to invest in digital customer acquisition around the country and will begin to put more focus on enabling customers wishing to move from traditional methods to digital to do so more seamlessly. We can sustain our positive momentum by continuing to work with local partners around the globe that have access to customers and find value in our platform and brand.

#### 2. Transforming the Retail Experience

We see our leadership in retail as critical to our success and an ongoing source of omni-channel and digital consumers. Many of our best customers today seek more than just a digital-only experience. We will continue to focus on delivering the best products and services for customers who must or prefer to use our retail channel. We will continue to work hand in hand with partners, whether distribution partners, or technology partners enabling our platforms and services to continuously improve the customer experience in retail point of sale.

#### 3. Driving Efficiencies

Growth is one driver of CIC's profitability: Efficiency born of fresh thinking is another.

#### 4. Building a High-Performing Team

I believe in the power of high performing teams. Building a diverse, world class workforce is necessary as we move into our next phase of growth. In this area, too, we build on a solid foundation: We have strengthened our efforts to bring more diverse candidates into our organization, while creating a culture of inclusion and belonging to ensure they stay and grow with us.

We continued to support our employees in 2023 by investing in initiatives to foster health and well-being as we move toward a flexible, human-centric work environment that values productivity and innovation.

#### 5. Navigating A Rapidly Evolving Industry

The pace of change in our industry continues to accelerate. I believe that the future of our company will be decided by how well we anticipate and respond to the opportunities our shifting environment presents.

Behind the scenes, enabling our ability to serve customers how and wherever they want, we continue a significant technology migration to the cloud.

#### Words Of Thanks

We salute all our stakeholders and pledge to continue with our strategic partnerships as we drive the growth agenda. We wish to thank our Board of Directors for the good stewardship and oversight role in offering strategic leadership to the business. The management team too has offered a lot of support in delivering the key achievements in the year 2022 as presented in this report and I look forward to even better engagements in the year 2023 and beyond.

May God bless you all.

**Tom Omiti** ) Principal Officer / CEO



↑ IRA CEO - Alhaj Kaddunabbi Ibrahim Lubega giving remarks at the official opening of our town office.



↑ Alhaj Kaddunabbi Ibrahim Lubega appreciating our products as the CEO - Tom Omiti and MD CIC Uganda Holdings - Eric Obila look on.



↑ IRA CEO - Alhaj Kaddunabbi Ibrahim Lubega (mask on), Tom Omiti (far left), Eric Obila (fifth from the left), Saul Sseremba - CEO Insurance Training College (third from the left) and other invited guests attending the launch of our new town office.



↑ The chief guest Mathias Katamba - MD DFCU Bank (far left seated), directors and invited guests that attended the 2022 AGM at Imperial Royale in Kampala.



↑ Staff members that attended the 2022 AGM at Imperial Royale in Kampala.



↑ Senior management members rocking the pinky Wednesday theme at the 2022 customer service week.



↑ Our award winning Jackie Rose Nakubulwa top agent posing for a picture with Eric Obila, Patrick Nyaga (Group CEO), Nelson Kuria (Group Chairman), CPA Ivan Asiimwe (CIC Uganda Holdings chairman) and Tom Omiti



↑ Pheona Tusiime during the CSW activities.

## Senior Management Profiles (continued)



### **1** Tom Omiti CEO/Principal Officer

Tom is the Chief Executive Officer. He holds a Bachelor of Commerce (Insurance Option) from the University of Nairobi. He is an Associate of the Chartered Insurance Institute of London (ACII) as well as an Associate of the Insurance Institute of Kenya (AIK). Mr. Omiti has over 26 years working experience in insurance. He has worked in various senior positions in Insurance. Prior to joining CIC Group Ltd he was the Chief Executive Officer - at Kenya Orient Life Assurance Limited (a company he set up from scratch). He previously worked at Kenya Orient Insurance Company as the Regional Manager in - charge of Coastal Region in Kenya, with the main focus of business development in the region. He is a certified Pensions Trustee (Trustee Development Program of Kenya, TDPK). He has a certificate in Corporate Governance from Center of Corporate Governance. He joined CIC Africa Life in April 2021.

### **2** Baker Sekasi Head of Finance

Baker is the Head of Finance. He holds a Bachelor of commerce (Accounting option) and Masters of Business Administration (Finance Option) from Makerere University Kampala. He is a Certified Public Accountant of Uganda and a Financial Modelling and Valuation Analyst (FMVA) from the Corporate Finance Institute (CFI), Vancouver Canada. Mr. Ssekasi has over 9 years working experience in Finance and Management. Prior to joining CIC Africa Life Assurance Ltd he was at Faith Consult International Ltd as a finance and strategic consultant where he worked on number projects in government, private sector and International Non-Government Organizations. He previously worked with United Nations World Food program as a Business Support Assistant. He joined CIC Africa Life Assurance in 2022.

### **3** Lynette Masese Deputy Manager Underwriting & Claims

Lynette is the Deputy Manager Underwriting & Claims for CIC Africa Life Assurance Limited. She has over thirteen years' experience in underwriting. Lynette is currently pursuing a diploma in Insurance. She holds a Bachelor of Arts-Education from Bugema University. Prior to this appointment, Lynette served as the Underwriter at Pan Africa Life Assurance Kenya . She has also served previously as Customer Service Officer at Modern Lithographic Printing Company-Kenya.

### Senior Management Profiles (continued)

#### **4** Francis Ssemwanga (DipM, MCIM, MBA, MAE) Assistant Manager in charge of SACCOs and Cooperatives

Francis Ssemwanga is the Assistant Manager in charge of SACCOs and Cooperatives at CIC Insurance. He has over 13 years of hands on successful diversified experience. He is a PR professional, a UK Chartered Marketer of the Chartered Institute of Marketing, and a Professional Certified Marketer (MCIM) as well as a member of Public Relations Association of Uganda. Francis holds an MBA in Marketing, a BA Mass Communication from Makerere University, a Diploma in SACCO and Microfinance from Kigumba Cooperative College and several onsite trainings namely, Certificate in International Business Devere&Partners – Zurich, Certificate in Radio Journalism - University of London, Certificate in Advocacy and Citizen Engagement - COADY International Institute (Canada), as well as Certificate in Insurance at the Insurance Institute of Uganda. Before joining CIC Insurance, Francis worked as the Head of PR and Corporate Affairs with Uganda Cooperative Savings and Credit Union (UCSCU), Devere&Partners – Zurich as a consultant, he was a Director of Property Box UK, a PR & Communications consultant with International Fund for Agricultural Development (IFAD), and Government of Uganda. Francis is the Chairman of CIC Uganda Staff SACCO, a board member of St Kizito Catholic school Munyonyo, a technical consultant with Kyebando Cooperative Society.

#### **5** Ismael Mukasa National Sales Manager

He holds a Bachelors of Arts in Development Studies from Makerere University and he is a Member of the Chartered Insurance Institute of UK. Ismael has exposure of 10 years Insurance and Financial Services experience in the East African Region, 6 years of which in Direct sales and 4 years in sustainable Business Growth, managing distribution channels and effective and efficient business services. Prior to his current role, he was the National Sales Manager with CIC LIFE ASSURANCE (U) Ltd, where he developed and managed distribution channels, distribution Managers, unit managers and an agency force. Prior to joining the CIC Group in November 2016, he was a direct sales representative for UAP-OM for 6 years.

#### **6** Pheonah Tusiime HR & Admin Manager

Pheonah Tusiime aged 38, is the Human resource & Administration Manager of CIC Africa (U) Ltd. She holds a Bachelors (Hons) in Business Administration Majoring in Accounting from Makerere University Business School (MUBS), a Post Graduate Diploma in Human Resource Management from Uganda Management Institute (UMI). She has over 14 years of experience in Human resource-based practices and key proficiencies in multinational organization where she developed a reputation for excellence, professionalism and achieving high-quality results in challenging situations. She is particularly passionate about employee development and much of her work is in area of Human Resource Development. She started her career from AIG in December 2007 as Assistant Underwriter and rose to the position of Personal Assistant to MD in 2008 and later became the Human Resource Manager in 2010 still in the same company. She is currently the Human Resource & Administration Manager at CIC where she leads both strategic and operational implementation of human capital aimed at enabling the organisation to deliver its goals.

## Financial Performance

### Key Highlights

Gross Written Premium up by **10%**  
 Net Earned Premium up by **7%**  
 Loss ratio down by **24%**  
 Total Assets up by **41%**  
 Capital Adequacy Ratio - CIC Life Business - **133%** from **66%**

### Key Performance Indicators

	2022 Ugx 'Millions'	2021 Ugx 'Millions'
Gross written premiums	13,360	12,144
Underwriting results	505	(1,467)
Investment income	1,174	1,041
Profit before tax	1,709	(415)

### Performance Since Inception at a Glance

The company has sustained growth in GWP at an average 37% over the last five years. This trend is projected to more than double in the next three years driven by the strategic plan to start undertaking deposit administration. The company plans to leverage on its banc assurance, brokerage and retail distribution channels grow its GWP to 35 Billion by the year end 2025.

	2022 Ushs'000	2021 Ushs'000	2020 Ushs'000	2019 Ushs'000	2018 Restated Ushs'000	2017 Ushs'000	2016 Ushs'000	2015 Ushs'000
Gross insurance premium revenue	13,360,491	12,144,219	8,561,320	8,340,406	7,166,028	3,347,473	395,757	61,840
Gross insurance premium revenue	(2,472,010)	(1,977,734)	(2,016,808)	(1,667,199)	(813,858)	(839,156)	-	-
<b>Net insurance premium revenue</b>	<b>10,888,481</b>	<b>10,166,485</b>	<b>6,544,512</b>	<b>6,673,207</b>	<b>6,352,170</b>	<b>2,508,317</b>	<b>395,757</b>	<b>61,840</b>
Investment income	1,173,624	1,040,570	1,027,396	892,385	429,862	446,248	448,672	221,526
Other income	30,253	10,841	135,364	16,028	59,214	38,090	99	2,100
Administration Income	2,107,525	1,656,255	877,818	774,886	751,317			
Commission earned	701,031	530,620	853,407	488,928	195,533	212,670	-	-
<b>Total income</b>	<b>14,900,914</b>	<b>13,404,771</b>	<b>9,438,497</b>	<b>8,845,434</b>	<b>7,788,096</b>	<b>3,205,325</b>	<b>844,529</b>	<b>285,466</b>
Gross incurred Claims	(5,306,283)	(6,940,104)	(4,324,495)	(2,779,666)	(1,522,528)	(335,575)	(13,490)	(11,661)
Reinsurance Recoveries	1,340,927	1,154,786	1,201,836	433,428	313,598	245,060	-	-
Actuarial Adjustments	(886,501)	(1,251,537)	(1,174,687)	(1,056,881)	(1,939,988)	(936,706)	(146,685)	(53,645)
	<b>(4,851,857)</b>	<b>(7,036,855)</b>	<b>(4,297,346)</b>	<b>(3,403,119)</b>	<b>(3,148,918)</b>	<b>(1,027,221)</b>	<b>(160,175)</b>	<b>(65,306)</b>
Commission expenses	(5,195,025)	(4,410,722)	(3,193,651)	(3,733,599)	(2,882,564)	(1,012,802)	(69,214)	(6,887)
Decrease in Expected Credit Losses - bad debt	-	9,050	5,504	(81,910)	23,044	-	-	-
Other operating expenses	(3,145,500)	(2,381,558)	(2,036,738)	(2,636,286)	(3,232,765)	(1,674,529)	(1,498,476)	(1,477,562)
<b>Total benefits, claims and other expenses</b>	<b>(13,192,382)</b>	<b>(13,820,085)</b>	<b>(9,522,231)</b>	<b>(9,854,914)</b>	<b>(9,241,203)</b>	<b>(3,714,552)</b>	<b>(1,727,865)</b>	<b>(1,549,755)</b>
Profit/Loss before income tax	1,708,532	(415,314)	(83,734)	(1,009,480)	(1,453,107)	(509,227)	(883,337)	(1,264,289)
Income tax expense	(109,569)	(126,453)	(73,345)	(90,633)	(23,872)	(53,760)	(55,215)	(14,420)
<b>Profit/Loss for the period</b>	<b>1,598,963</b>	<b>(541,767)</b>	<b>(157,079)</b>	<b>(1,100,113)</b>	<b>(1,476,979)</b>	<b>(562,987)</b>	<b>(938,552)</b>	<b>(1,278,709)</b>
<b>Total comprehensive Profit/loss for the year, net of tax</b>	<b>1,598,963</b>	<b>(541,767)</b>	<b>(157,079)</b>	<b>(1,100,113)</b>	<b>(1,476,979)</b>	<b>(562,987)</b>	<b>(938,552)</b>	<b>(1,278,709)</b>

# CIC Africa Life Assurance Limited, Corporate Governance Report for the Year Ended 31<sup>st</sup> December 2022

## Introduction

The corporate governance agenda is driven by the Board. The Board is keen to see to it that the principles of corporate governance as spelt out in various legislations governing the operations of the company are observed. The governing legislation includes the Companies Act 2012, the Insurance Act 2017, and the Company's Articles of Association among others.

The Board is cognizant of the general expectation by stakeholders that it maintains the highest standards of corporate governance and it has in this regard institutionalized policies and processes and established robust frameworks that are necessary to CIC's foundational pillars and mission to enable people achieve financial security.

## General Governance Framework

The Company has institutionalized a robust corporate governance framework at all levels of the Company's strategic and operational spheres. The corporate governance framework, which the Board confirms is aligned to the global best practice was formulated to among other things:

- i). Protect and enhance shareholder value by maintaining the highest standards of governance, business behavior and transparency.**
- ii). Ensure the Board's accountability to shareholders and provide for an appropriate delegation of responsibilities to the Principal Officer / CEO and the senior management; and**
- iii). Provide a platform for regular review of the Company's governance structure against the nationally and universally accepted guidelines and best practices.**

## THE BOARD

The Board is primarily responsible for the protection of and enhancement of long-term shareholder value considering the interests of other stakeholders including employees, customers, suppliers, and the wider community.

The Board is accountable to shareholders for the performance of the Company. It directs and monitors the business and affairs of the Company on behalf of shareholders and is responsible for the Company's overall corporate governance.

## Separation of The Roles of The Board Chairman and The Chief Executive Officer

The separation of the functions of the Board Chairman (an Independent Non-Executive Director) and the CEO supports and ensures the independence of the Board and management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles. The Chairman's responsibilities include the operation, leadership and governance of the Board. The CEO's roles and responsibilities remain the day-to-day management of the Company's business and overseeing the implementation of strategy and policies approved by the Board.

## Board Composition and Directors' Appointment

The Board's composition is determined by the nature of the Company's business and the shareholding structure with particular attention being paid to the Board Charter and the Company's Memorandum and Articles of Association.

The Company is committed to ensuring that the composition of the Board comprises directors, who, possess the diversity of skills and experience required to fulfill the role and responsibility of the Board.

During the period under consideration, the Board comprised of seven (7) directors of which six (6) are independent non-executive directors and one (1) is the executive director as shown in the tabulation below:

### BOARD OF DIRECTORS

Position and Name	Executive <sup>1</sup>	Non-Executive <sup>2</sup>	Independence	Director Since
<b>Francis Ogwang*   Chairman</b>		x	Independent	2020
<b>Tom Omiti**   CEO</b>	x		Executive	2020
<b>Nelson Kuria**   Director</b>		x	Independent	2022
<b>Diana Nabukenya*   Director</b>		x	Independent	2022
<b>Derick Nkajja*   Director</b>		x	Independent	2021
<b>Joseph Areu*   Director</b>		x	Independent	2022
<b>Christine Kawasiima*   Director</b>		x	Independent	2022

## Board Composition and Directors' Appointment (continued)

<sup>1</sup> Executive means a member of the Board who also serves as manager of the company.

<sup>2</sup> Non-Executive Means a member of the board who does not form part of the management team and who is not an employee of the Company or affiliated with it in any other way but can own shares in the company.

\*\* Kenyan

\* Ugandan

## Directors' Appointment

Directors (other than the CEO) appointed by the Board must stand for election at the Annual General Meeting (AGM) following their appointment and are subject to shareholder re-election at least every three years as per the Companies Act.

Further, endorsement for re-election of non-executive directors to the Board at the conclusion of their three-year term is not automatic. Prior to the Board endorsing a director for re-election, the individual's performance as a director is reviewed in accordance with processes agreed by the Board from time to time. The Company provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a director.

New directors are provided with a formal letter of appointment that sets out the key terms and conditions of appointment including, among other things, duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding involvement with the Board and Board Committee work.

## Skills And Diversity

In considering the composition of the Board, directors consider the appropriate characteristics needed by the Board to maximize its effectiveness and the blend of skills, knowledge and experience necessary for the present and future needs of the company.

The Board believes that having a range of different skills, backgrounds, experience and diversity enables a broad range of viewpoints which facilitates effective governance and decision making.

The Board has the primary responsibility for conducting director assessments of the current mix of skills and experience of directors, considering the business and strategic needs of the company, as well as broader succession planning issues for both the Board and management.

## Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board recognizes the special responsibility of non-executive directors for monitoring executive management and providing independent views.

In assessing the independence of a director, the Board, relies on the codified principles and an objective regard to the relationship between a director and the Company or between a director and third parties that may compromise the director's independence.

## Tenure

The Company notifies shareholders of their right to nominate a candidate for election as a director by a notice convening the shareholders meeting in the event any director election or re-election is to occur at a shareholder meeting. Directors must retire every three years and, if desired, seek re-election.

## Succession

As part of its annual review, the Board continues to consider Board succession. The Board's succession plan is focused on identifying suitable candidates for future appointment to the Board, having regard to the Board's current skills mix and desirable future skills, so that the Board remains proactive, and renewal occurs in an orderly manner over time.

Where a need is identified or arises, the Board considers potential candidates based on the skills required by the Board and the qualities and experience of the candidate. The Committee, with the assistance of professional consultants, if necessary, will undertake a search process and shortlisted candidates will be interviewed by the Board before being recommended to the full Board for appointment.

Nominations for appointment to the Board are considered by the Board and approved by the Board as a whole. Appropriate checks are undertaken on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director.

## Director Orientation and Continuous Professional Development

All directors are provided with a letter of appointment that sets out the key terms and conditions of appointment including, among other things, duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding involvement with Board Committee work. New directors also participate in a formal induction program which includes one-on-one meetings with relevant members of management and provision of relevant policies, charters and other materials.

An active professional development program is also in place for directors and is incorporated as part of the annual board cycle. This varies each year and may include internal presentations and discussions with key external subject matter experts on issues including macro-economics, information technology, continuous disclosure, capital markets and accounting developments. In addition, there are focused sessions at each Board meeting addressing topical issues facing one or more of the business units or functions.

It is fundamental to the Board that directors have and are committing sufficient time to perform their duties properly and effectively. The Board has considered this issue during the reporting period and is satisfied that, considering all their commitments, each director had sufficient time to perform their Group Board duties.

## Independent Advice

The Board is entitled to access such information and seek such independent advice as they consider necessary or desirable, individually, or collectively, to fulfil their responsibilities and permit independent judgement in decision making. However, this does not abrogate the Board's responsibility to make independent decisions as such advice is only meant to enhance comprehension of certain matters placed before the Board.

## Attendance of Board and Committee Meetings

The table below shows attendances at Board and committee meetings by directors during the year ended 31 December 2022. The Board holds meetings once every quarter and these meetings are guided by an agreed agenda that is aimed at driving the Company's business strategy. In addition to the usual meetings of the Board, additional meetings of the Board are convened as necessary to consider such urgent matters. Senior employees only attend Board meetings by invitation. Attendance of Board meetings during the year was good with well-reasoned absences of directors for verifiable reasons such as health or travel.

Position and Name	Board	Committees
Francis Ogwang*   Chairman	4	4
Tom Omiti**   CEO	4	4
Nelson Kuria**   Director	4	4
Diana Nabukenya*   Director	4	4
Derick Nkajja*   Director	4	4
Joseph Areu*   Director	4	4
Christine Kawasiima*   Director	4	4

## Shareholder Relations

The Company is committed to open, clear, and timely communications with its shareholders. The Company has a Shareholder Communications Policy and investor relations program in place that encompasses the Company's commitment to providing transparent two-way communications with all shareholders through several channels. These include:

- a). the Company's AGM;
- b). the Company's Annual Report, which is available both in hard and soft copy;

The Company values effective two-way communication with shareholders and recognizes that it is important not only to provide relevant information as quickly and efficiently as possible, but to listen, understand and respond to the perspectives of those shareholders. To promote this two-way dialogue, shareholders are encouraged to attend and ask questions at the AGM. For those shareholders who are unable to attend in person, they may nominate proxies to attend on their behalf.

S&L Advocates | Company Secretary

## Directors Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2022, which discloses the state of affairs of CIC Africa Life Assurance Limited ("the Company").

### PRINCIPAL ACTIVITY

The principal activity of the Company is to transact all classes of life assurance business as defined by the Ugandan Insurance Act and is licensed by the Insurance Regulatory Authority of Uganda.

### RESULTS

The Company's results of the year ended 31 December 2022 are shown in the statement of comprehensive income on page 8.

### DIVIDENDS

The Directors of the Company do not recommend payment of a dividend in respect of the year (2021: Nil).

### DIRECTORS

The directors who held office during the period and to the date of this report were:

Francis Ogwang\*  
Tom Omiti\*\*  
Derick Nkajja\*  
Diana Nabukenya\*  
Joseph Areu\*  
Christine Kawasiima\*  
Nelson Kuria\*

\*\* Kenyan

\* Ugandan

### AUDITOR

The Company's auditor, PricewaterhouseCoopers Certified Public Accountants, was appointed in accordance with the provisions of Section 167(2) of the Ugandan Companies Act and Section 108 of the Ugandan Insurance Act.

By order of the board

Company Secretary

22<sup>th</sup> February 2023



## Statement Of Directors' Responsibilities

The Ugandan Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the state of the financial affairs of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors have assessed the Company's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statements were approved by the Board of Directors on 22 February 2023 and signed on its behalf by:



Director

TOM OMYA



Director

FRANCIS OGWANG

## Report on the audit of the financial statements

### Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CIC Africa Life Assurance Limited ("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 are prepared in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act.

### What we have audited

The Company's financial statements comprise:

- ⇒ the statement of financial position as at 31 December 2022;
- ⇒ the statement of comprehensive income for the year then ended;
- ⇒ 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 significant accounting policies and other explanatory information.

### 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 ("the IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

### Key audit matters

The key audit matter described below is that which, in our professional judgment, was of most significance in our audit of the financial statements of the Company for the year ended 31 December 2022. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Valuation of the Company's policyholder liabilities</i></p> <p>As at 31 December 2022, the Company's policyholder liabilities amounted to Ushs 7,455 Millions.</p>	<p><i>Set out below is a summary of the audit procedures that we performed:</i></p> <p>⇒ We obtained and evaluated the actuarial report prepared by the Company's actuary specifically focusing on the reasonableness of the assumptions applied in deriving the policyholder liability. We also checked the reasonableness of the assumptions used by comparing them to the Company's financial performance and available industry data.</p>
<p>We considered valuation of the Company's policyholder liabilities as a key audit matter because the derivation of these liabilities requires management to use estimates and apply judgment in determining key variables incorporated in the actuarial model for computing it. Additionally, policyholder liabilities are the Company's largest liabilities, representing 75% of the Company's liabilities at 31 December 2022. A significant increase in the Company's policyholder liabilities would result in a significant reduction in the Company's earnings. For details on policyholder liabilities, refer to Note 21 of the financial statements.</p>	<p>⇒ We checked the reasonableness of the data used by the Company's actuary by tracing that data to the underlying financial information.</p> <p>⇒ We compared the methodology applied by management's actuary in determining the liabilities to generally accepted actuarial techniques.</p>
<p>Some of the key variables considered in determining the policyholder liabilities include the Company's claims experience, mortality and morbidity of policyholders, future expenses relating to existing insurance policies, and investment returns and discount rates related to the Company's investments.</p>	<p>⇒ We also evaluated the competence, capabilities and objectivity of the independent actuary who performed the valuation of the policyholder liabilities.</p>

## Report on the audit of the financial statements (continued)

### Other information

The directors are responsible for the other information. The other information comprises the annual report 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 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

The 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 in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ⇒ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ⇒ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ⇒ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ⇒ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

## Responsibilities of the directors for the financial statements (continued)

We communicate with the directors, 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.

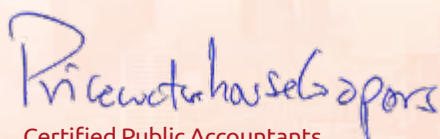
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public 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.

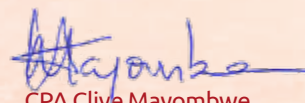
## Report on other legal and regulatory requirements

The Ugandan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- ⇒ 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;
- ⇒ in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- ⇒ the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement leader on the audit resulting in this independent auditor's report is CPA Clive Mayombwe – P0349.

  
Certified Public Accountants  
Kampala, 2023


  
CPA Clive Mayombwe

*PricewaterhouseCoopers Certified Public Accountants, Communications House, 1 Colville Street, P. O. Box 882, Kampala Uganda. Registration Number 113042*

*T: +256 (414) 236018, +256 (312) 354400, F: +256 (414) 230153, E: ug\_general@pwc.com, www.pwc.com/ug*

Partners: C Mpobusingye D Kalemba P Natamba U Mayanja

PricewaterhouseCoopers CPA is regulated by the Institute of Certified Public Accountants of Uganda (ICPAU), ICPAU No. AF0004

A young Black woman with glasses, wearing a black and white patterned cardigan over a black top, stands in a park. She is holding a large black umbrella over her head and smiling warmly at the camera. The ground is covered in fallen autumn leaves, and trees with colorful foliage are visible in the background.

To be a world class provider  
of insurance and other  
financial services.


## Statement of Comprehensive Income for the Year Ended 31st December 2022

	NOTES	2022 Ushs'000	2021 Ushs'000
Gross earned premium	7	13,360,491	12,144,219
Reinsurance Ceded	7	(2,472,010)	(1,977,734)
<b>Net insurance premium revenue</b>		<b>10,888,481</b>	<b>10,166,485</b>
Investment income	8	1,173,624	1,040,570
Other income		30,253	10,841
Administration income		2,107,525	1,656,255
Commission earned		701,031	530,620
<b>Total Income</b>		<b>14,900,914</b>	<b>13,404,771</b>
Gross incurred claims	9	(5,306,283)	(6,940,104)
Less: Reinsurance recoveries	9	1,339,539	1,154,786
Less: Actuarial adjustments	9	(885,113)	(1,251,537)
<b>Claims and policyholder benefits</b>		<b>(4,851,857)</b>	<b>(7,036,855)</b>
Commission expenses		(5,195,025)	(4,410,722)
Expected credit losses		-	9,050
Other operating expenses	10	(3,145,500)	(2,381,558)
<b>Total benefits, claims and other expenses</b>		<b>(13,192,382)</b>	<b>(13,820,085)</b>
<b>Profit/ (loss) before income tax</b>		<b>1,708,532</b>	<b>(415,314)</b>
Income tax expense	12	(109,569)	(126,453)
<b>Profit / (loss) For The Year</b>		<b>1,598,963</b>	<b>(541,767)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/ (loss) for the year, net of tax</b>		<b>1,598,963</b>	<b>(541,767)</b>

## Statement of Financial Position for the Year Ended 31<sup>st</sup> December 2022

ASSETS	NOTES	2022 Ushs '000	2021 Ushs '000
Property and equipment	13(a)	306,141	85,402
Intangible assets	13(b)	16,561	-
Right-of-use assets	14	676,289	213,723
Other receivables	17	291,021	135,270
<i>Debt instruments at amortised cost:</i>			
Government securities	15(a)	6,595,253	5,116,155
Deposits with financial institutions	15(b)	4,733,168	4,139,320
Receivables arising out of direct insurance arrangements	15(c)	825,249	1,272,608
Receivables arising out of reinsurance arrangements	15(d)	436,209	424,176
Other debt instruments	16(v)	79,522	3,102
Amounts due from related parties	16	2,195,758	226,270
Cash at bank and in hand	18	400,233	122,190
		<b>16,555,404</b>	<b>11,738,216</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	11,171,890	9,271,890
Reserves	20	613,724	400,171
Accumulated losses		(5,138,204)	(6,523,614)
		<b>6,647,410</b>	<b>3,148,447</b>
<b>Liabilities</b>			
Insurance contract liabilities	21(a)	1,607,939	1,141,875
Actuarial value of policyholder liabilities	21(b)	7,445,243	6,560,130
Lease liabilities	14	625,711	199,380
Statutory payables	22(b)	84,866	122,381
Amounts due to related parties	16	-	68,829
Other payables	22(a)	144,235	315,889
Payables arising from reinsurance	23	-	181,285
		<b>9,907,994</b>	<b>8,589,769</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,555,404</b>	<b>11,738,216</b>

The financial statements were approved for issue by the Board of Directors on 22<sup>nd</sup> February 2023 and signed on its behalf by:

  
 Director  
 TOM OMYI

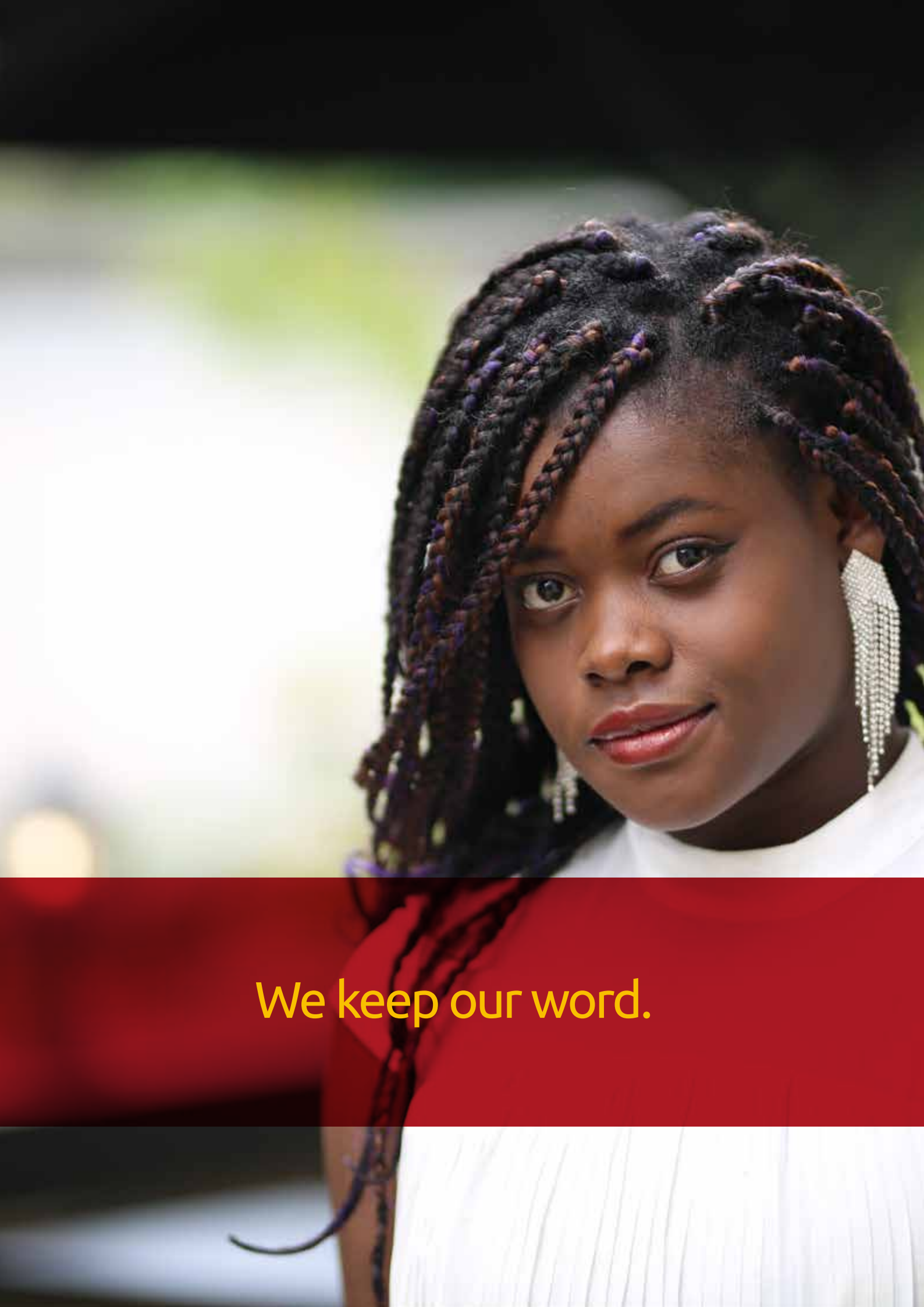
  
 Director  
 FRANCIS OGWANG

## Statement of Changes in Equity for the Year Ended 31<sup>st</sup> December 2022

	Share Capital Ushs'000	Reserves Ushs'000	Accumulated losses Ushs'000	Total Ushs'000
<b>Year Ended 31<sup>st</sup> December 2021</b>				
At the start of the year (as previously stated)	8,362,890	278,729	(5,860,405)	2,781,214
<b>Comprehensive income</b>				
Total comprehensive loss for the year	-	-	(541,767)	(541,767)
Transfer to contingency reserve (note 20)	-	121,442	(121,442)	-
<b>Transactions with owners:</b>				
Issue of shares (note 19)	909,000	-	-	909,000
<b>At end of year</b>	<b>9,271,890</b>	<b>400,171</b>	<b>(6,523,614)</b>	<b>3,148,447</b>
<b>Year Ended 31<sup>st</sup> December 2022</b>				
At the start of the year	9,271,890	400,171	(6,523,614)	3,148,447
<b>Comprehensive income</b>				
Total comprehensive income for the year	-	-	1,598,963	1,598,963
Transfer to contingency reserve (note 20)	-	133,605	(133,605)	-
Transfer to capital reserve (note 20)	-	79,948	(79,948)	-
<b>Transactions with owners:</b>				
Issue of shares (note 19)	1,900,000	-	-	1,900,000
<b>At end of Year</b>	<b>11,171,890</b>	<b>613,724</b>	<b>(5,138,204)</b>	<b>6,647,410</b>

## Statement of Cash Flows for the Year Ended 31<sup>st</sup> December 2022

	NOTES	2022 Ushs'000	2021 Ushs'000
<b>Operating Activities</b>			
Profit/(loss) before tax		1,708,532	(415,314)
Adjustments for:			
Depreciation and amortisation	10	102,980	134,668
Depreciation on right-of-use assets	14	371,508	122,635
Interest expense on lease liabilities	14	47,610	17,221
Loss on disposal of property and equipment		2,003	730
Accrued interest income		(423,316)	5,040
		1,809,317	(135,020)
Changes in working capital:			
Receivables arising out of direct insurance		447,359	(688,759)
Receivables arising out of reinsurance		(12,033)	(46,746)
Other debt instruments		(76,420)	12,927
Other receivables		(155,751)	7,009
Amounts due from related parties		(1,969,488)	(226,270)
Other payables		(171,654)	(34,350)
Statutory payables		(37,515)	52,961
Insurance contract liabilities		1,351,177	1,166,566
Amounts due to related parties		(68,829)	(289,492)
Payables arising from reinsurance arrangements		(181,285)	(869,666)
Movements in right-of-use assets and lease liabilities		-	(3,193)
<b>Cash flows generated from/ (used in) operations</b>		<b>934,878</b>	<b>(1,054,033)</b>
Withholding tax paid on government securities	12	(109,569)	(126,453)
<b>Net cash flows generated from/ (used in) operating activities</b>		<b>825,309</b>	<b>(1,180,486)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	13(a)	(309,161)	(26,781)
Purchase of intangibles	13(b)	(33,122)	-
Purchase of government securities and fixed deposits		(9,442,569)	(8,948,196)
Maturities of government securities and fixed deposits		7,792,939	9,396,224
<b>Net cash flows (used in)/ generated from investing activities</b>		<b>(1,991,913)</b>	<b>(421,247)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	19	1,900,000	909,000
Lease payments – principal and interest	14	(455,353)	(130,009)
<b>Net cash flows generated from financing activities</b>		<b>1,444,647</b>	<b>778,991</b>
<b>Net increase in cash and cash equivalents</b>		<b>278,043</b>	<b>19,752</b>
Cash and cash equivalents at start of year		122,190	102,438
<b>Cash and cash equivalents at end of year</b>	<b>18</b>	<b>400,233</b>	<b>122,190</b>



We keep our word.

## 1. CORPORATE INFORMATION

### 1.1. Corporate information

The Company is incorporated in Uganda under the Companies Act as a limited liability company and is domiciled in Uganda. The address of its registered office is:

AHA Building  
Lourdel Road Kampala  
P.O. Box 34975  
Kampala, Uganda

For Ugandan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit or loss account by the statement of comprehensive income in these financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1. Basis of presentation and statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Ugandan Companies Act and the Ugandan Insurance Act.

These financial statements have been prepared under the historical cost convention, unless otherwise stated. The financial statements are presented in Uganda shillings which is the Company's functional and the presentation currency and all values are rounded to the nearest thousand (Ushs '000), unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the note 4.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates due to the uncertainty about these assumptions and estimates and could require a material adjustment to the carrying amount of the asset or liability affected in the future. See details on the significant estimates in note 3.

### 2.2. Changes in accounting policies and disclosures

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 January 2022, with no material impact.

- ⇒ Annual improvements cycle 2018 -2020 – minor changes to various financial statements.
- ⇒ IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment.
- ⇒ Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- ⇒ Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

### New and amended standards not yet adopted by the Company

#### IFRS 17 Insurance Contracts (effective 1 January 2023)

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new approach 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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2. Changes in accounting policies and disclosures (continued)

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.

In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

IFRS 17 will have a material impact on the Company's financial statements. Management is still assessing the impact of the new standard on the Company's financial statements, reporting systems and operations.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these financial statements. These standards, which are not expected to have a significant effect on the financial statements of the Company, are set out below:

- ⇒ IFRS 17, Insurance contracts Amendments - effective for annual periods beginning on or after 1 January 2023. In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
- ⇒ Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current – effective for annual periods beginning on or after 1 January 2023.
- ⇒ Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction -- effective for annual periods beginning on or after 1 January 2023.
- ⇒ Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - effective for annual periods beginning on or after 1 January 2023.

### 2.3. Insurance contracts

Contracts under which the Company accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. The insurance contract liabilities include (where applicable) the claims incurred but not yet reported provision, the unearned premium provision, and the premiums deficiency provision.

The Company's policies under the Life insurance business include; Member Employee Participation Insurance Plan (MEPIP) and Ordinary Life Insurance policies which include Invest-plan, Smart saver & Academia insurance products. Premiums written relate to risks assumed during the year.

#### Recognition and measurement

##### Insurance premium revenue

Gross written premiums on life insurance are recognised as revenue when paid by the Policyholder. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3. Insurance contracts (continued)

#### Insurance receivables

Receivables are recognised when due and these include amounts due from insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the Statement of Comprehensive Income. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets at amortised cost.

#### Reinsurance

The Company enters into reinsurance contracts in the normal course of business for the life business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due. Reinsurance assets include balances due from reinsurance companies relating to the portion of the insurance liability that is recoverable from the reinsurer. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

#### Gross benefits and claims

Gross benefits and claims for life insurance 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. Group life policies' claims are occasioned by death or permanent disability of the policyholder and these are recorded on the basis of the notifications received. The Ordinary life claims are recorded when due upon maturity of the insurance contract term as agreed upon by the company and the insurance policyholder.

#### Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognised according to the terms of the relevant contract.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by 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 (for non-market linked insurance contracts this item is excluded) from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical 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, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the profit or loss. The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. It is assumed that premiums are earned uniformly over the contract period.

Profits originated from margins of adverse deviations on run-off contracts are recognised in the profit or loss over the life of the contract, whereas losses are fully recognised in the profit or loss during the first year of run-off. The liability is derecognised 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 insurance contract liabilities for the period comprise of Unearned Premiums Reserve (UPR), Premium Deficiency Reserve (PDR) and claims incurred but not reported (IBNR). The liability on these life insurance contracts is determined through actuarial valuation which is carried out annually. (Refer to note 21).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4. Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method.

### 2.5. Taxation

#### Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with the Income Tax Act. Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the period. Current income tax assets or liabilities are based on the amount of tax expected to be paid or recovered in respect of the taxation authorities in the future. Tax is recognised in the statement of profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

#### Deferred income tax

Deferred income tax is provided on temporary differences except those arising on the initial recognition of goodwill, the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the reporting date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The accounting of deferred tax movements is driven by the accounting treatment of the underlying transaction that lead to the temporary differences. Deferred tax relating to items recorded in profit or loss is recognised in profit or loss, while deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in other comprehensive income or equity

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

#### Sales taxes and premium taxes

Revenues, expenses and assets and liabilities are recognised net of the amount of sales taxes and premium taxes except:

- ⇒ when the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- ⇒ Receivables and payables that are measured with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6. Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of the reporting period is recognised as an expense accrual. The Company contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to this scheme are determined by local statute. The Company's contributions to NSSF are charged to profit or loss as they fall due.

### 2.7. Financial instruments

IFRS 9 Financial Instruments brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ⇒ Financial assets at amortised cost (debt instruments)
- ⇒ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ⇒ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ⇒ Financial assets at fair value through profit or loss

##### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include, cash and cash equivalents, other receivables, debt and other debt instruments.

## 2.7. Financial instruments (continued)

### Financial assets (continued)

#### De-recognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ⇒ The rights to receive cash flows from the asset have expired; The Company retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- ⇒ The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and the rewards of the assets, or (b) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### De-recognition other than for substantial modification

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

The continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/ or purchased option (including cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may re-purchase, except in the case of a put option (including a cash settled option or a similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- ⇒ Change in currency of the debt instrument
- ⇒ Introduction of an equity feature
- ⇒ Change in counterparty
- ⇒ If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

#### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 2.7. Financial instruments (continued)

### Financial assets (continued)

The Company's debt instruments comprise mainly of Treasury bills, bonds amounts due to related parties and deposits with financial institutions. It is the Company's policy to measure ECLs on such instruments on a monthly basis. Where the credit risk of any debt instrument deteriorates, the Company will recognize an allowance for expected credit losses (ECLs). We have not recognised ECL on treasury bills and bonds as these are considered risk free since they are backed by the Uganda Government. There was also no ECL on the other debt instruments as they relate to staff loans and advances which are significantly in the control of the entity.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

### The calculation of ECLs

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Company considers four scenarios (a base case, an upside, a mild downside and a more extreme downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- ⇒ **PD** The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- ⇒ **EAD** The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- ⇒ **LGD** The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ELC calculations into one of these categories, determined as follows:

- ⇒ **12mECL** The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios, as explained above.
- ⇒ **LTECL** When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.
- ⇒ **Impairment** For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

### Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

## 2.7. Financial instruments (continued)

### Financial assets (continued)

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent measurement

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

#### De-recognizing financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

#### Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss to the amount of an impairment already taken to profit or loss while the remainder will be a revaluation amount through other comprehensive income.

## 2.7. Financial instruments (continued)

### Financial assets (continued)

### Financial liabilities (continued)

### Fair value measurement

The Company measures the fair value of its financial instruments at each reporting date.

As at 31 December 2022, the company had no investments in any securities whether quoted or unquoted. The Company's financial assets and liabilities consist of Treasury bills, Bonds, cash and short-term deposits, receivables, amounts due to related parties, other payables and insurance contract liabilities. The carrying amounts of its existing financial assets and liabilities reasonably approximate their fair value as at the reporting date.

## 2.8. Foreign currency translation

The Company's financial statements are presented in Uganda Shillings (Ushs), which is also the Company's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

## 2.9. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.10. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method so as to write-off their cost to their estimated residual values over their estimated useful lives, as follows:

- ⇒ Furniture and fittings 12.5%
- ⇒ Computer equipment 25.0%
- ⇒ Motor vehicle 25.0%

Depreciation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Depreciation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in condition expected at the end of its useful life.

### 2.10. Property and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in the statement of comprehensive income.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 comprehensive income in the period the asset is derecognised.

### 2.11. Intangible Assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets. Amortisation is calculated using the straight-line method to write down the cost of each licence or item of software over its estimated useful life (four years).

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Software under implementation are recognised as work in progress at historical costs less any accumulated impairment loss. The cost of such software includes professional fees and costs directly attributable to the software. The software is not amortised until they are ready for the intended use.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised.

An intangible asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 comprehensive income in the period the asset is derecognised.

### 2.12. Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved. Dividend distributions to the shareholders are recognised as a liability in the financial statements in the year in which the dividends are declared and approved by the shareholders.

### 2.13. Events after reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after.

### 2.14. Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

### 2.15. Expenses

Expenses are recognised in the statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants.

This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

- i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the statement of comprehensive income on the basis of systematic and rational allocation procedures. This is often necessary in recognising the expenses associated with the using up of assets such as property and equipment in such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.
- ii) An expense is recognised immediately in the statement of comprehensive income when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

### 2.16. Expenses

#### Leases under which the Company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease. Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

### 2.17. Administration Income

Income recognised in the statement of profit or loss as it accrues and is calculated at 20% of agro consortium premium collected on behalf of CIC General Insurance (Uganda) Limited.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparing financial statements in accordance with IFRS requires that management make use of estimates, assumptions and judgements that affect the application of the accounting principles and reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date as well as the reported income and expenses for the period. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although the estimates are based on management's best knowledge, experience, insight and judgement of current facts at the statement of financial position date, the actual outcome may deviate from these estimates, possibly significantly.

#### 3.1. Insurance contract liabilities

Critical assumptions are made by the actuary in determining the present value of actuarial liabilities. The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry and Uganda's mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements, but epidemics, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation adjustments if appropriate.

Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for The Company's own risk exposure.

#### Insurance liabilities sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees.

When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

	NET BASIS 31-Dec-2022 Ushs'000	% change	31-Dec-21 Ushs'000	% change
Main basis	1,755,365		1,451,629	
Expenses plus 7.5%	1,818,957	3.62%	1,512,013	4.16%
Mortality and other claims				
Mortality plus 10%	1,760,708	0.30%	1,456,400	0.33%
Interest rate less 7%	1,859,886	5.95%	1,552,237	6.93%
Expense inflation plus 1%				
Withdrawals plus 25%	1,767,650	0.70%	1,459,865	0.57%

### 3.2. Impairment of financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. Other judgements applied include; determining financial condition of counter parties and forward-looking information. These estimates are driven by the outcome of modelled ECL scenarios and relevant inputs used.

### 3.3. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## 4. FINANCIAL RISK MANAGEMENT

### 4.1. Categories of financial assets and financial liabilities

<b>FINANCIAL ASSETS</b>	<b>2022</b> <b>Ushs' 000</b>	<b>2021</b> <b>Ushs' 000</b>
<b>Financial assets at amortised cost</b>		
Government securities	6,595,253	5,116,155
Deposits with financial Institutions	4,733,168	4,139,320
Receivables arising out of direct insurance arrangements	825,249	1,272,608
Receivables arising out of reinsurance arrangements	436,209	424,176
Amounts due from related parties	2,195,758	226,270
Other debt instruments	79,522	3,102
Cash at bank and in hand	400,233	122,190
<b>Total Financial Assets</b>	<b>15,265,392</b>	<b>11,303,821</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial assets at amortised cost</b>		
Other payables	144,235	315,889
Amounts due to related parties	-	68,829
Payables arising from reinsurance	-	181,285
Lease liabilities	625,711	199,380
<b>Total Financial Liabilities</b>	<b>769,946</b>	<b>765,383</b>

### 4.2. Financial risk factors

The Company is exposed to financial risk through its financial assets and financial liabilities. The Company's principal financial liabilities comprise other payables, amounts due to related parties and payables arising from reinsurance. The Company has various financial assets such as treasury bills, bonds, deposits with financial institutions, other debt instruments, reinsurance receivables and cash and bank balances, which arise directly from its operations. The Company policy is to manage financial risk separately through its operations. Exposure to liquidity, credit, interest rate and foreign currency risk arises in the normal course of the Company's business. In general, financial risk is managed actively by the Board of Directors which has established several subcommittees to deal with risk management issues. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.2. Financial risk factors (continued)

#### 4.2.1. Credit risk

Credit risk is defined as the potential loss in market value resulting from adverse changes in the borrower's ability to repay the debt. The major concentration of credit risk arises from the Company's insurance and reinsurance receivables and investments. Management manages this risk by upfront, stringent underwriting analysis, reviews by the audit committee of the Board and regular management meetings to review credit developments. All credit exposures are reviewed at least annually.

To mitigate credit risks relating to reinsurance receivables, the Company has established business and financial standards for reinsurance approval, incorporating rating by major rating agencies and considering current market information. The Company ensures that there is no concentration risk within a single reinsurer.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

#### The Company's internal rating process

The Company's investment team prepares internal ratings for financial instruments (Financial assets at amortised cost, government securities, receivables, due from related parties, deposit with financial institutions and cash and bank balances) in which counter parties are rated using internal grades. The internal ratings are determined by incorporating both qualitative and quantitative information from Standard and Poor (S&P), rating supplemented with information specific to the counter party and other external information that could affect the counter party's behaviour. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

Below are the Company's internal credit rating grades

Internal rating grade	Internal rating description
0 to 1	High Grade
2	Standard Grade
3	Sub-standard Grade
4	Past due but not impaired
5	Individually Impaired

#### Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties.

#### 2022

Ushs'000	High Grade	Standard Grade	Past due but not impaired	Individually Impaired	Total
Government securities	6,595,253	-	-	-	6,595,253
Deposits with financial Institutions	4,733,168	-	-	20,801	4,753,969
Premium receivables	-	825,249	-	-	825,249
Reinsurance receivables	-	436,209	-	-	436,209
Other debt instruments	-	79,522	-	-	79,522
Amounts due from related parties	-	2,195,758	-	-	2,195,758
Cash at bank	398,252	-	-	-	398,252
<b>Total credit exposure</b>	<b>11,726,673</b>	<b>3,536,738</b>	<b>-</b>	<b>20,801</b>	<b>15,284,212</b>

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.2. Financial risk factors (continued)

#### 4.2.1. Credit risk (continued)

##### Credit exposure by credit rating (continued)

2021

Ushs'000	High Grade	Standard Grade	Past due but not impaired	Individually Impaired	Total
Government securities	5,116,155	-	-	-	5,116,155
Deposits with financial Institutions	4,139,320	-	-	20,801	4,160,121
Premium receivables	-	1,272,608	-	-	1,272,608
Reinsurance receivables	-	424,176	-	-	424,176
Other debt instruments	-	3,102	-	-	3,102
Amounts due from related parties	-	226,270	-	-	226,270
Cash at bank	119,835	-	-	-	119,835
<b>Total credit exposure</b>	<b>9,375,310</b>	<b>1,926,156</b>	<b>-</b>	<b>20,801</b>	<b>11,322,267</b>

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

Ushs'000	31 December 2022			31 December 2021		
	Amount Ushs '000	Collateral Ushs '000	Net credit exposure Ushs '000	Amount Ushs '000	Collateral Ushs '000	Net credit exposure Ushs '000
Government securities	6,595,253	-	6,595,253	5,116,155	-	5,116,155
Deposits with financial Institutions	4,733,168	-	4,733,168	4,139,320	-	4,139,320
Premium receivables	436,209	-	436,209	424,176	-	424,176
Reinsurance receivables	825,249	-	825,249	1,272,608	-	1,272,608
Other debt instruments	79,522	-	79,522	3,102	-	3,102
Amounts due from related parties	2,195,758	-	2,195,758	226,270	-	226,270
Cash at bank	398,252	-	398,252	119,835	-	119,835
<b>TOTAL</b>	<b>15,263,411</b>	<b>-</b>	<b>15,263,411</b>	<b>11,301,466</b>	<b>-</b>	<b>11,301,466</b>

The Company limits the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or entities of counterparties, product, and to industry segments. The levels are subject to annual or more frequent reviews. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each intermediary and the portfolios that they manage. A significant amount of the insurance business is written through intermediaries. The carrying amount of insurance and other financial assets represents the maximum credit exposure.

#### Impairment assessment

The Company's ECL assessment and measurement method is set out below:

#### Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers forward looking factors such as GDP growth, unemployment rates, forward CPI rate, etc when assessing the increase in the credit risk. The Company considers that there has been a significant increase in

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.2. Financial risk factors (continued)

#### 4.2.1. Credit risk (continued)

##### Significant increase in credit risk, default and cure (continued)

credit risk when any contractual payments are more than 30 days past due, in addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- ⇒ Internal rating of the counterparty indicating default or near default;
- ⇒ The counterparty having past due liabilities to public creditors or employees;
- ⇒ The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection; and
- ⇒ Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months. There has been no significant increase in credit risk or default for financial assets during the year.

##### Impairment losses on financial assets subject to impairment assessment

Refer to note 15 for more details on the impairment losses charged in these financial statements.

#### 4.2.2. Liquidity risk

Liquidity is a measure of the Company's ability to generate sufficient cash flows to meet the short term and long-term cash requirements of the Company's business operations. Liquidity risk arises when there is a mismatch between the maturities of liabilities and assets. Cash needs consist of paying insurance losses and day-to-day operating expenses. Those needs are met through cash receipts from operations and investments income. The Board sets limits on the minimum proportion of maturing funds available to meet such calls.

The Company manages liquidity risk by maintaining adequate cash resources, banking facilities and by continuously monitoring forecasts and actual cash flows.

After satisfying cash requirements, excess cash flows are used to build up the investment portfolio and thereby increase future investment income to increase the Company's capacity to expand the business.

The Company has significant adequate liquid resources to cover its obligations. The Company's liquidity analysis is as below:

	Within 3 months Ushs'000	Between 4 and 12 months Ushs'000	More than 12 months Ushs'000	Total Ushs'000
<b>31<sup>st</sup> December 2022</b>				
<b>ASSETS</b>				
Government securities	-	3,334,346	3,260,907	6,595,253
Deposits with financial Institutions	739,527	3,993,641	20,801	4,753,969
Receivables arising out of direct insurance arrangements	825,249	-	-	825,249
Receivables arising out of reinsurance arrangements	436,209	-	-	436,209
Amounts due from related parties	2,195,758	-	-	2,195,758
Other debt instruments	79,522	-	-	79,522
Cash at bank and in hand	400,233	-	-	400,233
<b>Total Assets</b>	<b>4,676,498</b>	<b>7,327,987</b>	<b>3,281,708</b>	<b>15,286,193</b>

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.2. Financial risk factors (continued)

#### 4.2.2. Liquidity risk (continued)

31 <sup>st</sup> December 2022	Within 3 months Ushs'000	Between 4 and 12 months Ushs'000	More than 12 months Ushs'000	Total Ushs'000
<b>LIABILITIES</b>				
Other payables	144,235	-	-	144,235
Amounts due to related parties	-	-	-	-
Insurance contract liabilities	1,607,939	-	-	1,607,939
Payables arising from reinsurance	-	-	-	-
Lease liabilities	103,239	207,805	314,667	625,711
<b>Total Liabilities</b>	<b>1,855,413</b>	<b>207,805</b>	<b>314,667</b>	<b>2,377,885</b>
<b>Net Liquidity</b>	<b>2,821,085</b>	<b>7,120,182</b>	<b>2,967,041</b>	<b>12,908,308</b>
<b>31<sup>st</sup> December 2021</b>				
<b>ASSETS</b>				
Government securities	658,791	3,035,565	1,421,799	5,116,155
Deposits with financial Institutions	764,831	3,374,489	20,801	4,160,121
Receivables arising out of direct insurance arrangements	1,272,608	-	-	1,272,608
Receivables arising out of reinsurance arrangements	424,176	-	-	424,176
Amounts due from related parties	226,270	-	-	226,270
Other debt instruments	3,102	-	-	3,102
Cash at bank and in hand	122,190	-	-	122,190
<b>Total Assets</b>	<b>3,471,968</b>	<b>6,410,054</b>	<b>1,442,600</b>	<b>11,324,622</b>
<b>LIABILITIES</b>				
Other payables	315,889	-	-	315,889
Amounts due to related parties	68,829	-	-	68,829
Insurance contract liabilities	1,141,875	-	-	1,141,875
Payables arising from reinsurance	181,285	-	-	181,285
Lease liabilities	33,366	100,098	65,916	199,380
<b>Total Liabilities</b>	<b>1,741,244</b>	<b>100,098</b>	<b>65,916</b>	<b>1,907,258</b>
<b>Net Liquidity</b>	<b>1,730,724</b>	<b>6,309,956</b>	<b>1,376,684</b>	<b>9,417,364</b>

#### 4.2.3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Company has in place a market risk policy that sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in risk environment.

## 4. FINANCIAL RISK MANAGEMENT (continued)

### 4.2. Financial risk factors (continued)

#### 4.2.3. Market risk (continued)

##### 4.2.3.1. Interest rate risk

Interest rate risk is defined as the exposure to changes in interest rate in respect of income earning assets. This risk is monitored through periodic reviews of the Company's interest-bearing assets and liability position.

The Company is exposed to interest rate risk from interest bearing financial assets.

For short-term insurance contracts, the Company has matched insurance liabilities with cash and cash equivalents. The non-equity portion of the financial assets in this portfolio of the Company is characterised by interest rate risk. Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

Interest rate risk is defined as the exposure to changes in interest rate in respect of income earning assets. This risk is monitored through periodic reviews of the Company's interest-bearing assets and liability position.

There are no financial assets held at variable interest rates. Accordingly, the Company has no significant exposure to interest rate risk.

##### 4.2.3.2. Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company primarily transacts in Uganda shillings and a significant portion of its assets and liabilities are denominated in the same currency. The Company does not have significant exposure to foreign currency risk because most of its transactions are denominated in Ugandan Shillings.

### 4.3. Capital risk management

The primary objective of the Company's capital management is to maintain a strong credit rating and healthy capital ratios to support the business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares.

The Company monitors capital by using solvency ratios, which is net written premium compared to average shareholders' funds. The margin over the statutory limit solvency requirement is needed for the following reasons:

- ⇒ As a buffer over regulatory capital requirements
- ⇒ To fund new business growth
- ⇒ To maintain its financial credit rating
- ⇒ To allow for any corporate action that may arise

The local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to their insurance liabilities. The minimum required capital must be maintained at all times throughout the period. The Company carries out necessary tests to ensure continuous and full compliance with such regulations and it has complied with all the local solvency regulations during the period under review.

#### Solvency requirements

Under Ugandan Insurance Act, the Insurance Regulatory Authority of Uganda ("IRA") is mandated to use Risk Based Supervision (RBS) as a supervisory approach of regulating licensees on a risk sensitive basis. The IRA introduced a framework for RBS to be implemented by insurance companies.

RBS in essence is divided into three pillars as shown below:

- ⇒ **Pillar 1** – RBS sets out minimum capital requirements that insurance companies and HMOs are required to meet and specifies valuation of assets and liabilities.
- ⇒ **Pillar 2** – Includes the supervisory review process, systems of governance and risk management.
- ⇒ **Pillar 3** – Disclosure and supervisory reporting regime, under which defined reports to the regulator and public are required to be made.

Capital adequacy under the RBS framework is measured based on requirements which are enshrined in the Insurance (Capital Adequacy and Prudential Requirements) Regulations 2020. The requirements of the regulation are based on the solvency 2 framework of the European Union. Capital required includes amount for: credit risk; market risk; operational risk, concentration risk, liquidity risk and insurance risk which are determined based on specifications set out in the regulations.

As at 31 December 2022, application of the RBS framework to the Company gave rise to a capital requirements deficit as shown below:

	2022 Ushs'000	2021 Ushs'000
Capital available	6,006,890	2,961,495
Capital required	4,500,000	4,500,000
Capital Adequacy Ratio	133%	66%
Prescribed Capital Adequacy Ratio	200%	200%
Capital deficit	67%	134%

The Company's Capital Adequacy Ratio of 131% was below the required amount of 200%, which represents non-compliance with the Insurance (Capital Adequacy and Prudential Requirements) Regulations, 2020 ("the Regulations"). The capital deficit of 69% is equivalent to Ushs 3 billion.

The Insurance Regulatory Authority could revoke the Company's licence for non-compliance with the Regulations. That said, the Company's directors have engaged with the Insurance Regulatory Authority to explore ways of how the required Capital Adequacy Ratio can be achieved. The directors also represent that the parent entities (CIC Africa (Uganda) Limited and CIC Insurance Group Plc) will continue providing CIC Africa Life Assurance Limited with financial support in the foreseeable future to enable the Company to meet its Capital Adequacy Ratio requirements.

## Share capital

The Company has paid up capital of Ushs 11,172 million. The amount is above the required paid-up capital of Ushs 4,500 million as per the Insurance (Capital Adequacy and Prudential Requirements) Regulations 2020.

## 5. INSURANCE RISK MANAGEMENT

### Exposure to insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, lack of sound reinsurance program and type of industry covered.

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.

## 5. INSURANCE RISK MANAGEMENT (continued)

### Exposure to insurance risk (continued)

- ⇒ **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.

### Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of government regulation through legislation and trade union structures leading to awards for the damage suffered within workmen's compensation cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts in the Company are set out below:

- ⇒ Member Employee Participation Insurance Plan (MEPIP)
- ⇒ Ordinary Life.

Using premiums as an indicator the table below illustrates the Company's distribution of risks underwritten:

	2022 %	2021 %
Group credit (Member Employee Participation Insurance Plan)	91%	92%
Ordinary life	9%	8%

## 6. Operational risks

Generally, all business activities contain some aspects of operational risk. The Company has established a comprehensive framework to identify, assess, quantify, mitigate and report on operational risks within the organisation.

As part of this process, operational risks are identified for key business areas and are qualitatively assessed. Risks identified and assessed above certain thresholds must be evaluated for mitigation. Any resulting plans for improvement actions are documented and tracked on an ongoing basis. In addition to the operational risk assessments, loss events above a threshold determined by policy are documented and evaluated in a Company-wide data base. Where needed, improvement actions are put in place to avoid recurrence of such operational loss events.

Specific processes and systems are put in place to focus on high-priority operational matters such as outsourcing, information technology and managing business continuity. A key task is keeping the business continuity plans up to date, with an emphasis on recovery from unexpected events such as natural catastrophes and the possibility of a pandemic.

The Company continues to strengthen the consistency, documentation and assessment of our internal controls for significant processes. Although primarily focused on important controls for financial reporting, this effort also includes related operational and compliance controls.

### 6.1. Risks to reputation and strategic risks

As with operational risk, every risk type has potential consequences for the Company's reputation. Effectively managing each type of risk helps reduce the threats to reputation. The Company preserves its reputation by adhering to all applicable laws and regulations, and by following the core values and principles of the Company, which include, among others, integrity and good business practice. Strategic business decisions by nature involve risks. These risks are reduced through risk assessment processes and tools. Executive committees regularly assess key strategic risk scenarios for the Company as a whole.

## 6. Operational risks (continued)

### 6.2. Legal risk

Legal risk is the risk that the Company may be exposed to contractual obligations which have not been provided for. The risk arises from the uncertainty of the enforceability, through legal or judicial processes, of the obligations of customers and counterparties, including contractual provisions intended to reduce credit and product exposure.

7. Gross earned premium	2022 Ushs'000	2021 Ushs'000
Group credit	12,162,621	11,201,634
Individual life	1,197,870	942,585
<b>Gross insurance premium revenue written</b>	<b>13,360,491</b>	<b>12,144,219</b>
Premium income ceded to reinsurers on insurance contracts issued	(2,472,010)	(1,977,734)
<b>Net insurance premium revenue</b>	<b>10,888,481</b>	<b>10,166,485</b>
8. Investment income	2022 Ushs'000	2021 Ushs'000
Interest on Government Securities	609,396	673,609
Interest on fixed deposits	564,228	366,961
	<b>1,173,624</b>	<b>1,040,570</b>
9. Claims and policyholders' benefits expenses	2022 Ushs'000	2021 Ushs'000
Claims for group and ordinary life policies	5,306,283	6,940,104
Claims recoveries from reinsurance	(1,339,539)	(1,154,786)
Actuarial adjustments (note 21(b))	885,113	1,251,537
	<b>4,851,857</b>	<b>7,036,855</b>

## 10. Other operating expenses

	2022 Ushs'000	2021 Ushs'000
Employee benefit expenses (note 11)	1,490,792	1,189,503
Auditor's remuneration	73,919	37,185
Directors' fees (note 16(iv))	110,687	42,277
Directors' expenses (note 16(iv))	66,502	32,745
Motor vehicle fuel costs and repair	105,799	112,123
Repair and maintenance	-	5,312
Insurance	3,956	2,174
Bank and investment charges	17,314	15,239
Depreciation and amortisation	102,980	134,668
Depreciation on right-of-use assets (note 14)	371,508	122,635
Utilities	23,740	14,676
Subsistence travel and accommodation	104,301	101,074
Printing, stationery and postage	44,740	36,211
Telephone and fax	25,502	32,054
Business advertising and promotion	58,894	17,727
Professional fees	69,886	138,638
Office expenses	35,540	32,077
Trainings and seminars	8,341	25,407
Office rent	106,049	57,138
Interest on lease liabilities (note 14)	47,610	17,221
Premium Levy	160,338	150,957
Licence fees	18,780	21,781
Company registration fees and taxes	98,322	42,736
	<b>3,145,500</b>	<b>2,381,558</b>

## 11. Employee benefits expenses

	2022 Ushs'000	2021 Ushs'000
Salaries and wages	1,041,674	930,316
NSSF contributions	106,374	90,514
Gratuity cost	40,005	15,750
Pension	32,973	-
Staff and other expenses	269,766	152,923
	<b>1,490,792</b>	<b>1,189,503</b>

**12. Income Tax**

	2022 Ushs'000	2021 Ushs'000
<b>a) Current income tax expense</b>		
<b>Income tax expense</b>		
Current income tax expense	109,569	126,453
Deferred income tax charge	-	-
	<b>109,569</b>	<b>126,453</b>

The income tax on the Company's profit/ (loss) for the year differs from the theoretical amount that would arise using the basic tax rate of 30% (2021:30%) as follows:

	2022 Ushs'000	2021 Ushs'000
Profit/ (loss) before income tax	1,708,532	(415,314)
Tax calculated at the statutory rate of 30%	512,560	(124,594)
Tax effect of:		
Income not taxable	(4,470,274)	(4,021,431)
Expenses not deductible for tax purposes	3,957,714	4,146,025
Income subjected to withholding tax as a final tax	109,569	126,453
	<b>109,569</b>	<b>126,453</b>

The above withholding tax is a final tax on income earned from government securities in accordance with the Income Tax Act. No provision for corporation tax has been made in the financial statements as the company computes taxes based on the actuarial surplus appropriated to shareholders at the end of the year. No appropriation has been made to the shareholders as at 31 December 2022 (2021: nil).

**b) Deferred income tax**

No deferred income tax asset has been recognised in the current period, neither was any recognised in 2021 due to the option undertaken by the Company as stated above.

13. a) Property and equipment	Motor Vehicles Ushs'000	Computers, copiers & faxes Ushs'000	Furniture & Fittings Ushs'000	Total Ushs'000
<b>COST</b>				
<b>At 1 January 2021</b>	37,500	84,510	339,600	461,610
Additions	-	18,315	8,466	26,781
Disposals	-	(2,695)		(2,695)
<b>At 31 December 2021</b>	37,500	100,130	348,066	485,696
<b>At 1 January 2022</b>	37,500	100,130	348,066	485,696
Additions	-	16,595	292,566	309,161
Disposals	-	(3,846)	-	(3,846)
<b>At 31 December 2022</b>	37,500	112,879	640,632	791,011
<b>DEPRECIATION</b>				
<b>At 1 January 2021</b>	37,500	63,341	247,194	348,035
Charge for the year	-	11,282	42,942	54,224
Disposals	-	(1,965)	-	(1,965)
<b>At 31 December 2021</b>	37,500	72,658	290,136	400,294
<b>At 1 January 2022</b>	37,500	72,658	290,136	400,294
Charge for the year	-	13,773	72,646	86,419
Disposals	-	(1,843)	-	(1,843)
<b>At 31 December 2022</b>	37,500	84,588	362,782	484,870
<b>CARRYING VALUE</b>				
<b>At 31 December 2022</b>	-	<b>28,291</b>	<b>277,850</b>	<b>306,141</b>
<b>At 31 December 2021</b>	-	<b>27,472</b>	<b>57,930</b>	<b>85,402</b>

13. b) Intangible assets	2022 Ushs'000	2021 Ushs'000
<b>COST</b>		
At start of year	321,776	321,776
Additions	33,122	-
At end of year	<b>354,898</b>	<b>321,776</b>
<b>AMORTISATION</b>		
At start of year	321,776	241,332
Charge for the year	16,561	80,444
At end of year	<b>338,337</b>	<b>321,776</b>
<b>Net book value at end of year</b>	<b>16,561</b>	<b>-</b>

## 14. Leases

The statement of financial position shows the following amounts relating to leases:

### i). Amounts recognised in the balance sheet

	2022 Ushs'000	2021 Ushs'000
<b>Right-of-use assets</b>	<b>676,289</b>	<b>213,723</b>
<b>Lease liabilities</b>		
Current	311,044	133,464
Non-current	314,667	65,916
	<b>625,711</b>	<b>199,380</b>

### ii). Amounts recognised in profit or loss

Depreciation charge for right-of-use assets	<b>371,508</b>	<b>122,635</b>
Interest expense	<b>47,610</b>	<b>17,221</b>

### iii). The movement in right-of-use assets is as follows:

At start of year	213,723	333,165
Additions	834,074	-
Other movements	-	3,193
Depreciation	(371,508)	(122,635)
<b>At the end of year</b>	<b>676,289</b>	<b>213,723</b>

### iv). The movement in lease liabilities is as follows:

At start of year	199,380	312,168
Additions	834,074	-
Interest expense	47,610	17,221
Repayments – principal and interest	(455,353)	(130,009)
<b>At the end of year</b>	<b>625,711</b>	<b>199,380</b>

## 15. Financial assets at amortised cost

### a). Government securities

	2022 Ushs'000	2021 Ushs'000
Treasury bills and bonds	6,595,253	5,116,155
The movement in Government securities is as follows:		
At start of year	5,116,155	4,642,202
Additions	4,974,248	4,926,312
Accrued interest	275,905	45,527
Maturities	(3,771,055)	(4,497,886)
At end of year	<b>6,595,253</b>	<b>5,116,155</b>

### b). Deposits with financial institutions

Deposits with financial institutions	4,753,969	4,160,121
Less: ECL	(20,801)	(20,801)
<b>Total fixed deposit</b>	<b>4,733,168</b>	<b>4,139,320</b>
The movement in deposits with financial institutions is as follows:		
At start of year	4,139,320	5,066,341
Additions	4,468,321	4,021,884
Accrued interest	147,411	(55,225)
Maturities	(4,021,884)	(4,898,338)
ECL	-	4,658
At end of year	<b>4,733,168</b>	<b>4,139,320</b>

Deposits include a statutory deposit (treasury bond) of Ushs 1,289 million that the Company is required to maintain with Bank of Uganda in line with the requirements of section 7(i) of the Insurance Act (Cap 213) of Uganda which states that every insurer must maintain a security deposit of at least 10% of the prescribed paid-up capital of the Company. The Company is compliant with this requirement.

### c). Receivables arising out of direct insurance arrangements

Receivables arising out of direct insurance arrangements relate to premiums earned as a result of risks underwritten, but whose amounts had not been received as at year end.

	2022 Ushs'000	2021 Ushs'000
Premium debtors	825,249	1,272,608

### d). Receivables arising out of reinsurance arrangements

Receivables arising out of reinsurance arrangements relate to reinsurers portion of claims which had not been recovered from reinsurers as at year end.

	2022 Ushs'000	2021 Ushs'000
Reinsurance receivables	436,209	424,176

## 16. Related party transactions

The Company is controlled by CIC Africa (Uganda) Limited, a Company incorporated in Uganda. The ultimate parent and ultimate controlling party of the company is the Co-operative Insurance Society Limited in Kenya.

Related party transactions mainly involve premiums ceded, premiums written, management fees and board fees to directors. The following related party balances and transactions are included in the financial statements:

### i). Amounts due from/ to related parties

	2022 Ushs'000	2021 Ushs'000
<b>Due from related parties</b>		
CIC General Insurance (Uganda) Limited	948,020	226,270
CIC Africa (Uganda) Limited	1,247,738	-
	<b>2,195,758</b>	<b>226,270</b>
<b>Due to related parties</b>		
CIC Africa (Uganda) Limited	-	<b>68,829</b>

### ii). Key management compensation

Key management includes directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Salaries and other short-term employment benefits	509,781	290,117
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### iii). Directors' remuneration

Fees for services as a director	110,687	42,277
Other emoluments	66,502	32,745
	<b>177,189</b>	<b>75,022</b>

### iv). Other debt Instruments

Staff loans and advance	79,522	3,102
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## 17. Other receivables

	2022 Ushs'000	2021 Ushs'000
Prepayments	96,344	35,983
Withholding tax debtors	218,188	122,798
Less: provision for impairment	(23,511)	(23,511)
	<b>291,021</b>	<b>135,270</b>

## 18. Cash and cash equivalents

	2022 Ushs'000	2021 Ushs'000
Cash in hand	1,981	2,355
Cash at bank	398,252	119,835
	<b>400,233</b>	<b>122,190</b>

## 19. Share capital

	2022 Ushs'000	2021 Ushs'000
<b>Authorised:</b>		
1,117,189 (2021: 927,189) ordinary shares with a par value of Ushs 10,000	11,171,890	9,271,890
<b>Issued:</b>		
At start of year	9,271,890	8,362,890
Issued during the year	1,900,000	909,000
At end of year: 1,117,189 (2021: 927,189) ordinary shares with a par value of Ushs 10,000	<b>11,171,890</b>	<b>9,271,890</b>

## 20. Reserves

### a). Statutory capital reserve

The Company is required to maintain a statutory capital reserve as set out in Section 6 of the Ugandan Insurance Act, which stipulates that the Company transfers from its net profits of each period, before dividends and after tax, a sum of 5% of the profits, to the paid-up capital of the insurer to facilitate capital base growth.

### b). Contingency reserve

	2022 Ushs'000	2021 Ushs'000
At start of year	400,171	278,729
Transfer during the year	133,605	121,442
At end of year	<b>533,776</b>	<b>400,171</b>

The contingency reserve is provided at 1% of the gross premiums as required by the Ugandan Insurance Act.

### c). Capital reserve

At start of year	-	-
Transfer during the year	79,948	-
At end of year	<b>79,948</b>	-

The capital reserve is provided at 5% of net profit for the period.

### d). Total reserves

Contingency reserve	533,776	400,171
Capital reserve	79,948	-
	<b>613,724</b>	<b>400,171</b>

## 21.

### a). Insurance contract liabilities

	2022 Ushs'000	2021 Ushs'000
Outstanding claims	1,607,939	1,141,875

### b). Actuarial value of policyholder liabilities

Gross actuarial reserves	7,895,109	6,646,348
Reinsurer's share of reserves	(1,334,979)	(1,337,755)
Net reserves	6,560,130	5,308,593
Gross actuarial adjustments	1,390,875	1,284,625
Reinsurer's share of actuarial adjustments	(505,762)	(33,088)
Net actuarial adjustments	885,113	1,251,537
<b>Net actuarial liability at end of year</b>	<b>7,445,243</b>	<b>6,560,130</b>

## 22.

### a). Other payables

	2022 Ushs'000	2021 Ushs'000
Accruals	80,205	33,295
Sundry payables	64,030	282,594
	<b>144,235</b>	<b>315,889</b>

Sundry payables consist of commission payable, gratuity payable and other sundry creditors (amounts due suppliers). Accruals mainly comprise accrued audit fees and other year-end provisions relating to sundry creditors.

### b). Statutory payables

Training levy and IRA contribution on commission payable	36,911	60,776
NSSF, PAYE and WHT payable	47,955	61,605
	<b>84,866</b>	<b>122,381</b>

## 23. Payables arising from reinsurance arrangements

Payables arising out of reinsurance arrangements relate to reinsurers portion of claims which had not been paid to reinsurers as at year-end.

	2022 Ushs'000	2021 Ushs'000
Payables arising from reinsurance	-	181,285

## 24. Pension Plans

CIC Africa Life Assurance Limited contributes to the Uganda National Social Security Fund ('NSSF'). This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions regulated from time to time and are currently 10% of employees' gross salary. The Company's contributions are charged to profit or loss in the period to which they relate.

	2022 Ushs'000	2021 Ushs'000
10% NSSF statutory employer contribution	106,374	90,514

## 25. Contingencies

The Company, like all other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition. Management has carried out an assessment of all the cases outstanding as at 31 December 2022 and did not find any that warranted a provision or disclosure.



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