Live with Confidence

Sanlam Vie Plc

Annual Integrated Report 2021

Sanlam


Sanlam
Welcome to the biggest insurance company in Africa
We have been protecting people and businesses since 1918.

CONTENT

Who we are

ABOUT **SANLAM VIE PLC**

Sanlam Vie Plc is a leading insurer in Rwanda offering a range of life insurance solutions with maximum choice, innovation and flexibility.

Sanlam Vie Plc is part of Sanlam Group, the largest non-banking financial services provider in Africa. Sanlam Group debuted in the Rwandan financial sector in 2014 when they acquired a 63% interest in Rwanda's insurer, SORAS.

This marked the start of a fruitful relationship between the South-African based group and SORAS which culminated in a full acquisition in 2018 with Sanlam Group buying the remaining stake in SORAS making SORAS a wholly owned subsidiary of the Sanlam Group.

Sanlam Group then acquired a 100 per cent interest in the Moroccan based insurance group – Saham Finances, before merging the two Rwandan subsidiaries – SORAS Assurances and Saham Assurances Rwanda. The Company's rebranding locally commenced in November 2019 to introduce the global brand and values on the local market.

With the parent company's years of experience, Sanlam Vie Plc enjoys a vast amount of insights on the financial industry consequently responding to its mission to offer customers high quality products and services, and to ensure profitable and sustainable growth.

Like the rest of the group, Sanlam Vie Plc value's integrity, professionalism and teamwork in the way it provides customer-centric and innovative services to all our clients.

Sanlam Group is a pan-African financial services group listed on the Johannesburg, Namibian and A2X stock exchanges. The group invests significantly in all the communities of 33 countries in Africa where it operates with different clusters.

Sanlam Group also has insurance business interests in India, Malaysia and the United Kingdom and has business interests in the USA, Australia, the Philippines, and Lebanon.

About Sanlam Group

Sanlam Group was established as a life insurance company in South Africa but has since transformed into a diversified financial services group operating across Africa, India and selected emerging and developed markets, with listings on the Johannesburg, A2X and Namibian stock exchanges. The Group has been operating for more than 100 years, most of which as a mutual insurer. Sanlam Group demutualized and listed on the Johannesburg and Namibian stock exchanges in 1998.

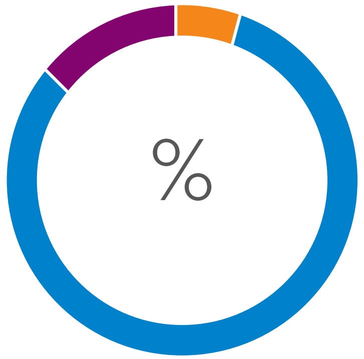
OUR GLOBAL FOOTPRINT

Sanlam has a unique Pan-African footprint, scale and expertise

Sanlam is the largest insurance group in Africa as measured by market capitalisation. It is one of the largest internationally active insurance groups in the world, as measured by in-country presence, with a direct and indirect presence in 44 countries excluding South Africa. Through SEM, Sanlam has the most extensive insurance footprint on the African continent. We have a direct presence in 34 countries in Africa.

Our holistic approach ensures ease of doing business, aimed at international insurance brokers and developed market insurers that need to provide their client base with insurance and employee benefits solutions across Africa.

Net result from financial services



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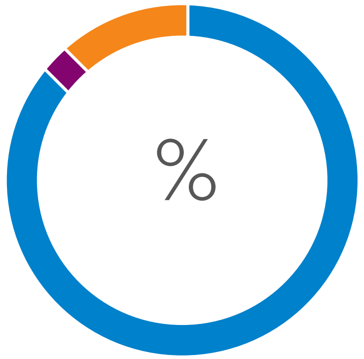
Net result from financial services



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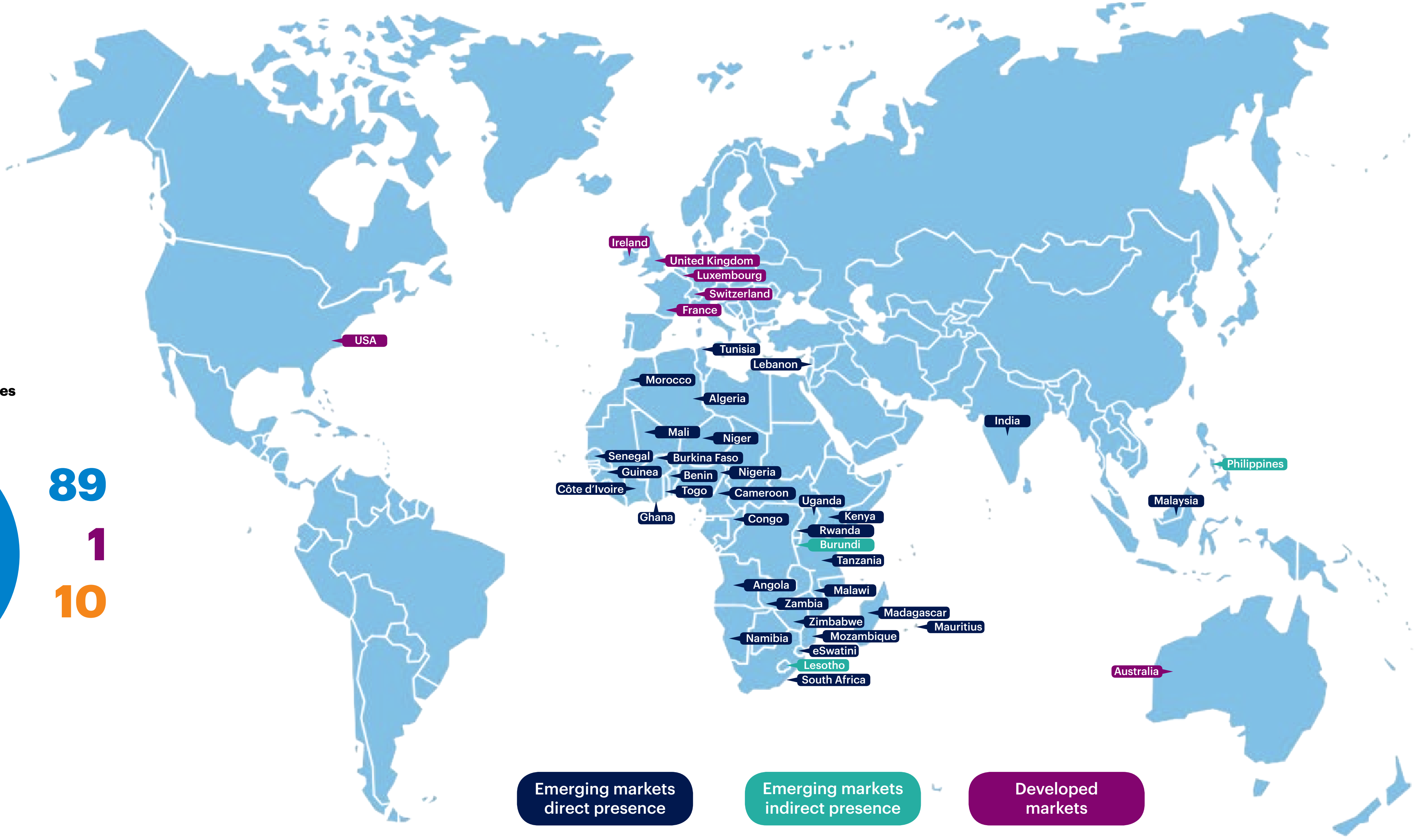
Africa

Other emerging markets

Developed markets



WHY PARTNER WITH **SANLAM VIE PLC**

We remained resilient despite the challenges of 2021 and continued contributing to the resilience of all our stakeholders.

Rwanda is an emerging market with high economic growth potential and low financial services penetration with Sanlam Vie Plc being a well-positioned player. This provides us with a leveraged future growth opportunity as we are well positioned to meet the demand for financial solutions arising in the country.

We have a dynamic new Executive committee with diverse skills and experience. They have appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance and embed a competitive culture.

Our distribution approach creates seamless interaction and comprehensive support to current and potential customers encompassing more than 200 supporting active agents.

We continually assess our strategy to ensure it remains relevant and that we can continue to create value over the short, medium and long term.

We have adopted increased digitisation, data analytics and direct distribution to support digital transformation as a key enabler in meeting strategic goals.

Sanlam Vie Plc Awards, certifications, titles etc

2017 – BEST INSURANCE COMPANY
Awarded by Smart Services Awards 2017

2017 – PARTICIPATION IN RUTSINDURA MEMORIAL TOURNAMENT
Awarded by Butare Petit Séminaire

2020 – PARTICIPATION IN 11th EDITION OF KAYUMBA EMMANUEL MEMORIAL TOURNAMENT
Awarded by GSO Butare Indatwa n'Inkesha

2020 – BEST INSURANCE COMPANY
Awarded by East Africa Youth Development Agency

CHAIRMAN'S NOTE

On behalf of the Board of Directors, it's a pleasure to present the integrated report for the year 2021.

Following the outbreak of Covid-19 and its consequent effects on economies across the world, 2021 was characterized by resilience of the insurance industry in Rwanda.

We are seeking to pass on Sanlam's new brand promise to empower millions of Africans to Live with Confidence to increase our stakeholders' chances of success and unlock their possibilities.

Locally, the industry like others adjusted to the 'new normal' by working remotely, making necessary adjustments and commenced vaccination.

This led to a resumption of business activities, household incomes started to recover thereby leading to a rise in consumption compared to previous year. The Rwandan economy grew by 10.9 per cent as a result.

As a business, we were guided by our new mantra "Live with confidence" kicking off with a bigger and bolder purpose to empower the policyholders to live with financial confidence.

Amidst the challenges and turbulence, we sought to live up to our promises to our clients.
This has seen us increasingly hold on to our digital ambitions which among other things involves receiving premiums digitally as well as processing claims virtually.
We also made sure to support the government's efforts to fight the pandemic as well as made donations to support the vulnerable community members.

These digital advancements will among other things increase operational efficiency and customer service; adoption of online and mobile platforms is critical for business continuity.
We are also keen to review our services and offerings in the local market for further innovation to improve relevance of our services in the market.

Whereas, the future remains uncertain due to the prevailing effects of the pandemic, global inflation and the Russia-Ukraine conflict, we will continue to raise the profile of the insurance industry and its role in economic growth.

We are grateful for the guidance by the regulator and other government agencies during the year as we seek to grow the insurance sector which continues to hold much untapped potential.

I want to express gratitude to the Board of Directors for guidance and inputs especially through what was an uncertain time. Sincere gratitude to the Staff Members led by the Chief Executive Officer, Mr. Hodari Jean Chrysostome who ensured that all operations run smoothly amidst the challenges.

To our clients, thank you for your loyalty, cooperation, feedback and constant engagement throughout the year.

Yours

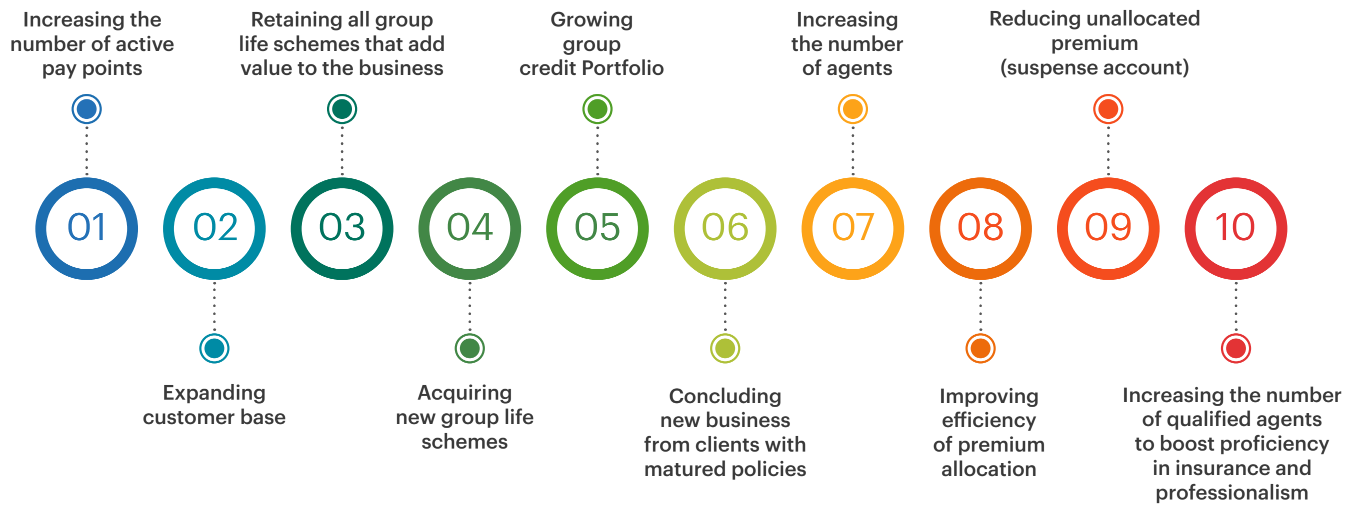
Dr Gisanabagabo Sebuhuzu,
Chairperson of the Board of Directors

As a business, we were guided by our new mantra "Live with confidence" kicking off with a bigger, bolder purpose to empower the policyholders to live with financial confidence

OVERVIEW ON GROWTH STRATEGY, SHORT & MID-TERM PROJECTIONS

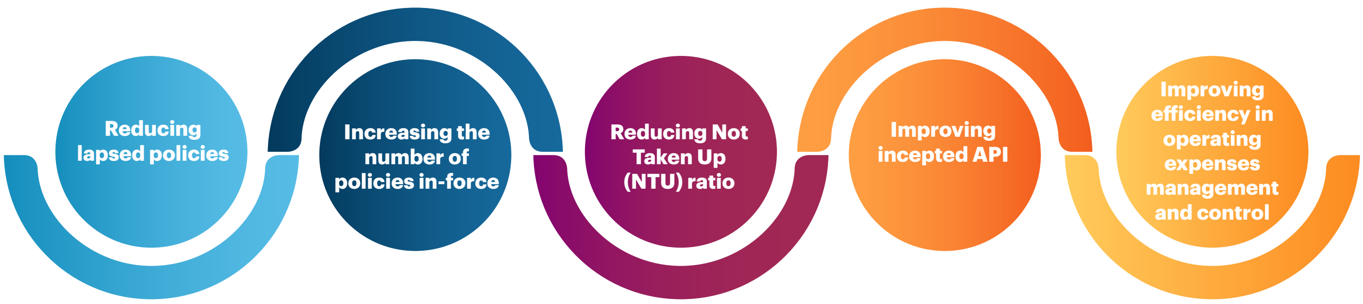
Strategic Objective 1: Grow Premium Income to exceed Frw 16 bn

The main source of income of the company is premium income, therefore, it is imperative to continue growing premium income which has been recording growth in recent years. We intend to achieve this by:



Strategic objective 2: Achieve a Value of New Business (VNB) margin of 8.5% by 2022

VNB is an important actuarial indicator for the business and it is important to improve it in order to boost the profitability of new business written. We intend to increase this by:

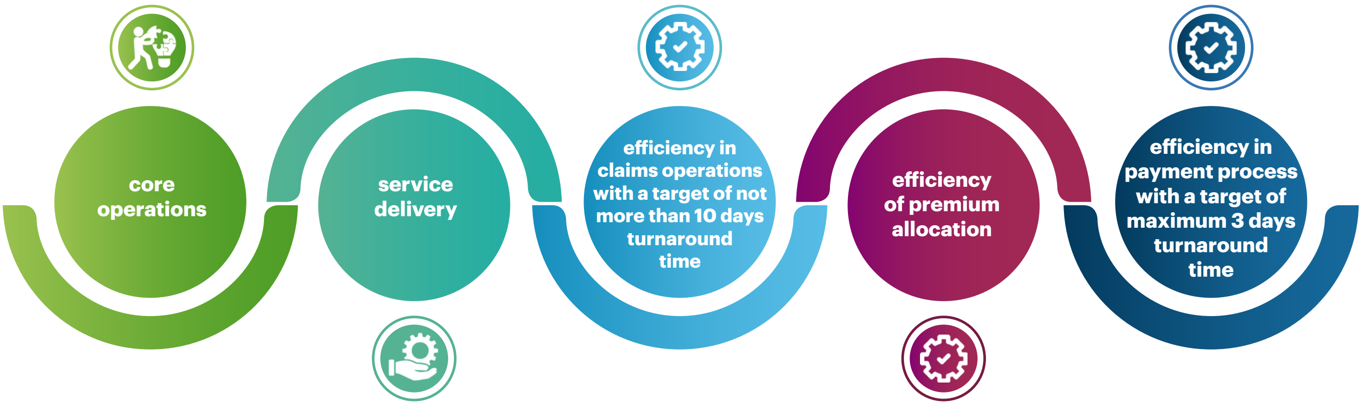


Strategic Objective 3: Increase shareholder's wealth

This objective is very important as shareholders have an objective to maximize profit and reduce the cost. In this regard, the company intends to increase earnings thereby leading to an increase in dividends and shareholder's capital gains.

Strategic Objective 4: *Exceed customer expectations with service delivery by enhanced processes*

The company intends to improve service delivery which will result in a significant improvement in customer experience and overall satisfaction through improved;



Strategic Objective 5: *Become an employer of choice*

The company recognizes that human capital is very crucial to achieve its objectives. Owing to this, the company shall ensure that it keeps a competitive advantage in retaining and attracting the best employees in the insurance sector but also in the Rwandan economy where it operates. We shall achieve this through;

Strategic Objective 6: *Launching new and competitive products*

Given that the insurance market is very dynamic whereby alternative products are sold by other competitors and insurance products' consumers are embracing technological changes (mobile and online services), the company finds it very important to be more innovative and competitive in terms of product development in order to retain the leading position in the life insurance market. In this regard, the company will launch microinsurance products to touch untapped segments of the economy and bancassurance through microfinance institutions (MFIs) will be one of the key distribution channels. In addition, existing products will be re-designed to increase value for money for our esteemed clients.

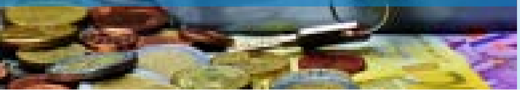
OUR VALUE ADDED PRODUCTS

Safe Family Insurance

Sanlam Vie Plc offers a solution suitable for people who wish to protect their families from financial crises in the event of a premature death or absolute and permanent disability of the insured or a family member covered.

In the event of death or absolute and permanent disability, the designated beneficiary or beneficiaries stated in the agreement will receive the payment of a capital guaranteed of which the amount was determined in advance by the subscriber. The premium is based on the age of the insured, the duration of guarantee, the guaranteed capital and health status of the insured at the time of the subscription.

Credit Life Insurance



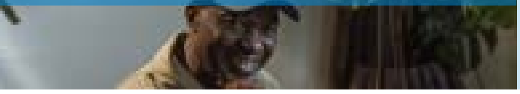
With credit life insurance, Sanlam Vie Plc will pay off the outstanding amount of loan in case of the client's premature death or absolute and permanent disability. This benefit could be extended to retrenchment, depending on the agreement between Sanlam Vie Plc and their bank.

Funeral Insurance

If one is thinking of making life easier for their loved ones when they are gone and they are interested in having everything covered for them, Sanlam Vie Plc has different funeral insurance options that they can choose from.

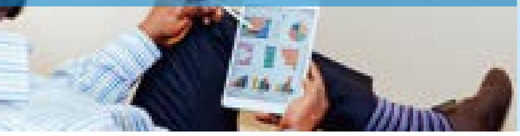
- ***Ntabara Plan:*** Covers burial ceremony.
- ***Komera Plan:*** Covers the burial ceremony and coming out of mourning.
- ***Mfata Mu Mugongo Plan:*** Covers the burial ceremony and coming out of mourning. Provides financial support of Frw 200 000 per month for six months.
- ***Sinzakwibagirwa Plan:*** Covers the burial ceremony and coming out of mourning. Provides financial support of Frw 200 000 per month for six months. Memorial benefits for the family for two years.

Retirement Insurance



When you retire from your active working life, you'll benefit from the money you've saved with our Retirement Plan. However, Sanlam Vie Plc's Retirement Plan also provides you with insurance in the event of premature death or total and permanent disability.

Group Life Business & Micro Insurance



The group life business and micro insurance are among the newest product developed and distributed to the market by Sanlam Vie. These products provide a wide range of death and disability covers to insured and their relatives. In particular, micro-insurance business have been tailored in the sense to touch low-income segment with affordable life cover. The insurance is now very popular and sold to cooperatives of in agriculture sector, farmers, Sacco's and other micro finance institutions.

CORPORATE GOVERNANCE STRUCTURE

Board of Directors:

Sanlam Vie Plc has a 7 member Board of Directors made up of thought and industry leaders with insights on legal, IT, actuarial science, economic, social and other aspects.

The responsibility of the Board and roles of Directors are articulated in accordance with the Company's Board Charter and the memorandum and articles of association. While appointing the board, gender balance was taken into consideration; out of 7 members, 4 are women.

Board Meetings:

During 2021, the Board met quarterly to access the market conditions, status of operations, compliance to regulatory requirements among other requirements.

· Board and management operations in the year: During the year 2021, the following meetings were held:

S/N	Date of Board Meeting	Directorship Type	Date of Appointment	Meetings Attended
1	Dr. Gisanabagabo SEBUHUZU	Independent (Chairperson)	22/05/2019	4/4
2	Moses MUTULI	Executive Director (Member)	24/08/2018	4/4
3	Bruce E. WARREN	Executive Director (Member)	18/07/2017	4/4
4	Julien KAVARUGANDA	Independent (Member)	28/06/2019	4/4
5	Marie Louise KAGAJU	Independent (Member)	14/05/2021	3/4
6	Esperance MUKARUGWIZA	Independent (Member)	22/05/2019	4/4
7	Louis NIYONGABO	Independent (Member)	15/09/2021	2/4

Changes in Board membership in 2021

There has been changes in membership of Board Audit Committee. In Quarter One of Year 2021, the membership was as follows: SIKUBWABO Raphael (Chairman), GISANABAGABO Sebuhuzu, MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. In May 2021, SIKUBWABO Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14th, 2021. Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of Audit Committee. He attended one (1) meeting session of Nov 2021

There has been changes in membership of Risk Management Committee. In Quarter One of Year 2021, the membership was as follows: GISANABAGABO Sebuhuzu (Chairman), SIKUBWABO Raphael (Member), MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. This In May 2021, SIKUBWABO Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14th, 2021. Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of this Committee. He attended one (1) meeting session of Nov 2021.

Board Committees

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

Board Audit Committee

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

Name	Role	Number of meetings held	Number of meetings attended
Marie Louise KAGAJU	Chairman	4	2
Moses MUTULI	Member	4	4
Esperance MUKARUGWIZA	Member	4	4
Louis NIYONGABO	Member	4	1

N.B: There has been changes in membership of this Committee. In Quarter One of Year 2021, the membership was as follows: SIKUBWABO Raphael (Chairman), GISANABAGABO Sebuhuzu, MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. In May 2021, SIKUBWABO Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14th, 2021. Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of Audit Committee. He attended one (1) meeting session of Nov 2021.

Risk Management Committee

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

Members:

Name	Role	Number of meetings held	Number of meetings attended
Esperance MUKARUGWIZA	Chairperson	4	4
Moses MUTULI	Member	4	4
Raphael SIKUBWABO	Member	4	2
Marie Louise KAGAJU	Member	4	2
Louis NIYONGABO	Member	4	1

N.B: There has been changes in membership of this Committee. In Quarter One of Year 2021, the membership was as follows: GISANABAGABO Sebuhuzu (Chairman), SIKUBWABO Raphael (Member), MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. This In May 2021, SIKUBWABO Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14th, 2021.

Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of this Committee. He attended one (1) meeting session of Nov 2021.

Underwriting and Claims Committee

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

Members:

Name	Role	Number of meetings held	Number of meetings attended
Julien KAVARUGANDA	Chairman	4	4
Moses MUTULI	Member	4	4
Bruce WARREN	Member	4	4

Stakeholder relationships

In the course of 2021, the company engaged with its shareholders and stakeholders on various occasions. The chairman took leadership in ensuring that the Company's relationship with shareholders and other stakeholders remains healthy.

Risk Management and Audit Processes

Our Risk Management Framework is documented and approved by the Board of Directors.. We have a properly functioning internal audit unit. This ensures effective compliance and risk management. The Board Risk Management Committee, among other things, play the oversight role over the risk, and compliance.

Accountability and Reporting

We pride in the appropriate framework we have in place for disclosing company related information to the public through published financial statements. The disclosures are robust and in accordance with the BNR guidelines as well as the financial accounting and reporting standards.

Code of Ethics

We follow a code of ethics which has been implemented as part of the corporate governance best practices of Sanlam Vie Plc as well as Sanlam Group as a whole.

Board Performance Appraisal

An independent assessment of the Board's performance by individual Directors provided feedback on the effectiveness of the Board's role in oversight of the operations and performance of Sanlam Vie Plc during the year 2020 and the general compliance with its terms of reference. The skills and experience of individual Directors and the mix of competencies of the Board are optimal and underpinned by a program for continuing skills development as well as an established system for commitment to and implementation of a continuous learning and improvement & education program.

BOARD OF DIRECTORS

Dr. Gisanabagabo SEBUHUZU

Chairperson of the Board of Directors

Dr Gisanabagabo Sebuhuzu holds a doctorate degree in Economics (Economics of Banking) from the University of KwaZulu Natal (UKZN), South Africa and is member of the Macroeconomic Research Unit at the same University.
Currently, he is a Senior Lecturer in the Department of Business Administration of the Adventist University of Central Africa (AUCA), teaching economic courses. He supervises students' dissertations both at undergraduate and post-graduate levels.
Dr Gisanabagabo Sebuhuzu's research interests and publications include financial sector with emphasis on banking sector, insurance sector, pension sector and monetary policy analysis.
His areas of consultancy include conducting study surveys of impact assessment both at Micro and Macro levels, designing development plans of administrative entities and conducting trade policy analysis.
He sits on the Board of Directors of Unguka Bank PLC from February 2017. He is among the 13 Young Professionals who initiated the project of UNGUKA IMF SA which upgraded to Unguka Bank Plc.

Julien KAVARUGANDA

Julien is the Founder & Senior Partner of K-Solutions & Partners a corporate law firm in Kigali, Rwanda. He has been practicing at the Brussels Bar Association before joining the Rwanda Bar Association.
Julien is the current President of the Rwanda Bar Association. He is also Vice Chairman of the Kigali International Arbitration Center, Board member of the East African Law Society, Resident Director of New Bugarama Mining Company Ltd and recently appointed Board member of Rwanda Finance Ltd. He is also a Board member of Bank of Kigali, the biggest and best bank in Rwanda.
Julien has over seventeen (17) years of experience. His practice covers corporate and commercial law inclusive of mergers and acquisitions, joint ventures, privatization, banking and finance, project finance, capital markets, arbitration, energy and natural resources, and infrastructure law.
Julien is also actively involved in several environmental and ecological issues in the local community.

Moses MUTULI

Moses was appointed to the Board of Sanlam Vie Plc in 2018. He is currently the General Manager, Life Insurance East Africa, for Sanlam Pan Africa. For his role, he in addition, sits in the Board of Sanlam Uganda, Alternate Director at Sanlam Tanzania, Director at Socar Vie and Socar AG in Burundi and Director at Hubris Holdings Ltd in Kenya. Moses is a qualified actuary and is a Fellow of the Institute of Actuaries UK (FIA) and Fellow of The Actuarial Society of Kenya (FeASK). He has over eighteen (18) years' experience in insurance and consulting gained in UK, SA and Kenya. He joined Sanlam in his current role in 2017.
Moses holds an MBA and MSc in Applied Statistics both gained from University of Oxford (UK) and BSc Mathematics from University of Nairobi.

Bruce Everrett WARREN

Mr. B.E Warren has 32 years' experience in the Life Insurance, with 19 years in Senior Executive positions in Africa and abroad. He is a holder of degree in Wealth Management obtained from Insurance Sector Education and Training Authority.
Mr. Warren has been a Member of Board of Directors of Sanlam Life Insurance (Uganda), Sanlam Life Insurance (Zambia) and Sanlam Life Insurance (Rwanda). He occupied various senior executive positions including Distribution support for Africa focusing on Tanzania, Rwanda, Zambia, Kenya, Mozambique, Zimbabwe, Namibia and Uganda. He has been also the Sanlam Emerging Markets (SEM) General Manager Africa focusing including but not limited to distribution strategies, establishing new opportunities in Africa.
Mr. Warren has been also a Chief Executive Officer of Sanlam Life Insurance of Uganda since March 2013 to July 2013 and Executive Director of Shriram Life Insurance in India since 2010 to 2013, Distribution Manager: Eastern Cape Region in African Life Insurance. He has been also a Broker Consultant of Metropolitan Life/African Life and Sanlam South Africa whereby he managed portfolio of Brokers.
Mr. Warren is a dynamic, innovative and results-oriented leader with a strong record of accomplishment of performance in turnaround time and high-paced organizations.

Louis NIYONGABO

Mr. Niyongabo Louis was appointed to the Board of Directors of Sanlam Vie Plc (Rwanda) in September 2021. He is currently Managing Director of ITS Ltd, an IT firm providing IT Services mainly to the banks. He also sits on the Board of Directors of Taslimu Capital, a credit-only financial Institution based in Kenya.
He has over 20 years experience in Banks' IT Systems, and his IT Consultancy firm has provided IT services to various banks in Rwanda and in the region for Core Banking Systems, Payment Systems' Integration, IT Projects Implementation, and IT Advisory Services. The list of clients includes, but not limited to I&M Bank Rwanda, Fina Bank Group (now GT Bank Group), BPR, Bank of Kigali, and DFCU Bank.
Beyond the region, his firm was hired in the US (Boston) to develop a payment system Rwanda Automatic Payment System to link the local banks and the service providers through a shared payment switch.
He is a holder of a bachelor's degree in Business Administration, Information Management from Adventist University of Central Africa (Rwanda).

Esperance MUKARUGWIZA

Mrs. Esperance Mukarugwiza holds a Master's degree in Economics from Illinois State University, USA and a Bachelor's degree in Business Management from the University of Rwanda.
She has more than 20 years of experience and has managed important portfolios in her career. She has been a board member for IPAR (Institute of Policy Analysis and Research) and RAB (Rwanda Agriculture Board) and chaired audit committees.
She also works as a consultant for various organizations including but not limited to the World Bank Group.

Marie Louise KAGAJU

Mrs. KAGAJU Marie Louise has a robust experience of over 25 years in banking sector and broad experience in taxes assessment, planning, accounting, and finance. Mrs. Kagaju joined BCR (Currently I&M Bank) in 1996 where she occupied several positions including Accounting Department Manager, Head of Finance Division and Chief Internal Auditor.
Prior to joining I&M Bank), Mrs. KAGAJU worked for Bank of Commerce, Development, and Industry (BCDI) currently Ecobank as Internal Audit Manager has been a Chief Internal Auditor. She also worked Congo Revenues Authority as Tax Inquiries Team Supervision before returning to Rwanda.
In board directorship, Mrs. Kagaju sits in the board of UNGUKA Bank Rwanda Plc since July 2019 as Audit Committee Chairperson and Member of Risk Management Committee since December 2020. She is a holder of Bachelor's degree in Economics obtained in Kinshasa University in 1988.

SENIOR MANAGEMENT

Jean Chrysostome HODARI

Chief Executive Officer

Hodari Jean Chrysostome is the CEO of Sanlam Vie Plc, the leading Life insurance company in Rwanda, Hodari started his career in insurance in 2000 in Soras SA; In 2003 he moved to Corar/ Saham where he contributed a lot in establishment of Life insurance business, the division he led throughout 8 years before returning to SORAS in 2011 where he served as Commercial Director and CEO of Sanlam Vie Plc since 2013.
With 21 years' experience in insurance, particularly Life insurance business, HODARI is a proven results-oriented Leader, he has grown through the ranks from a junior staff to the company CEO. He also serves as a Non-Executive Director on Board of Rwanda Investments Group (RIG) and Unguka Bank (UB)
Hodari Jean Chrysostome is a Chartered Pension Analyst, holds a Bachelor degree in Sociology and he is pursuing Master's in Banking and Insurance management (Mcom,BIM).

Celestin MUSONI

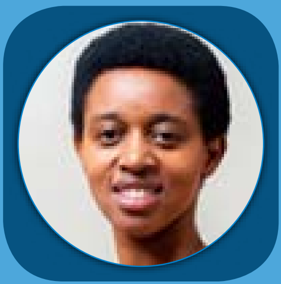
Chief Finance Officer

Celestin Musoni started his career in 1993 as Chief Accountant in printing, petroleum, general business, and transport companies. In 2008 he was promoted to the position of Chief Finance Officer.
Mr Musoni joined Sanlam Vie Plc in February 2010 as Head of Finance until May 2013, when the Board promoted him to the position of Chief Finance Officer. Since 2010, he has led numerous projects to upgrade the company's accounting systems which have improved reporting, analysis, and the technical working environment. He has also taken part in training abroad and locally in accounting, financial reporting and insurance.
Mr Musoni holds a master's degree in Accounting and Finance obtained from Annamalai University (India) and a bachelor's degree in Accounting from Adventist University of Central Africa. He is a certified pension analyst and chartered risk analyst and is currently pursuing professional courses to become a Certified Investment and Financial Analyst (CIFA).

Olivier MUHIRE NKURUNZIZA

Chief Operation Officer

Mr Olivier Muhire Nkurunziza is an experienced Chief Operations Officer with a demonstrated history of nine years working in the life insurance industry.
He has benefited from several international insurance trainings and seminars, and is skilled in life insurance, insurance product design and marketing, actuarial science and risk management, with a strong command in customer-centricity.
In addition, Mr. Muhire Nkurunziza is also a strong Microinsurance and Bancassurance operations manager. He holds a Masters' Degree in Economics from Kigali Independent University and a Bachelor's degree in Applied Mathematics from the University of Rwanda, where computational skills and applied economics were his main focus. He is also following a Diploma 2 program with the College of Insurance of Kenya.



Jeannette TUYISHIMIRE

Chief Commercial Officer

Jeannette Tuyishimire has 15 years' experience in life insurance. Her career started in 2004 with Sanlam Vie Plc and she occupied various positions in different departments, including Marketing Manager, Head of Underwriting, Head of Premium Allocation and Assistant Head of Claims.
With her technical skills and experience, Mrs Tuyishimire works in the product designing team. She possesses an excellent ability to motivate others, coupled with the ability to communicate comfortably at all levels, therefore ensuring a motivating working environment for all members of the team to perform at their best.
She holds a Master's degree in Business Administration and a Bachelor's degree in Management from Kigali Independent University.

Jean d'Amour NIBABYARE

Chief Risk Officer

Mr Nibabyare holds a Master's Degree in Economics from the Mahatma Gandhi University, a Bachelor's Degree in Economics from the Kigali Independent University and High Diploma in Statistics from the Adjoint Technique de la Statistique Institute in Mburabuturo.
Since 1999, Mr Nibabyare has worked for Sanlam Vie Plc and occupied various positions. He dealt with reinsurance, underwriting, claim and software management until he became Technical Director of Sanlam Vie Plc from 2013 to 2017, where he oversaw life insurance operations. From 2018 he has been employed as Pension Director with the responsibilities of establishing, implementing, and managing pension business and from 2019 to date he is the Chief Risk Officer.

Aline UWIZERA

Head of Human Resources and Administration Department

Aline Uwizera holds a Bachelor's Degree in International Economics which she attained from the University of Rwanda. She has 10 years' experience in human resource management, and has notable expertise in strategic human resource planning, performance management, staffing, employee benefits, compensation and payroll, and training and development.
Ms Uwizera is a certified human resource analyst who obtained her certification through the East and Southern Africa Consult, and the American Academy of Project Management. She also followed an Executive Leadership Development Programme from the University of Stellenbosch Business School. She is also a member of the Rwanda Human Resources Management Organisation (RHRMO).

Charles RUGEMA

Head of IT Department

Charles has 11 years of experience in the insurance industry, driving the business through the provision of technology solutions. He started as an IT support officer and was later promoted to take charge of IT operations.
Throughout his career, Mr Rugema has taken up challenges and projects that have helped improve operations and service delivery in areas such as agents' management, underwriting, premium allocation, claims reinsurance, actuarial, HR, finance, IT risk and IT governance, amongst others. During his tenure, he has implemented business systems that have greatly contributed to the growth of the company.
Charles Rugema holds a bachelor's degree in Computer Science from University of Rwanda and is a member of ISACA.

SENIOR MANAGEMENT

Helene UWIMBABAZI

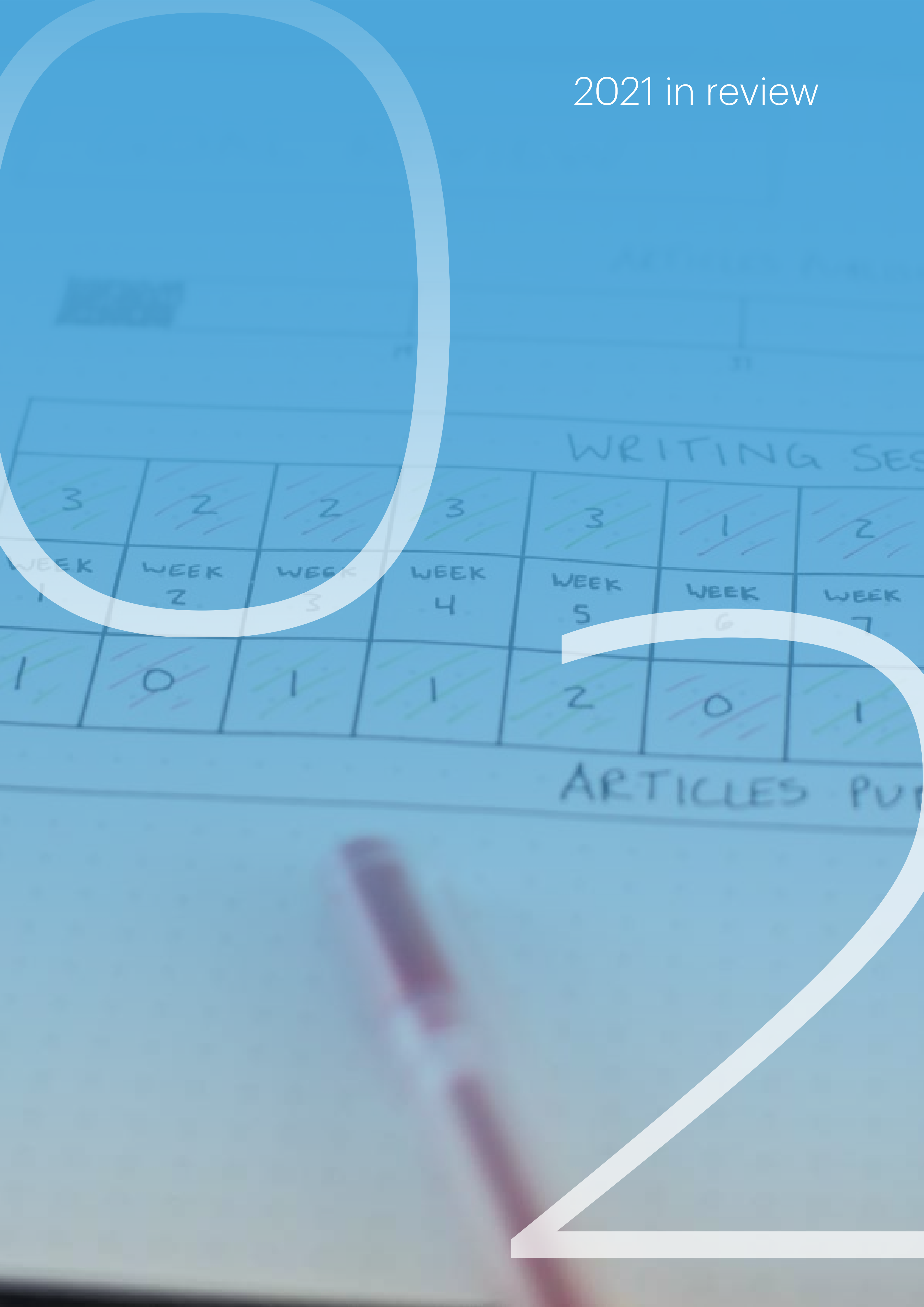
Head of Internal Audit Department

Ms. Helene is the head of Internal Audit Department of Sanlam Vie Plc. She joined the company in October 2021. Prior to joining Sanlam Vie, she worked at RRA (Rwanda Revenue Authority) for 10 years in audit function, where she occupied various positions. She served as the manager in charge of internal audit, and the tax auditor team leader for large taxpayers.
At Sanlam Vie Plc, her main role is to help management to accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. She also serves as a Board member of the Institute of Internal Auditors (IIA) Rwanda Chapter.
Helene is a Certified Public Accountant (CPA), a member of the Institute of Certified Public Accountants Rwanda (ICPAR) & a member of the Institute of Internal Auditors (IIA) Rwanda. Helene holds a Master's Degree in Taxation and a Bachelor's Degree in
Finance from the School of Finance and Banking. She also possesses a certificate in Tax Administration Diagnostic Assessment Tool (TADAT), Advanced Certified Risk Based Auditor (CRBA), a certificate in Quality Management system (QMS) lead Auditor ISO9001:2015, Applied Quantitative Economics Preparation for Doctorate (AQEPD) and undergone multiple series of trainings especially in risk management, accounting, auditing, leadership and taxation

Aloys NIYIBIZI

Legal Advisor and Board Secretary

Mr. Aloys Niyibizi, is a holder of a Master's degree in International Law obtained at Kigali Inde- pendent University in 2016 and bachelor's degree in Law obtained from National University of Rwanda in 2013. In addition to this, he holds a Post Graduate Diploma in Legal Practice obtained from the Institute of Legal Practice and Development (ILPD) since 2017. In his career of above 8 years, Mr. Aloys occupied various job positions whereby he has been a Legal Claims Manager, Procurement Officer at Special Guarantee Fund. He has been appointed by the Government of Rwanda as State Attorney in 2016 with a mandate to represent the Gov- ernment of Rwanda in courts where he handled an array of litigation and legal matters, repre- senting the interests of corporate on complex issues, transactions, agreements, and lawsuits. Later, Mr. Aloys occupied the position of Legal Specialist in Ministry of Public Service and Labour (MIFOTRA) where he shifted to private sector where he occupied the position of Head Claims & Legal Advisory Department in Soras Vie Ltd, and later the Legal Advisor and Board Secretary since November 2019 up to date.



02

2021 in review

CHIEF EXECUTIVE OFFICER'S WELCOME NOTE

> **As the pandemic tested our resilience and capacities, we responded by adopting digital tools to remain in operations during the total and partial lockdown as well as to improve clients' convenience**

It is my pleasure to present Sanlam Vie Plc's Annual Report 2021 on behalf of the Board of Directors, Management and Staff. 2021 was characterized by economic recovery efforts after one of the most economically turbulent times in recent history having disrupted all aspects of the global economy.

Rwanda and Sanlam Vie Plc continued to make recovery attempts characterized by innovation and resilience with some of them bearing fruits.

Like in the previous year, the pandemic affected the local insurance industry in ways such as limited avenues of interaction between our sales team and potential clients which limited our ability to on-board new clients. A section of our clients also had challenges paying premiums following the interruption of their income streams due to lockdowns and halted business operations.

As the pandemic tested our resilience and capacities, we responded by adopting digital tools to remain in operations during the total and partial lockdown as well as to improve clients' convenience. This saw us also roll-out digital payment solutions, virtual contract signing among others. The pandemic also showed the quality of our investments as it remained resilient amidst the turbulence, skills of our staff, as well as impact of our digital investments.

We achieved this amidst an economic slowdown exacerbated by the covid-19 pandemic, liquidity cashflow crises in the financial sector, an uncertain business environment with changing customer preferences. The COVID-19 situation has deteriorated towards the end of the first semester, followed by movements restrictions over the first half of July and a total lockdown in Kigali and other 8 districts. This strongly impacted sale of new businesses as agents were not working optimally because the life business is normally a face-to-face interaction business.

The impact of Covid-19 can well be felt going by the claims relating to Covid-19. This include retrenchment and death claims where the company paid Rwf 317,077,508 representing 90% of the total paid retrenchment claims for the year while the paid death claims arising from Covid-19 amounted to Rwf 296,982,458 representing 20% of the total death claims recorded for the year 2021.

Although it is the case, our strategy of having diverse distribution channels, automated self-serving portals and a wide base agents continued linking us with our existing customers and prospective ones. This is the reason as to why out of seven (7) products that the company sell, five (5) have reached the premium income target for the year 2021.

In terms of actuarial indictors, the company was solvent with a solvency margin of 1240% whilst the Risk-Based Capital (RBC) solvency was at 218.7%, which is far above the required capital adequacy ratio of 130%.

Going forward, Sanlam Vie Plc intends to build on the tested and proven foundation to further digitize processes, reach the unserved market, further seek new avenues of investment as well as improve customer experiences and service.

We still see huge opportunity in the untapped market. We are keen on rolling out non-traditional approaches, entering relevant partnerships as well as increasing awareness and outreach to further tap into the informal market.

The resilience and growth we exhibited in 2021would not have been possible without the guidance of the direction of our exceptional Board of Directors whose thought leadership informed our strategy.

We are also grateful for the support and loyalty from our clients who made it all possible.

The Report below summarizes the year 2021 in different aspects of our performance as well as showcases our key avenues of growth, opportunities and value creation in the local market.

Jean Chrysostome Hodari,
Chief Executive Officer

ECONOMIC OUTLOOK

2021 was characterized by a commencement of recovery efforts, locally, regionally and globally. According to the National Bank of Rwanda (NBR), the Coronavirus pandemic led to the contraction of the Rwandan economy performance in 2020 through induced demand and supply shocks, adding to the impact of adverse weather conditions on agriculture production.

In 2021, the economy bounced back with a growth of 10.9 per cent among other things driven by strong recovery starting from the second quarter which hit a record-high of 20.6 percent increase. Most sectors recovered beyond their pre-covid levels apart from crop exports, mining, hotels and restaurants, transport and support services that rely on tourism.
In particular, services contributed 48 percent to the GDP, agriculture contributed 24 percent, and the industry sector contributed 20 percent with net direct taxes accounting for 8 percent.

This reflects an increase of 6 percent in agriculture, 13 percent in industry, and 12 percent in services, according to the NISR report.

This domestic recovery is expected to continue in 2022, supported by policy interventions to revive business activities, despite the uncertainty around COVID-19 and its containment measures. The roll-out of the COVID-19 vaccine globally and in the country will also enhance private sector optimism, hence stimulating the recovery in economic activities. Key risks remain effects of the Russian-Ukraine Conflict, oil prices and effects of the pandemic.

Rwanda's Insurance sector

The sector is composed of 14 insurance companies which include 12 private Insurers (9 non-life and 3 life Insurers) with combined market share of 56 percent of the insurance industry and 2 public health Insurers (RSSB Medical and MMI).

Insurance intermediaries consisted of 776 agents, 14 brokers, and 19 loss adjusters as at June
2020 from 707 agents, 17 brokers and 19 loss adjusters as at June 2019. The NBR licenses insurance brokers and loss adjusters, while insurance companies were authorized to license their agents since 2018.

The Private Insurance business is composed of life insurance and non-life insurance business lines. Non-life insurance is the largest insurance business line, with around 80 percent of total premiums while life insurance accounted for 20 percent.

The insurance penetration in Rwanda is still low, at about 2 per cent as at end December 2021 indicating potential for growth. This is a potent opportunity to adjust our operations and align them for growth as we seek to increase local penetration.

Despite the Coronavirus pandemic effects in the economy, in 2021 the insurance sector remained solvent and maintained capital buffers above minimum prudential requirements. Overall, there has been limited impact of the COVID-19 outbreak on the insurance sector due to three reasons:

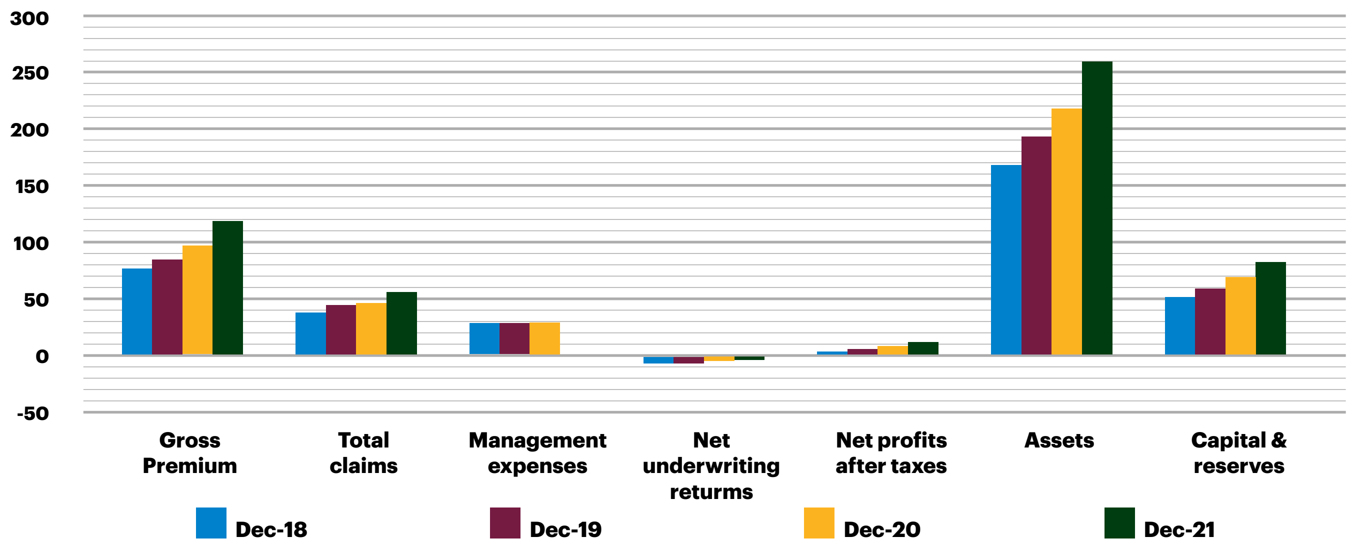
- Insurers' investment is largely concentrated in low risk/fixed income assets—deposits in Banks and Government securities account for 73.8"% of insurance sector total investments;
- Mandatory insurance products (motor & medical) account for 60 per cent of total premiums;
- Insurance policies offered by our insurers don't cover pandemic risks (e.g., COVID-19). Due to these factors, assets of the insurance sector continued to grow; and insurance companies continued to meet the prudential solvency and liquidity requirements.

10.9%

In 2021, the economy bounced back with a growth of 10.9 per cent

Despite the Coronavirus pandemic effects in the economy, in 2021 the insurance sector remained solvent and maintained capital buffers above minimum prudential requirements

Key performance highlights of the insurance sector



2021 COVID - 19 IMPACT ASSESSMENT ON SANLAM VIE PLC

The year 2021 was a monumental one for the whole country where both new COVID 19 cases and deaths increased at varied times. To counter the accelerated spread of the Covid-19 virus, the Government implemented severe measures limit non-essential movements including implementing various lockdowns in Kigali City and restricting movement to the provinces. Towards the end of the year, the new OMICRON variant further resulted in significant movement restrictions.

The Government has continued assessing the COVID 19 situation and adjusted prevention and protection measures. Several sensitization measures have also been implemented to educate and remind the population to protect themselves through, social distancing, wearing masks and hand hygiene. The impacts of these measures have further limited the spread of the Covid-19 virus.

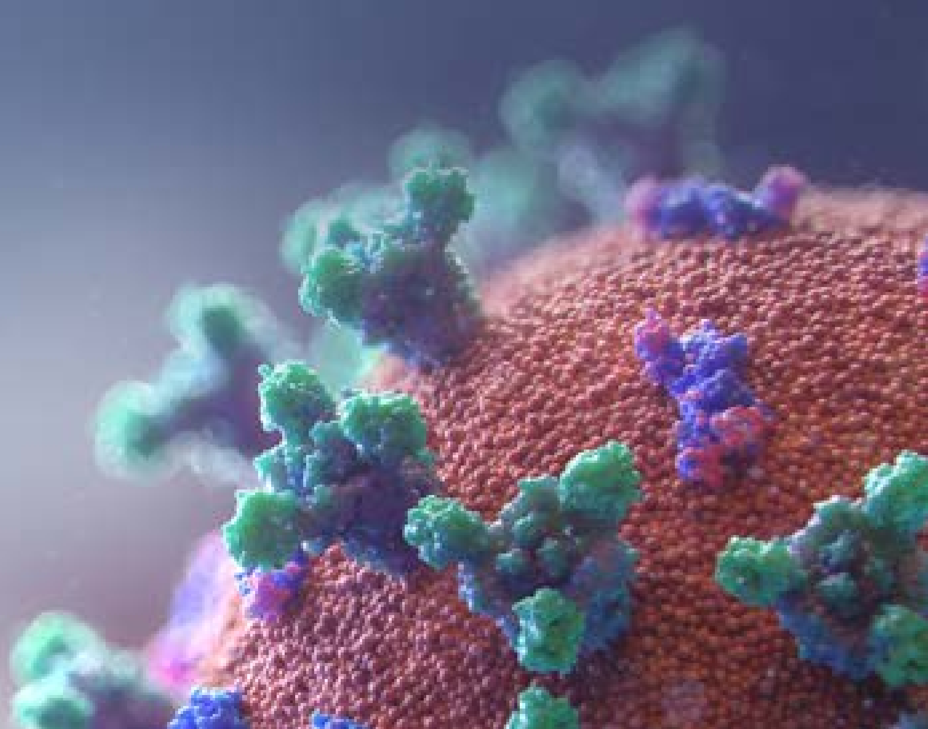
At the moment, movements outside of provinces are allowed depending on COVID 19 status in the country. This is significantly affecting the business, as the network agency is not freely performing in expanding its reach of the market. The business is regularly monitoring the situation to adjust its actions to minimize the impact of the pandemic.

On March 5th of the year 2021 Rwanda commenced vaccinating its population. There is optimism in the market that with the progress of this vaccination operation, the effects of the pandemic will be significantly curtailed. A sense of normalcy is highly anticipated sooner rather than later to allow businesses to revamp and stable recovery to be achieved. According to government statistics, the Country has achieved a significant double dose vaccination milestone with an estimated more than 50% being vaccinated by the end of 2021. Regarding investments, the market has seen a level of stability both for short term as well as longer term money market instruments.

Despite the Covid-19 challenges noted, the Company continues to experience a stable premium collection.

On the other hand, rental income continues to experience serious negative effects mainly on investment property apartments side as most of the Company's clients are foreigners. With continued travel restrictions and apathy, accommodation bookings are significantly curtailed.

> **"Rental income continues to experience serious negative effects mainly on investment property apartments side**



ADJUSTMENTS MADE TO BUSINESS MODEL TO REMAIN RESILIENT IN 2021

To maintain operations amidst what was a challenging time, Sanlam Vie Plc responded by making the following adjustments:

Continued adoption of digital tools

Sanlam Vie Plc adjusted to the new norms by setting online portals that allowed onboarding of clients as well as virtually signing contracts to make up for the logistical challenges. The adjustments made it possible to maintain sales especially to clients who had limited movements.

Digital payment for premium collection

For Premium Collection, Sanlam Vie Plc like other businesses in the country adopted digital payment avenues to reduce cash handling and make it more convenient for clients. This was through mobile money transfer which reduces the complexities that could emerge when making payments.

(CONT'D) RESILIENCE TESTS & ASSESSMENT OF HOW KEY OPERATIONS FAIRED

Key resources that impacted Sanlam Vie Plc's objectives

Human Resources

The human resources worked hard throughout a very difficult period of Covid-19 whereby in the beginning of the pandemic it was even difficult to work due to several challenges including but not limited to travel restrictions, experiencing the first ever working from home environment, network bandwidth/ connectivity issues as well as various logistical issues to enable the staff working in normal or near normal conditions. Despite the challenges below, the staff managed to deliver the expected results to help the company achieving its objectives.

Technology

Technology has been very critical especially since Covid-19 pandemic with efforts continuing in 2021. Claims and other service requests have been notified using several channels including the customers' online portal, complaints' online portal, the company's email as well as agents' online portal. Without these facilities it would have been almost impractical to render services to our esteemed clients.
Furthermore, online payments also facilitated to make this happening.

Market share

In terms of market share in 2021, Sanlam Vie has 63% whilst the rest of life insurance companies have 27% with a gross written premium of FRW 7,474 billion against FRW 15,200 billion recorded by Sanlam Vie alone.

Gross written revenue

Gross written premium amounted to FRW 15,210,596,469 against FRW 13,473,513,464 recorded in the prior year.

FINANCIAL HIGHLIGHTS & PERFORMANCE

In 2021, the company maintained sales through the available channels; sales agents for Individual Life products, brokers who mainly trade group life insurance and lending institutions for the Group Credit Life insurance product. Below are key insights of the trends of sales highlighting premium income and new business.

1. Premium income

Despite the global pandemic (COVID – 19) that has hit almost all businesses, we have been able to achieve the premium income for the year 2021 that is a positive momentum compared to 2020. The below table compares the premium income for 2021 to the previous year.

Table 1: Premium income data (in '000' Frw)

Gross written premium	2021	2020
Retirement	595,933	671,303
Pension	3,795,862	3,540,482
Education plan	5,197,710	4,927,336
Credit protection	3,038,001	2,281,603
Sponsored account	773	566
Safe family	895,418	854,315
Group Life	911,721	697,680
Funeral plan	775,178	694,501
	15,210,596	**13,667,786**

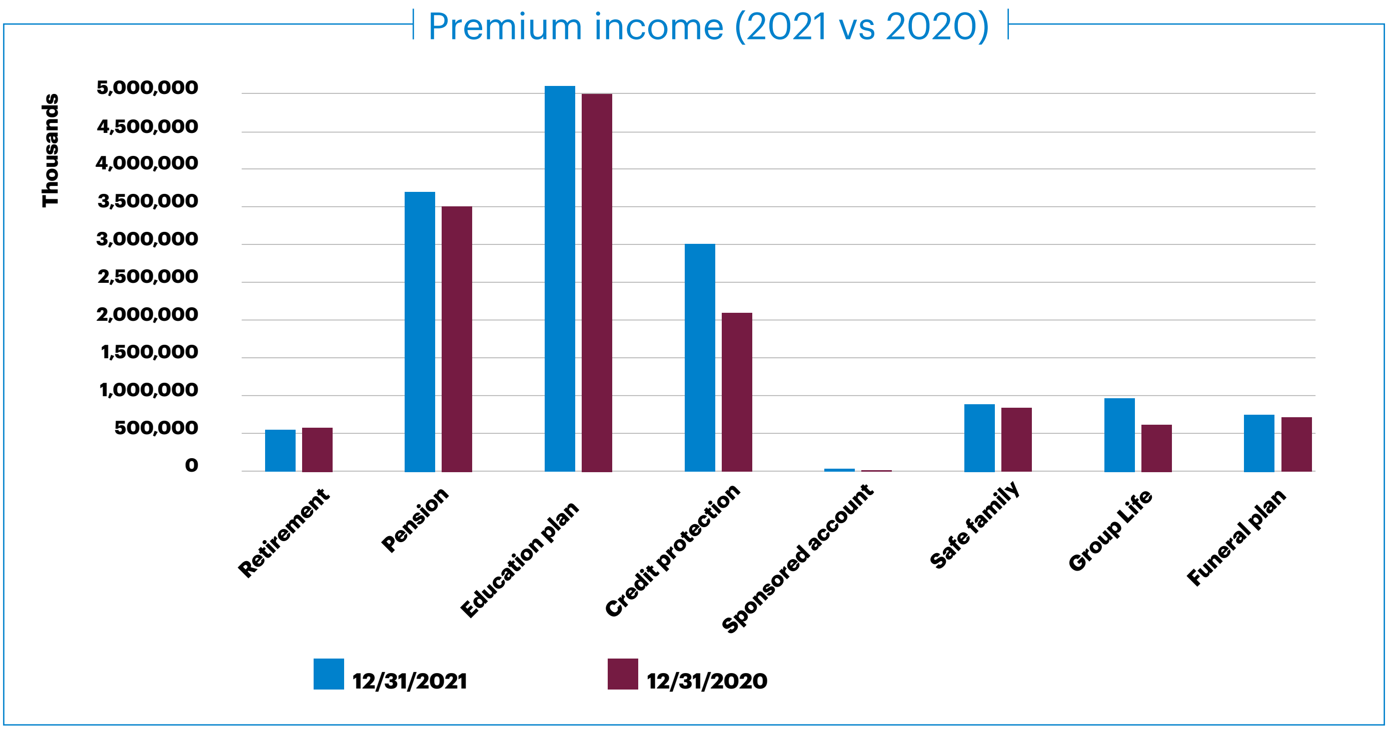


Chart 1: Premium income comparison (2021 vs 2020)

2.1. Individual Life

2.1.1. Numbers of inceptions and accepted cases

Individual Life Unit Expenses	Dec-21	Dec-20
Unit Maintenance Expense (FRW)	11,233	11,978
Acquisition Expenses (FRW)	26,934	31,957
Pension Unit Expenses	**Dec-21**	**Dec-20**
Unit Maintenance Expense (FRW)	11,255	12,157
Acquisition Expenses (FRW)	22,573	27,585

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

Employee benefits

Defined contribution scheme

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

Termination benefits

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

Short-term employee benefits

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

Financial risk management

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

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

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.
The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a)Credit risk

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

The Company limits its exposure to credit risk by only investing in liquid securities

pay amounts in full when due. Key areas where the Company is exposed to credit risk are:
-reinsurers' share of insurance liabilities.
-amounts due from reinsurers in respect of claims already paid.
-amounts due from insurance contract holders.
-amounts due from insurance intermediaries.

Impact of COVID 19 on credit risk
Due to Covid 19 Pandemic, some of the Company's tenants have not been able to respect their contractual obligations and the business made a 100% provision for debts unpaid for more than 90 days amounting 51 million.

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

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

Financial Assets	2021	2020
Financial assets – bonds and equities	26,433,906	24,792,973
Due from reinsurers	43,328	-
Trade and other receivables	1,301,976	461,844
Short term deposits	11,827,383	7,056,584
Cash at bank	1,453,937	1,160,467
TOTAL	**41,060,530**	**33,471,868**

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

The IFRS 9 simplified approach are applied to measuring expected credit losses

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

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

Past due but not impaired	0-30 Days	31-60 Days	61-90 Days	91 Days and above	Total
31 December 2021	-	1,078,857	274,366	-	1,301,977
31 December 2020	-	461,844	-	-	461,844

Resultant ECL is immaterial which has not been recorded.

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

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

Impact of COVID 19 on liquidity risk
The business has not faced any liquidity risk related as premium collection and investment income which are the main source of cash flow have been regular and effectively cashed.

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

60
the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days

2021 Financial assets	Less than 3 months	3 - 12 Months	1 - 5 Years	After 5 Years	Total
Financial assets - bonds	-	5,703,139	11,083,746	6,891,833	23,678,718
Trade and other receivables	1,301,977	-	-	-	1,301,977
Due from re-insurers	43,327	-	-	-	43,327
Cash and cash equivalent	1,454,057	11,827,383	-	-	13,281,440
	2,799,361	**17,530,522**	**11,083,746**	**9,647,022**	**41,060,651**
2021 Financial assets					
Insurance contract liabilities	3,317,389	5,367,965	13,264,576	9,773,738	31,723,668
Due to Reinsurers	454,901	-	-	-	454,901
Due to related parties	-	44,757	-	-	44,757
Trade and other payable	-	2,151,217	-	-	2,151,217
	3,772,290	7,563,939	13,264,576	9,773,738	34,374,543
Liquidity gap	**(972,929)**	**9,966,583**	**(2,180,830)**	**(126,716)**	**6,686,108**

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

(b) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.
Market price risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investments.

Impact of COVID 19 on Market risk
The business has not faced any challenge related to market risk as the interest rate have been stable along the year for both short- and long-term investments. The company does not currently deal with equity instruments listed on capital market.

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

"Market price risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices

Assets	USD	Rate	Total
Foreign denominated balances as at 31 December 2021	10,346	1,010	10,446
Foreign denominated balances as at 31 December 2020	6,421	982	6,306

Sensitivity analysis
Closing and average rate are respectively 1,009.62 and 1,019.061
The following table demonstrates the sensitivity, to a reasonable possible change in the USD, with all other variables held constant, of the company's profit before tax due to changes in fair value of monetary assets. No creditors or liabilities in foreign currency.

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

		Effect on profit before tax
As at 31 December 2021	Changes in USD +- 6%	+-627
As at 31 December 2020	Changes in USD +- 6%	+- 378

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments.
The company ensures that its investments are held primarily at fixed interest rates to avoid fluctuations in earnings due to change in interest rates though they are exposed to fair value changes.
The company has short term fixed deposits with banks and long terms investments on bonds.

As at 31 December 2021	Change in variables	Effect on P&L
Short term deposits	-1%	(110,324)
As at 31 December 2020		
Short term deposits	-1%	(70,556)

Financial assets	Average interest rate	Interest bearing/ earning	Non-interest bearing/earning	Total
Financial assets - Bonds	11%	23,678,717	-	23,678,717
Trade and other receivables	N/A	-	2,755,189	2,755,189
Due from related parties	N/A	-	1,301,976	1,301,976
Due from reinsurers	N/A	-	43,328	43,328
Cash and cash equivalent	9%	11,827,383	1,454,057	13,281,440
	10%	**35,506,100**	**5,554,550**	**41,060,650**
Liabilities				
Insurance contract liabilities	4%	31,723,668	-	31,723,668
Due to Reinsurers	N/A	-	411,573	411,573
Due to related parties	N/A	-	44,757	44,757
Trade and other payable	N/A	-	2,198,024	2,198,024
	4%	31,723,668	2,654,354	34,378,022
Interest rate gap	**6%**	**3,782,432**	**2,900,196**	**6,682,628**

Price risks

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

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

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

As at 31 December 2021	Change in variables	Effect on PBT
Rwanda Stock Exchange	(5%)	-
As at 31 December 2020		
Rwanda Stock Exchange	(5%)	

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

The table below shows the concentration risk of the business as at and for the year ended 31 December 2021:

Product	Policy Count	Premium Received	Sum Assured	Provisions Dec 2021	Total
Group Life	2,434	479,408,637	76,672,870,111	152,158,094	127,582,900
Group Credit	102,436	2,284,237,156	415,683,145,126	3,427,745,444	2,480,811,365
Group Mortgage	2,026	221,494,799	38,843,034,684	187,719,732	124,815,125
Education Plan	33,952	3,910,172,026	55,595,432,635	14,409,353,197	11,115,025,846
Retirement Plan	12,870	848,579,568	3,786,486,556	4,259,514,082	4,102,360,632
Pension Plan	37,849	4,383,150,252	19,558,259,624	8,492,824,175	6,973,932,328
Funeral Plan	24,588	602,213,831	60,811,007,558	305,490,550	191,673,077
Safe Family	13,404	750,092,522	37,819,903,436	114,061,347	51,265,826
Outstanding Claims	-	-	-	945,000	2,861,207
Matured policy reserve	-	-	-	-	1,821,995,232
Data reserve on savings products	-	-	-	144,830,945	-
IBNR	-	-	-	194,728,170	136,645,734
Micro insurance	-	-	-	34,297,200	-
Total	**229,559**	**13,479,348,791**	**708,770,139,730**	**31,723,667,937**	**27,128,969,272**

Net insurance claims	2021	2020
Life and death claims (net of reinsurance share)	2,609,786	1,900,624
Surrenders and annuity payments	5,774,403	5,977,822
Maturities	115,297	122,041
Increase in actuarial value of insurance contract liabilities	2,841,759	1,754,620
Interest declared on deposit administration contracts	449,533	399,700
	11,790,778	**10,154,807**

The claims Department deals with after sale service to customers. It is in charge of claims processing and is expected to save the company image by paying valid claims within acceptable timelines.

Online claims notification module
Apart from processing claims, the department has also implemented an online claims notification module which is currently up and running. The module makes use of the National Identification Authority (NIDA) system to check the customer Know Your Customer (KYC) information before admitting the claim.

To file a claim, the customer only needs to provide his/her ID card number and his policy number. Once the two are correct as per the information we have in our system, he is given a One Time Password (OTP) on his telephone number he/she provided us with at the inception stage, which allows him/her to proceed. The customer will then provide his account details after the system has confirmed that he can potentially make a claim.

Upon completion of the online process, the claims team is notified of the claim via email, and at the same time the core system fetches the information from the portal. We expect this innovative idea to drastically reduce the claims Turnaround time (TAT).

Internal control system
The internal audit system is the sum of all policies and procedures arranged by the organs of the company (supervisory board / board of directors / management) that guarantee an orderly and efficient management, the protection of assets, the prevention or detection of tortious acts and errors, the accuracy and completeness of the records of management accounting and the timely preparation of reliable financial information. Sanlam vie operates an internal audit system as per legal and regulatory requirements.

The company has put in place policies and relevant organs and people to ensure that Sanlam Vie risk management, governance and internal control processes are operating effectively.
The company has a qualified and skilled internal auditor to access and give an unbiased and objective view on the processes and related risks. His work is regularly reviewed by the internal audit function of Sanlam group to ensure its quality and standard requirement fulfilments. The internal audit function complies with the code of ethics and international standards.

The Actuarial Function
Actuarial function is a key function of Sanlam Vie operations - reserving, pricing and underwriting, reinsurance and risk and capital, presenting opportunities to add value to Sanlam vie performance or the wider business whilst still also meeting the regulatory requirements.

Outsources services
Sanlam Vie outsources some functions from related parties for the sake of efficiency and service quality. The service level agreements are signed between outsourcing company and related parties. The service level agreement are compliant with all legal and regulatory requirements for contracts between related parties are respected.

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

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

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

In respect of taxable temporary differences associated with investments in subsidiaries, 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.

Provisions and contingencies
Provisions are recognized when:
•the company has a present obligation as a result of a past event;
•it is probable that an outflow of resources embodying economic benefits will be require
•to settle the obligation; and
•a reliable estimate can be made of the obligation.

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

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

Land, buildings and motor vehicle are stated at fair value less depreciation. Land is not depreciated. Buildings are depreciated on a reducing balance method basis to allocate the cost over the estimated useful life (20 years) of the building. The residual values and useful lives of buildings are reviewed at each statement of financial position date and adjusted accordingly.
Equipment is stated at cost less accumulated depreciation and impairment charges. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the statement of comprehensive income over the estimated useful life of each significant part of an item of equipment, using the reducing method balance basis.

Estimated useful lives are as follows:

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

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

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

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

Financial assets and financial liabilities
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognized to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognized at the fair value derived from such observable market data.

Transactions with related party companies
These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognized initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities measured at amortized cost. Loans to shareholders, directors, managers and employees are classified as loans and receivables.

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and short term deposits in the statement of financial position. Cash are initially and subsequently recorded at fair value while placements are measured at amortized costs.

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

Differed tax asset/Liability
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:
Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Current tax and deferred tax relating to items recognized directly in other comprehensive income/equity are also recognized in other comprehensive income/equity and not in profit or loss.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

The main source of cash for the company is the collection of premiums. To this is added the cash from rent and financial investment in term of coupon for Government bonds and interests for deposit. The company disburses benefits to policyholders and pays its normal expenses for its operations and capital expenditure. The assumptions for cash flow are set in a high prudential manner for premiums collection by using actuarial modeling methods for cash flow for premium and all performance indicators of the country economy are considered to determine the trend of financial market in term of interest rate for most reasonable investment income assumptions. Reports from the National bank of Rwanda and the Ministry of Finance and other relevant instance are constantly consulted to have a solid basis for assumption construction.

Asset-liability management, methodology and the key assumptions in measuring assets and liabilities

Asset/liability management is the process of managing the use of assets and cash flows to reduce the firm's risk of loss from not paying a liability on time. Well-managed assets and liabilities increase business profits.

Sanlam vie have adopted the principal of asset/ liabilities matching in term of duration of assets and liabilities and cash requirement to ensure the profitability of its assets and that the company have sufficient cash all time to face its liabilities. The situation is regularly monitored for rebalancing purpose if need be.

Assumptions

The following economic assumptions have been applied:

— **Discount rate and inflation:** the valuation rate of 10% is applied. A risk discount rate of 17% is used. Inflation has been set at 7% which is consistent with data from the National Institute of Statistics of Rwanda.

The following non-economic assumptions have been applied:

— **Mortality:** The Company uses 100% of the Rwanda mortality tables.

—**Individual life persistency assumptions:**

	Dec-2021	Dec-2020
Individual life persistency assumptions	**%**	**%**
Year 1 lapse (Funeral/Education/Retirement)	28/29/22	28/29/22
Year 2 lapse (Funeral/Education/Retirement)	16/17/10	16/17/10
Year 3 lapse (Funeral/Education/Retirement)	20/12/9	(20/12/9)

Key risks

Markets and Asset concentration risk

Regarding investment risk type under markets and asset concentration risk category, property and equity investments are not generating significant returns thereby not helping the company achieving its investment and overall objectives.

Strategic risk

Regarding performance risk type under strategic risk category, Net Operating Profit Before Tax (OPBT) not achieving the budget as per the appetite statement and Attributable Earning not achieving the budget as per the appetite statement.

Key insurance risk exposures and their Management

a) Market and Asset Concentration risk category

Asset and Liability Management (AML) risk type:

• Sanlam Vie Plc. shall always compare the present value of liabilities to the present value of assets per maturity bucket and ensure that liabilities are adequately matched by assets of appropriate value and duration. The measurement indicators used to monitor this are the following:

1. For Assets-Liabilities (ALM) portfolios the Present Value of assets versus the Present Value of liabilities maturities projected per annum (Delta monitoring);
2. For Assets-Liabilities (ALM) portfolios the duration of the assets and duration of liabilities, the Sanlam Vie must at all times maintain sufficient liquid assets in order to discharge its liabilities and contractual obligations. Cash should be sufficient to service at least 3 month's current liabilities.

• The volatility in Net Operating Profit should not exceed 15% where asset and liability exposures are stressed as follows:

1. A parallel yield curve shift upwards of 20% of average risk-free rate
2. A parallel yield curve shift downwards of 20% of average risk-free rate

• Sanlam Vie Plc. should not risk more than 15% of Net Operating Profit over a one year period due to unmatched assets and liability positions.

Investment risk type:

• Investments should be made in accordance with investment mandates that promotes prudent investment strategies. Therefore, investment in risky assets should be limited in the context of Sanlam Vie Plc.'s economic environment. The measurement indicators are the following:

1. All investments made should be in accordance with approved mandates. This is measured by the number of mandates not complied with.
2. Assets (as percentage of total assets) exposed to below investment grade (S&P BBB- or Moody's Baa3) credit instruments and private equity (risky assets).

• Regarding investment assets, Sanlam Vie Plc. does not want to be excessively exposed to any one counterparty. A single counterparty exposure should be less than 20% of total investment assets, subject to local regulatory restrictions.

b) Strategic risk category
Sanlam Vie Plc. should not be exposed to one business partner (bank, broker, etc.) for more than 20% of its business (expressed as a percentage of new business volumes);
Sanlam Vie Plc. should be able to withstand a single economic shock. Capital Adequacy Ratio (CAR) should be greater than 130%. The level of risk-based capital for Sanlam Vie Plc. should be sufficient to withstand an economic shock scenario. CAR (higher of risk based capital or regulatory capital) cover should be greater than 130% after an economic shock scenario.
• Available (surplus) capital should be set at a level to ensure that at least 90% of projected dividends are available over the next 3 years. The measurement indicators for this are the following:
1. Available (surplus) capital as a % age of net operating profit at reporting date.
2. Available (surplus) capital as a % age of net operating profit projected for the next 3 years.

c) Underwriting risk
The magnitude and volatility of adverse risk (mortality and morbidity) experience variances. Risk experience variances should not be negative with more than 10% of EV Earnings.

This will be measured as follows:
• Ratio of mortality/morbidity experience variances compared to total EV Earnings;
• Ratio of current year impact of persistency experience variances (thus excluding VIF impact) compared to operating profit after tax and minorities.

e) Credit risk category
Default risk type:
•Regarding investment assets, Sanlam Vie Plc. does not want to be excessively exposed to any one counterparty. Single counterparty exposure < 20% of total investment assets, subject to local regulatory restrictions.
•Counterparties is subject to credit approval process. Unrated or below investment grade counterparties should be reported. This is measured by the current amount of exposure to sub-investment grade fixed interest instruments expressed as a percentage of all fixed interest instruments

Reinsurance counterparty risk type:
•Sanlam Vie Plc. may not use external reinsurers, both for treaties and facultative reinsurance, with an international, local currency credit rating of not less than A- or equivalent, as determined by international credit rating agencies. Unless specifically approved by the Sanlam Vie Plc Board and Exco. This excludes compulsory reinsurance cessions that are required in some countries. The measurement indicator for this is the Reinsurance Exposure (as % of total reinsurance) to counterparties rated below A-

•Sanlam Vie Plc. sets its own limits for exposure to any reinsurer. These limits vary between <20% and <50%. This is measured by the number of single reinsurance counterparty breaches reported by Sanlam Vie Plc. which should not exceed 1.

f) Liquidity risk
Sanlam Vie Plc. must at all times maintain sufficient liquid assets in order to discharge its liabilities and contractual obligations. Cash should be sufficient to service at least 3 month's current liabilities.

g) Operational risk category
Brand risk type:
•Transactions, activities and events that could cause actual or potential damage to the Sanlam brand must be avoided. All such incidences must be escalated and reported to the appropriate forum. All adverse brand and reputational incidences must be reported, and should include:

1.the number of adverse media reports;
2.the number of regulatory investigations.

Fraud/Financial Crime Risk type:
No unethical conduct will be tolerated. All Sanlam Vie Plc employees and agents are required to acknowledge, sign and adhere to the Sanlam Group Code of Ethics; at least equivalent implementation of ethics and conduct mechanisms is expected of Associates; and outsourced service providers and

other business partners must be of equal ethical standards. All incidences of ethical misconduct must be reported by:
• Number of incidents reported to management;
• Number of incidents actively investigated and monitored by management;
• Number of incidents reported via any available whistleblowing line;
• Number of employees and agents that have not signed the Ethics Code of Conduct.

No incidences of internal or external financial crime will be tolerated. All instances of actual or potential financial crime that are discovered and/or reported must be investigated and prosecuted, where possible. All financial crime incidences are reportable to the Sanlam Vie Plc. Exco and Board as well as SEM Risk Management. A financial crime risk assessment must be conducted by the business on a regular basis. Ongoing monitoring of financial crime should be measured relative to prior period on the following basis:

• Number of cases reported;
• Number of cases investigated;
• Outcome of investigations (actual breach confirmed);
• Claims declined as a result of fraud;
• Prosecution/laying of charges pursued

Compliance/ Regulatory Risk type:
• Sanlam Vie Plc. has no appetite for deliberate or purposeful violations of legislative, or regulatory requirements, adopted industry codes and standards, internal policies, or governance principles. Sanlam Vie Plc. seeks to conduct its business with due skill, care and diligence in order to minimise violations arising from negligence. All identified breaches of requirements will be addressed as soon as practicable. Therefore, all incidences of non-compliance with legislation, regulatory or statutory requirements must be reported to the Sanlam Vie Plc. Exco and Board as well as SEM Risk and Compliance Management team.

• Business practices and products that are inconsistent with appropriate conduct (TCF) principles should be avoided. Sanlam Vie Plc. has a low tolerance for adverse trend experience in complaints. The numbers of complaints must be reported to Sanlam Vie Plc. Exco and Board and SEM CRO. This is measured by the number of complaints should be monitored relative to the previous period.

Going Concern risk type:
• Sanlam Vie Plc. has an overall low tolerance for control breakdowns resulting from aspects around processes, people, systems or external events. Such incidents should be escalated to the appropriate forum and reported to the Sanlam Vie Plc. Exco, Board as well as SEM Risk Management team. Unplanned technology related disruptions must be reported to SEM IT and Operations, and SEM Risk Management team.

Sanlam Vie Plc. has a low tolerance for unresolved Audit findings. This is measured by:

• Change in number of significant open audit observations from prior quarter;
• Change in number of significant open audit observations older than 90 days from prior quarter.

Sanlam Vie Plc. has no appetite for qualified Regulatory or Audit reports or Tax non-compliance. All identified breaches of requirements will be addressed as soon as practicable. Therefore, all breaches must be reported to the Sanlam Vie Plc. Exco and Board as well as SEM Risk Management team.

Business Continuity Risk type:
Critical business operations and supporting resources (including information and related technology) must at all times be recoverable in accordance with Sanlam Vie Plc. BCM/DRM Plans. The Business has no tolerance for Disaster recovery failure. The measurement indicators are:

• BCP plans in place for all businesses;
• DR testing completed within the last 1 calendar year;
• BCP testing completed within the last calendar year.

Information and Technology Risk type:
Sanlam Vie Plc. must comply with the SEM Tight Principles relating to IT Governance, Information Security and Information Governance. Breaches must be reported to Sanlam Vie Plc Exco and Board. IT Governance, Information Security and Information Governance breaches should be tracked and monitored:

• Number of information security breaches;
• Number of Privacy/ Confidentiality breaches.

Sanlam Vie Plc. has a moderate tolerance for the adverse effects of Technical Debt. This tolerance is primarily shaped by the level at which this risk stifles business stability or agility.

There is limited technical debt in the business, and this is actively managed.
Sanlam Vie Plc. has a moderate tolerance for scope and cost risk and a low tolerance for delivery risk in major Change projects. The capacity to take on change projects is shaped by the tolerance for risk. This is measured by the number of projects (material) that is late on delivery (>110% of original timeline) and/or exceeding budget (>%110% of original budget).

Other risks

New entrants into the market : While Sanlam Vie Plc enjoys a majority of the local market in life insurance, we foresee entrance of more players into the sector as they realise the potential in the sector. At Sanlam Vie Plc, we plan on remaining our clients preferred service providers by continuously adjusting our offering, responding to market needs as well as becoming a thought leader in the sector.

Low public awareness: Low awareness due to inadequate communication and public relations (Low advertising, publicity and corporate social responsibilities). At Sanlam Vie Plc, we are rolling out awareness campaigns as well as public sensitization initiatives to expand the potential market.

Creating Value

HUMAN CAPITAL

In 2021, our human capital efforts were geared at continuously enhancing staff productivity, capacity effectiveness, and business continuity.

This is in line with our short term and long-term prospects of being customer centric and achieving our values and purpose. Our objectives were aimed at enhancing approaches that support productivity; performance management; learning and development; and remote working policies in response to the environment.

We were able to create a set of standard guidelines, tools for managers and employees to track and reinforce productivity, enhance learning & skills development and support stakeholders in the wake of the pandemic
The year 2021 has been an opportunity to sharpen employees' mind vis-à-vis customer service delivery. In line with this, 60 out of 80 staff were trained about customer care service enhancement. In a bid to foster the business continuity, through Sanlam Emerging Markets (SEM), there are other three (3) employees who underwent the leadership training for emerging leaders by DUKE University.

Along the year 2021, 28 staff and one (1) intermediary agent underwent the professional and academic qualification courses namely ACCA (Association of Chartered Certified Accountants), Certified Investment and Financial Analyst (CIFA), CPA, MBA, Insurance Foundation and Diploma courses, Chartered Insurance Institute (CII), Actuarial Studies, Master of Science in Project Management, Senior Professional in Human Resource International.

SUMMARY	No of Staff
Gender	
MALE	51
FEMALE	30
Age	
50-58 years	16
40-49	22
30-39	38
25-29	5
Average age	**41**

DEPARTMENTS/DIRECTION	No
Chief Executive Office	4
Chief Operations Office	24
Chief Commercial Office	15
Chief Finance Office	17
Altis	8
Chief Risk & Compliance Office	2
HR & Administration	8
IT	3

Salient features of our human resources (HR) strategy

- World-class HR function and capability
- Leading edge digitally enabled HR practices and solutions
- Proactive governance and risk management

The key focus areas are:

- Talent: attracting, hiring, developing, and retaining the best talent in the market to address the evolving talent needs in our business
- ***Culture:*** Evolving our culture to suit a changing business and strategic context
- ***Digitise:*** Adapt HR functions to improve efficiency and capability to deliver superior employee experiences
- ***Agile workplace of the future:*** simplify, harmonise and evolve people practices and processes to promote cross-cluster interactions and mobility
- ***Ways of working:*** Creating a work environment that addresses the current and future needs of our workforce in a digitalised workplace.
- ***Diversity, equity and inclusion:*** ensure diversity in our workforce and workplace in line with diverse markets being served

Developing talent & improving skills

Talent management is a key strategic business matter and is designed to ensure we recruit, appoint, retain and develop the most talented employees available in the job market. We collaborate with our employees to help them realise their worth. We are committed to providing a stimulating work environment and development opportunities. Learning and development are prioritised in our HR strategy, which is designed to drive internal career advancement.

Financial Capital

Our approach to financial management can be summarized as prudent with attention to detail in how we raise, control and administer and deploy our finances catering for risks, costs and control while seeking to be profitable.
Capital allocation is governed by a strategy framework which has provisions for procedures that ensure we have adequate capital resources with due attention to all material risk and capital adequacy requirements.
This approach also provides stewardship for our cost optimization measures as we diligently oversee the utilization of financial resources in the Bank's operations.

Financial Capital Coverage

• **The regulatory capital requirements;**
Sanlam Vie Plc have increased its share capital from FRW 1,276,520,000 to FRW 2,000,000,000 as a move to comply with Article 8 of Regulation No. 2319/2018 -00014 [614] of 27/12/2018 of the National Bank of Rwanda.

The company have paid all related tax to the increase of capital transaction

• **Instruments regarded as available capital;**
The capital available is constituted by paid up capital and accumulated retaining earnings coming from non-distributed profits for previous years. The company also have revaluation reserves coming from its investment revalued on yearly basis with the most prudential methods applied by higher expertise valuers.

• **The policies and processes for managing capital;**
The company applies regulatory guideline in term of minimum capital requirement and other company law related to capital for commercial companies. Apart from this, the company have set a dividend policy in line with the business mission and value to ensure that the company is always financially sound for its expansion and providing full confidence to its shareholders, partners, policyholders and staff.

Capital allocation focuses on supporting value creation and ensuring high returns on deployed financial capital.

Total Assets: Frw 48,626,533

Investment Mix & Economic Assumptions	Dec-21	Dec-20
Fixed-interest securities	23.1%	60%
Equities	0%	0%
Property	0%	0%
Cash	76.9%	40%
Risk discount rate	17.7%	17%
Inflation	7.7%	7%
Valuation Rate	10.7%	10%

Intellectual Capital

Intellectual capital in this case refers to intangible assets and can broadly be defined as the collection of all resources Sanlam Vie Plc has at its disposal that can be used to drive profits, gain new customers, create new products, or otherwise improve the business.

At Sanlam Vie Plc, our key components include Staff expertise, organizational processes, and other intangibles that contribute to our bottom line.

Aspects of intangible value include technical knowledge, the value relating to relationships, reputation and brand and capacity for innovation. Sanlam Vie Plc's intellectual capital includes human capital, innovations and digital channels, systems and processes.

- **Innovation:** Innovation is highly influential in increasing the relevance of products and services to drive growth performance, and operations, especially amid the pandemic when there has been limited interaction between staff and clients. Sanlam Vie Plc introduced innovation and technological adjustments to enable working virtually as well as enable clients submit claims. The pandemic accelerated our digitization plans with more to be rolled out in coming years. Innovation also allowed the collection of premiums via mobile money
- **Customer-centered adjustments:** The circumstances of 2021 required us to adjust our systems and process to improve customer experiences and service provision to provide seamless services and seize opportunities. Among our customer oriented adjustments included virtual contract signing, MoMo payments among others.
- **Agents:** Our Agent network which has grown steadily in recent years, currently at about 250 serves to ensure Sanlam Vie Plc's proximity to our customers. It also creates business opportunities for service providers allowing them to creating incomes and employment.

Creating Shared Value

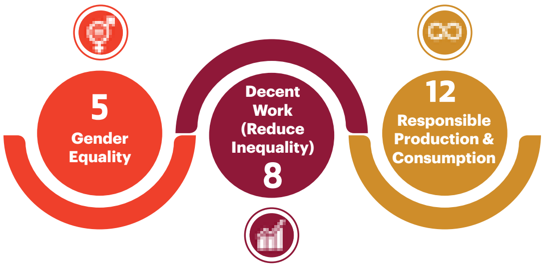
Creating Shared Value features in Sanlam Vie Plc's priority as we seek to have a role in improving society's quality of life by addressing its needs and challenges while at the same time supporting the economy.

Among ways we do this include:

a) Sustainable Development Goals

We are refining our contribution to the United Nations Sustainable Development Goals (SDGs) and identifying future priorities. As a financial services firm we have a direct contribution to make through investments and the way we do business.

The SDGs provide a roadmap and sustainable framework to anchor our investments if we want to show impact and bring these purpose ambitions to life. Our group's focus areas which Sanlam Vie Plc is also implementing provide examples of our commitment in action.



b) Natural capital

At Sanlam Vie Plc's investment and properties are conscious on environmental conservation as well as aspects such as energy and water consumption. Environmental conservation is on the checklist of viable investment and projects of Sanlam Vie Plc. Our internal processes have also reduced the use of paper replacing with electronic and digital means as we commence digitization.

c) Employees and stakeholders

During the year 2021, the COVID-19 pandemic has continued disrupting our operations as containment and mitigation measures have restricted the movement of people whereby the country has undergone 2 total lockdowns and other partial lockdowns which have hit severely retail business. In the same way, the COVID-19 pandemic has raised unemployment and poverty in Rwanda.

To support its customers in every step they make and back them in unfortunate events, Sanlam Vie Plc intervened in filling gaps felt by its customers who had subscribed for credit life insurance and later retrenched because of Covid-19 pandemic. As result, in the year 2021, the company paid FRW 317,077,508 corresponding to 58 covid related retrenchment cases, representing 90% of the total retrenchment cases recorded along the year.

The company did not also blink its eyes to its customers whose insured members passed away a result of the pandemic. As such, the company paid FRW 296,982,458 corresponding to 89 death cases, representing 20% of the total death claims recorded.

Although the company's business was affected since the outbreak of the Covid-19 pandemic, Sanlam Vie Plc valued its esteemed employees where none was retrenched, but rather, the company assisted them in working from home by providing them with the necessary equipment to continue serving the customers.

To remain resilient in serving our customers, the company embraced the digitization step where the online self-serving portal was put in place. Through this portal, the company got in touch with its customers where the latter were able to notify their claims, their complaints, accessing the statement of their premiums and their contracts. Additionally, to get rid of papers, the company digitized its papers workflow through Electronic Document Management System (EDMS) where the employees have access to a soft file of each customer wherever they are. This helped us serving our customers swiftly.
Noting that the movements were restricted in some instances as one of the containment measures, we opted for e-payments mode where whenever and wherever, we keep paying our customers and service providers without any interruption.
To keep interacting with our key partners namely banks through bancassurance business, we enabled the banks to issue loan covers to customers on Sanlam`s behalf through CRM Bancassurance portal thereby improving customer service, enable collection of complete customer and risk information.

c) Shared value
Following Sanlam's new brand promise to empower millions of Africans to Live with Confidence, the continent's largest non-banking financial services group has begun to put it into practice with the launch of an inspirational team of Confidence Coaches. This is the first in a series of initiatives that aims to empower consumers to live with the kind of financial confidence that makes a real and lasting difference.

"At Sanlam, we believe confidence is the game changer that can greatly increase your chance of success. It unlocks possibility, motivates you to reach your full potential, and allows you to live your best life. Learning to live with this kind of financial confidence, however, is a journey, and this is exactly what our brand promise is all about. No matter where your starting point is, we're committed to equipping you with the right tools, support, and guidance to help you get from where you are to where you want to be."

A diverse mix of five well-known personalities and influential voices such as José Mourinho, DJ Sbu, Deborah Chambers, Unathi Nkayi and Leandie du Randt shared personal insights and offered practical tips on how to live with confidence, through a series of online conversations.
"With the intention of connecting with our customers and prospective ones in the most engaging way possible, we've partnered with personalities that we believe consumers will relate to and be inspired by – people who not only live confidently but do so no matter the challenges life throws their way,"

"We wanted to keep it human, personal and authentic throughout," Rather than solely highlighting financial confidence, Sanlam has set out to inspire a better relationship with finances by first unpacking the significance of greater confidence in all aspects of life."

To this end, Sanlam's collection of Confidence Coaches aren't financial experts, but rather real people with real stories and life lessons to share. Drawing from their own experiences, each will talk life in the context of circumstances and important decisions. With all of these conversations and platforms ultimately working towards the bigger goal and purpose of Sanlam's campaign: to help more and more people live their best lives and feel equipped to navigate the challenges that may come their way through financial confidence.

"Everyone wants to live with financial confidence, knowing they've got the best chance at a good life. But for many people, our call to live with financial confidence might seem overwhelming or even impossible," reflects Mbhele. "But we've set out to offer really practical steps to get there – simple, actionable steps to help anyone along their journey." says Sydney Mbhele, the Chief Executive of Brand at Sanlam.

d) Working with Stakeholders
Sanlam Vie Plc enjoys warm relations with sector stakeholders and regulators with close cooperation to develop the sector.

Audited Financial Statements

04

Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2021

CORPORATE INFORMATION

REGISTERED OFFICE	Sanlam Vie Plc KN3 Avenue P.O Box 2616 Kigali, Rwanda	
LEGAL ADVISOR	Niyibizi Aloys P.O Box 2616 Kigali-Rwanda	
COMPANY SECRETARY	Niyibizi Aloys P.O Box 2616 Kigali, Rwanda	
AUDITOR	KPMG Rwanda Limited Certified Public Accountants 5th Floor Grand Pension Plaza Avenue de la paix P.O. Box 6755 Kigali, Rwanda	
PRINCIPAL BANKERS	Bank of Kigali Plc Avenue de la Paix P.O. Box 175 Kigali, Rwanda	Cogebanque Plc Avenue du commerce P.O. Box 5230 Kigali, Rwanda
	Access Bank Rwanda Plc Avenue de la Paix P.O Box 205 Kigali, Rwanda	Development Bank of Rwanda Plc P.O. Box 1034 Kigali, Rwanda
	I & M Bank Rwanda Plc 11 Bouvelard de la Revolution P.O. Box 354 Kigali, Rwanda	Bank of Africa Rwanda Plc P. O. Box 265 Kigali, Rwanda
	KCB Bank Rwanda Plc Avenue de la paix P.O. Box 5620 Kigali, Rwanda	Guaranty Trust Bank Rwanda Plc 20 Boulevard de la Révolution P.O Box 331 Kigali, Rwanda
	Ecobank Rwanda Plc Plot 314, Avenue de la paix P.O Box 3268 Kigali, Rwanda	Banque Populaire du Rwanda Plc P.O Box 1348 Kigali, Rwanda

Sanlam Vie Plc
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REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2021, which show the state of affairs of Sanlam Vie Plc (the "Company").

PRINCIPAL ACTIVITIES

The company is engaged in underwriting of Life Insurance and Pension. The products offered by the company include Education Insurance Plan, Retirement Plan, Workers' Group Life Insurance, Credit Life Insurance, Safe Family Life Insurance and Pension.

SUBSEQUENT EVENTS

COVID - 19 IMPACT ASSESSMENT ON SANLAM VIE Plc

The year 2021 was a monumental one for the whole country where both new COVID 19 cases and deaths increased at varied times. To counter the accelerated spread of the Covid-19 virus, the Government implemented severe measures limit non-essential movements including implementing various lockdowns in Kigali City and restricting movement to the provinces. Towards the end of the year, the new OMICRON variant further resulted in significant movement restrictions.

The Government has continued assessing the COVID 19 situation and adjusted prevention and protection measures. Several sensitization measures have also been implemented to educate and remind the population to protect themselves through, social distancing, wearing masks and hand hygiene. The impacts of these measures have further limited the spread of the Covid-19 virus.

At the moment, movements outside of provinces are allowed depending on COVID 19 status in the country. This is significantly affecting the business, as the network agency is not freely performing in expanding its reach of the market. The business is regularly monitoring the situation to adjust its actions to minimize the impact of the pandemic.

On March 5th of the year 2021 Rwanda commenced vaccinating its population. The market is bullish that with the progress of this vaccination operation, the effects of the pandemic will be significantly curtailed. A sense of normalcy is highly anticipated sooner rather than later to allow businesses to revamp and stable recovery to be achieved. According to government statistics, the Country has achieved a significant double dose vaccination milestone with an estimated more than 50% being vaccinated by the end of 2021. Regarding investments, the market has seen a level of stability both for short term as well as longer term money market instruments.

Despite the Covid-19 challenges noted, the Company continues to experience a stable premium collection. On the other hand, rental income continues to experience serious negative effects mainly on investment property apartments side as most of the Company's clients are foreigners. With continued travel restrictions and apathy, accommodation bookings are significantly curtailed.

RESULTS

The results for the year are set out on page 12.

DIVIDEND

The Directors recommend approval of payment of a dividend of Frw 3B comprising individual dividends of the following years:

- 2019 – Frw 2 billion
- 2020 – Frw NIL
- 2021 – Frw 1 billion.

Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2021

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

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

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

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

HOLDING COMPANY

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

AUDITOR

The external auditor, KPMG Rwanda Limited was appointed during the year in accordance with regulation no 14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insurance companies and insurance brokers. At the end of the year ended 31 December 2021, the auditor, KPMG Rwanda Limited, is required to rotate out in accordance with regulation no 14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insurance companies and insurance brokers.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorised for issue by the Board of Directors on ……………………March 25th 2022.

By Order of the Board Secretary

NIYIBIZI Aloys

05/04/2022.

Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2021

STATEMENT OF CORPORATE GOVERNANCE

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

Board of Directors

The directors who served during the year ended 31 December 2021 and as at the date of the report are listed on page 3.

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

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

Board Committees

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

Board Audit Committee

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

Name	Role	Number of meetings held	Number of meetings attended
Kagaju Marie Louise	Chairman	4	2
Moses Mutuli	Member	4	4
Esperance Mukarugwiza	Member	4	4
Niyongabo Louis	Member	4	1

N.B: There has been changes in membership of this Committee. In Quarter One of Year 2021, the membership was as follows: SIKUBWABO Raphael (Chairman), GISANABAGABO Sebuhuzu, MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. In May 2021, SIKUBWABO Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14^{th}, 2021. Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of Audit Committee. He attended one (1) meeting session of Nov 2021.

Risk Management Committee

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

Sanlam Vie Plc
Annual report and financial statements
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Risk Management Committee – continued

Name	Role	Number of meetings held	Number of meetings attended
Esperance Mukarugwiza	Chairperson	4	4
Moses Mutuli	Member	4	4
Raphael Sikubwabo	Member	4	2
Kagaju Marie Louise	Member	4	2
Niyongabo Louis	Member	4	1

N.B: There has been changes in membership of this Committee. In Quarter One of Year 2021, the membership was as follows: GISANABAGABO Sebuhuzu (Chairman), SIKUBWABO Raphael (Member), MUKARUGWIZA Esperance and Moses Mutuli. In March, GISANABAGABO Sebuhuzu was elected as Chairman of the Board in replacement of BAYIGAMBA Robert whose term had expired. This in May 2021, Sikubwabo Raphael resigned after attending all two (2) meetings held in March and May 2021. In August, KAGAJU Marie Louise was elected as Chairperson, and she was a new member in board as she was approved in May 14th, 2021.

Later in November, NIYONGABO Louis was also approved by BNR, and he is a member of this Committee. He attended one (1) meeting session of Nov 2021

Underwriting and Claims Committee

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

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

Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2021

Statement of Directors' Responsibilities

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Sanlam Vie Plc financial statements comprising the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes set out on pages 12 to 67, in accordance with International Financial Reporting Standards and in the manner required by the Law No 007/2021 of 05/02/2021 Governing Companies, and Regulation N° 30 /2019 of 16/12/2019 on publication of financial statements and other disclosures by insurers.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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

The independent auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the International Financial Reporting Standards, the requirements of Law No 007/2021 of 05/02/ 2021 Governing Companies and Regulation N° 30 /2019 of 16/12/2019 on publication of financial statements and other disclosures by insurers.

Approval of financial statements

The financial statements of the Company from pages 12 to 67 were approved and authorized for issue by the Board of directors on ....March 11th.......2022.

Marie Louise Kagaju
Director

Director

Date: 05/04/2022

KPMG Rwanda Limited
Certified Public Accountants
5th Floor, Grand Pension Plaza
Boulevard de la Révolution
PO Box 6755
Kigali, Rwanda

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Email: info.rw@kpmg.com
Internet: www.kpmg.com/eastafrica

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sanlam Vie Plc ("the Company") set out on pages 12 to 67, which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sanlam Vie Plc as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by Law No 007/2021 of 05/02/ 2021 Governing Companies and *Regulation N° 30 /2019 of 16/12/2019 on publication of financial statements and other disclosures by insurers.*

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

KPMG

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

Report on the audit of the financial statements (Continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of insurance contract liabilities	
Refer to Notes 2(k) and 25 of the financial statements	
he Company has significant insurance contract liabilities representing 88% of the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of policyholder liabilities. Significant economic and non-economic assumptions, such as investment returns, mortality and persistency, expenses and expense inflation and withdrawals are the key inputs used to estimate these insurance contract liabilities. The assumptions to be made have high estimation uncertainty and changes in the estimates may lead to material impact on the valuation of the liabilities. The valuation also depends on accurate data from the information systems. If the data used is not complete and accurate then material impacts on the valuation of policyholder liabilities may also arise. As a result of the significant judgement, estimation uncertainty and assumptions above, we determined insurance contract liabilities to be a key audit matter	Our audit procedures in this area included: — Assessing the design and operating effectiveness of key controls around the claims handling and reserve setting processes of the Company; — Evaluating a sample of claims reserves through comparing the estimated amount of the reserve to appropriate documentation such as reports from loss adjusters to ascertain accuracy of the recorded amounts; — Re-performing reconciliations between the data recorded in the financial systems and the data used in the actuarial reserving calculations; — Assessing reasonableness of the incurred but not reported reserve balances using the actuarially determined reserve percentages per class of business by comparing the actual to expected analysis on prior years' reserves and analysis of surplus for any shortfalls or surpluses; — Challenging the validity of management's liability adequacy testing by assessing the reasonableness of the projected cash flows and key assumptions incorporated in the mathematical provisions in the context of Company and industry experience data; — Comparing the economic and non-economic assumptions applied by management's expert to expectations based on the Company's historical experience, current trends, and our own industry knowledge; — Using our internal actuarial specialists to evaluate the reserving methodology including assumptions applied and assessing the valuation results presented and movements since the previous year-end. We focused on understanding the methodologies applied and examined areas of judgement such as changes in valuation assumptions; and — Evaluating whether the Company's financial statements disclosures in relation to the assumptions used in the valuation are adequate, including disclosure of key assumptions and judgements in accordance with IFRS 4 *Insurance Contracts.*

KPMG

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

Report on the audit of the financial statements (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the *Sanlam Vie Plc Annual Report and Financial Statements for the year ended 31 December 2021 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 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.

Directors' responsibilities of for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by Law No 007/2021 of 05/02/ 2021 Governing Companies and *Regulation N° 30 /2019 Of 16/12/2019 On Publication of financial statements and other disclosures by insurers* 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.

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 judgment and maintain professional skepticism 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.

KPMG

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

Report on the audit of the financial statements (Continued)
Auditor's responsibilities for the audit of the financial statements (Continued)

— 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.

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

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

Report on other legal and regulatory requirements

As required by the provisions of Law No. 007/2021 of 05/02/ 2021 Governing Companies, we report to you based on our audit, that:

i. 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.

ii. Proper accounting records have been kept by the Company, so far as appears from our examination.

iii. The statement of comprehensive income and statement of financial position agree with the books of account.

iv. We have no relationship, interests, or debt with the Sanlam Vie Plc. As indicated in our report on financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, which includes comprehensive independence and other requirements.

KPMG

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

Report on other legal and regulatory requirements (Continued)

v. We have reported our findings on internal control matters to management in a separate management letter.

vi. According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the Company, the annual accounts comply with Article 123 of Law No. 007/2021 of 05/02/ 2021 Governing Companies.

The engagement partner on the audit resulting in this independent auditor's report is CPA Wilson Kaindi – [PC/CPA/0642/0123].

Kkaindi

KPMG Rwanda Limited
Certified Public Accountants
P O Box 6755
Kigali, Rwanda

Date.....05 April......... 2022.

KPMG Rwanda Ltd
05 APR 2022
P.O.Box. 6755 KIGALI RWANDA
TEL: +250 788 175 700 / +250 252 579 790

Sanlam Vie Plc
Annual report and financial statements
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STATEMENT OF PROFIT OR LOSSES AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021	Notes	Dec-21 Frw '000	Dec-20 Frw '000
Gross written premium	5 (a)	15,210,596	13,667,786
Reinsurance written premium (premium ceded to reinsurers)	5 (b)	(898,995)	(579,426)
Net written premium		**14,311,601**	**13,088,360**
Provision for unearned premium	6	(1,303,407)	(1,170,026)
Net Insurance Premium revenue		**13,008,194**	**11,918,334**
Investment Income	7	3,851,924	3,500,346
Revaluation losses on investments	8	(26,307)	(475,335)
Income from reinsurance contracts ceded	9	340,869	259,437
Other income	10	406,901	224,997
Total operating income		**17,581,581**	**15,427,779**
Net insurance claims	11	11,790,778	10,154,509
Cost of acquisition of insurance contracts	12	1,222,533	1,347,736
Staff costs	13	1,195,667	1,137,792
Operating expenses	14	1,346,062	1,622,345
Depreciation charge	16(c)	80,894	84,122
Profit for the year from operating activities		**1,945,647**	**1,081,275**
Finance costs		-	-
Profit before tax		**1,945,647**	**1,081,275**
Income tax charge	15	(659,704)	(687,340)
Profit after tax		**1,285,943**	**393,935**
Other comprehensive incomes			
Items that will not be reclassified to profit or loss			
Fair value gains on unquoted equities at FVOCI	18	374,996	-
Deferred taxation on fair value gains on unquoted equities at FVOCI	26	(112,499)	
Revaluation surplus on land and buildings	17(a)	98,478	-
Differed tax on revaluation surplus		(29,543)	-
Total comprehensive income for the year		**1,617,375**	**393,935**

The notes on pages 16 to 67 are an integral part of these financial statements

Sanlam Vie Plc
Annual report and financial statements
For the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	Dec-21 Frw '000	Dec-20 Frw '000
CAPITAL EMPLOYED			
Share capital	16 (a)	2,000,000	2,000,000
Retained earnings	16 (b)	6,893,792	5,607,849
Revaluation reserve	16 (c)	1,743,643	1,481,146
Fair value reserve	16 (d)	2,072,888	2,003,953
Total capital and reserves		**12,710,323**	**11,092,948**
REPRESENTED BY:			
Assets			
Property and Equipment	17 (a)	950,055	902,712
Intangible asset	17 (b)	61,360	28579
Investment in unquoted equity instruments	18	2,755,189	2,380,194
Investment Properties	19	6,235,304	6,261,701
Due from related parties	20	314,355	861,234
Due from reinsurers		43,328	-
Trade and other receivables	21	1,301,977	461,844
Investment in government bonds	23	23,078,717	22,412,780
Current income tax recoverable	28	4,718	74,167
Cash and cash equivalents	24	13,281,440	8,257,123
Total assets		**48,626,533**	**41,640,334**
Liabilities			
Insurance liabilities	25	31,723,668	27,128,969
Trade and other payables	29	2,149,868	1,766,375
Due to Re-insurers	22	454,901	275,111
Due to related parties	27	44,757	76221
Deferred tax liability	26	1,543,016	1,300,710
Total Liabilities		**35,916,210**	**30,547,386**
Net assets		**12,710,323**	**11,092,948**

The financial statements set out on pages 12 to 67 were approved by the Board of Directors on ......March 14th,...2022 and are signed on its behalf by:

Director.. Director..

Marie Louise Kagaju

The notes on pages 16 to 67 are an integral part of these financial statements

Sanlam Vie Plc
Annual report and financial statements
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Year ended 31 December 2021	Share capital Frw '000	Revaluation reserve Frw '000	Fair value reserve Frw '000	Retained earnings Frw '000	Total Frw '000
At 1 January 2021	**2,000,000**	**1,481,146**	**2,003,953**	**5,607,849**	**11,092,948**
Revaluation gains on financial assets at FVOCI, *net of deferred tax*	-	262,497	-	-	**262,497**
Revaluation surplus on property and equipment, *net of deferred tax*	-	-	68,935	-	**68,935**
Other comprehensive income for the Year	-	-	-	-	-
Profit for the year	-	-	-	1,285,943	**1,285,943**
At 31 December 2021	**2,000,000**	**1,743,643**	**2,072,888**	**6,893,792**	**12,710,323**
Year ended 31 December 2020					
At 1 January 2020	**1,276,520**	**1,481,146**	**2,003,953**	**6,054.824**	**10,816,443**
Transactions with owners of equity					
Capitalization of retained earnings	723,480	-	-	(840,910)	**(117,430)**
Comprehensive incomes					
Profit for the year	-	-	-	393 935	**393,935**
Dividends for the year	-	-	-	-	-
At December 2020	**2,000,000**	**1,481,146**	**2,003,953**	**5,607.849**	**11,092,948**

The notes on pages 16 to 67 are an integral part of these financial statements.

Sanlam Vie Plc
Annual report and financial statements
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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Items	Notes	2021 Frw '000	2020 Frw '000
Profit before income tax		1,945,645	1,081,275
Adjustment for:			
Depreciation of property plant and equipment	17 (a)	80,894	84,122
Loss on write off property and equipment		1,748	350
Loss on revaluation of investment property	19	26,307	475,335
Operating profit before changes in operating working capital		**2,054,594**	**1,641,082**
Working capital changes:			
-Net movement in Insurance liabilities and Investment contract liabilities	24	4,594,699	4,395,585
-Trade and other receivables	21	(840,133)	205,786
-Due from related parties	20	546,879	(658,354)
Due to related parties	26	(31,464)	76,221
Trade and other payables	29	383,494	237,921
-Due to re- insurers	28	179,790	(10,366)
-Due from re- insurers		(43,328)	82,593
Net cash flows from operations		**6,844,532**	**5,970,469**
Withholding tax paid on equity conversion		-	(117,430)
Income tax paid	27	(489,989)	(1,219,008)
Net cash flows generated from operating activities		**6,354,543**	**4,634,032**
Investing activities:			
Investment in government bonds	19	(1,265,937)	(1,784,189)
Purchase of software		(32,782)	-
Purchase of property and equipment	16(a)	(31,507)	(40,241)
Net cash flows used in investing activities		**(1,330,226)**	**(1,824,430)**
Financing activities:			
Dividend paid		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		5,024,317	2,809,602
Cash and cash equivalents at 1 January		8,257,123	5,447,521
Cash and cash equivalents at 31 December		**13,281,440**	**8,257,123**

The notes on pages 16 to 67 are an integral part of these financial statements

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Notes

1 **Corporate information**

Sanlam Vie Plc is a limited by shares registered and domiciled in Rwanda and licensed under the Law No. 007/2021 of 05/02/ 2021 Governing Companies. The address of its registered office and principal place of business is stated in page 1. The company is an independent life insurance established in 2010 to comply with the Law no 52/2008 of 10/09/2008 which obliges insurance companies to split short term and long-term activities. Soras Group Ltdanlam, the company's holding company, holds 78,338% and Colina Holdings Limited owns 21,662% of the total issued ordinary share capital. The ultimate parent of the Company is Sanlam Emerging Markets incorporated in South Africa (SA).

2 **Significant accounting policies**

(a) **Basis of preparation**

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

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

Statement of compliance

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

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

Functional and presentation currency

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

Comparative financial statements

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

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

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

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

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

The ultimate liability arising from claims made under insurance contracts

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

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

However, continuing improvements in medical care and social conditions could result in improvements in longevity more than those allowed for in the estimates used to determine the liability for contracts where the company is exposed to longevity risk. For contracts without fixed terms and with discretionary participation in profits, it is assumed that the company will be able to increase mortality risk charges in future years in line with emerging mortality experience. Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

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

Fair value of financial instruments

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

Valuation of investment property

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

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

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

Income taxes

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment losses of financial assets

Impairment losses for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) New IFRS standards and amendments

(i) New standards and interpretations effective and adopted during the year ended 31 December 2021

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

These are summarised below:

Standard/Interpretation		Effective date Periods beginning on or after
IAS 37 amendment	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020). Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3 amendment	Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

IAS 1 amendments	Classification of liabilities as current or non-current	1 January 2023
IAS 8 amendments	Definition of accounting estimate	1 January 2023
IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January 2023
IAS 12 amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
IFRS 10 and IAS 28 amendments	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

All the above standards and amendments are not expected to have a material impact on the company's financial statements.

(ii) New and amended standards and Interpretations in issue but not yet effective

A few new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these financial statements. The company does not plan to early adopt these standards. These are summarized below:

Standard	Indicative effective date
COVID-19 related rent concessions (Amendment to IFRS 16)	1 June 2020
Interest rate benchmark reform-phase 2 (Amendments IFRS 9, IAS 7, IFRS 4 and IFRS 16)	1 January 2021
Sale or contribution of assets between an investor and its associate or company (Amendments to IFRS 10 and IAS 28).	Yet to be determined
Onerous contracts: Cost of fulfilling a contract (Amendments to IAS 37)	1 January 2022
Property, plant, and equipment: Proceeds before intended use (Amendments to IAS 16)	1 January 2022
Annual improvements to IFRS standards 2018 2020	1 January 2022
Reference to Conceptual Framework (Amendment to IFRS 3)	1 January 2022
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(ii) New and amended standards and Interpretations in issue but not yet effective

The following new standards have been issued by the IASB however are not yet effective for the current financial year. The company will comply with the new standards and amendments from the effective date and has elected not to early adopt any new standards at this stage.

Standard/Interpretation		Effective date Periods beginning on or after
IAS 37 amendment	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	Annual Improvements to IFRS Standards (2018 – 2020). Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	1 January 2022
IAS 16 amendment	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3 amendment	Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 amendments	Classification of liabilities as current or non-current	1 January 2023
IAS 8 amendments	Definition of accounting estimate	1 January 2023
IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January 2023
IAS 12 amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
IFRS 10 and IAS 28 amendments	Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

The above standards and amendments are not expected to have a material impact on the Company's financial statements except for the one discussed in detail below;

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(ii) New and amended standards and Interpretations in issue but not yet effective

Standard	Scope	Potential impact to the company
IFRS 17 Insurance Contracts Effective for years commencing 1 January 2023 (following IASB due process) with three transitional approaches permitted, namely: — retrospective. — modified retrospective; and — fair value approach. Early adoption is permitted.	IFRS 17 replaces IFRS 4, which was issued in 2004 as an interim standard. IFRS 4 permits various accounting models relating to insurance contracts, allowing reporting entities to account for insurance contracts (particularly measurement thereof) using the local actuarial practices, resulting in a multitude of different approaches Consequently, the financial position and financial performance of otherwise similar companies are not always comparable.	The impact to the company is expected to be significant specifically in areas such as profit recognition, presentation in the statement of
	IFRS 17 prescribes a single accounting model under which insurance contracts are measured using current estimates. The application of IFRS 17 will enable investors to understand and compare the financial positions and performances of those reporting entities that issue insurance contracts. In addition, financial results of insurance companies will be comparable with companies in other industries and jurisdictions.	comprehensive income and level of transparency of components of reserving. Data collection and storage, modelling and general ledger configuration will require significant development.

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(ii) New and amended standards and Interpretations in issue but not yet effective

Standard	Scope	Potential impact to the company
IFRS 17 Insurance Contracts	Under IFRS 17, a general measurement model (GMM) is applicable to long term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows). It requires the use of current estimates, which are those informed by actual trends and investment markets.	An entity may re-assess its classification and designation of financial instruments under IFRS9, on adoption of IFRS 17.
	Under IFRS 17, a general measurement model (GMM) is applicable to long-term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows). It requires the use of current estimates, which are those informed by actual trends and investment markets.	**IFRS 17 Project governance** The Company has formed an IFRS 17 steering committee, which is responsible for providing overall strategic direction to the project and to monitor progress and interdependencies with other company initiatives. The committee is supported by a few working groups responsible for various work streams.

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) New IFRS standards and amendments (continued)

(iii) New standards not yet effective that may impact on the company and company results or disclosures (continued)

Standard	Scope	Potential impact to the company
IFRS 17 Insurance Contracts	IFRS 17 establishes a contractual service margin (CSM) at initial measurement of the liability The CSM represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate on the CSM is locked in at the rate at inception. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, there is no CSM and the full loss will be recognised as soon as it is expected that the company of contracts will be onerous in terms of initial recognition criteria in IFRS 17. The GMM is modified for contracts that have participation features and this is the variable fee approach.	In addition, an IFRS 17 Africa Steering Committee has been formed comprising members of Sanlam Africa members of management representing Finance, Risk, Actuarial, IT, Internal Audit, and business. The committee is supported by a few working groups responsible for various work streams and is accountable to the Steering Committee.
	An optional simplified premium allocation approach (PAA) is available for contracts that have a coverage period of 12 months or less. The PAA is like the current unearned premium reserve profile recognised over time. The IASB has established a Transition Resource Group to assist companies, auditors, and regulators with a public forum to discuss areas that are subject to interpretation and potentially require clarity.	The company has progressed well with design decisions Education training sessions have taken place and continue. The financial impact of IFRS 17 has not yet been fully assessed. It is anticipated that the impact will only be quantified with reasonable certainty in 2022.

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(d) Product classification

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

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

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

(e) Revenue recognition

Gross written premiums

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(e) Revenue recognition (continued)

Gross written premiums (continued)

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

(f) Investment contracts

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

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

(g) Reinsurance

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

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

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

(h) Income from Reinsurance contracts ceded

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(i) Dividend income

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

(j) Other income

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

(k) Actuarial insurance liabilities

Provision for claims

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

Incurred but not reported (IBNR)

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

Gross benefits and claims (Net Insurance Claims)

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

Claims related to Retirement plan

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

Claims related to Education Plan

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

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Claims related to Worker's Group Life insurance
Workers' group life police in general conditions associated with the contract signed between the company and the workers' group specifies some agreed quotations over discount rate to be received on a particular premium paid.

Death or total and permanent disability

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

For the case of partial and permanent disability

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

For the case of claims related to the funeral fees

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

Claims related to the credit life insurance policy

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

Claims related to Safe family insurance policy

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

Deposit administration contracts

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

Life insurance contracts

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Life insurance contracts – continued

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

The Education Insurance Plan aims at increasing the policyholder capacity to pay for their children's education using the money that was paid during a given period as agreed in the insurance contract.
Safe Family Life Insurance guarantees a specified payment to the policyholder. In the event of death or absolute and permanent disability, the designated beneficiary or beneficiaries stated in the agreement will receive the payment of a capital guaranteed of which the amount was determined in advance by the subscriber.
The premium is based on the age of the insured, the duration of guaranty, the guaranteed capital and health status of the Insured at the moment of the Credit life insurance is designed to offer protection policyholders from the financial consequences of the inability to repay the outstanding loan due to death

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

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

Key assumptions

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Life insurance contracts - continued

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

Sensitivity

A 5% increase in assumed mortality table will increase the liability by 45,868,432 Frw (36,894041 Frw in 2020)

Longevity

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

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

Investment return

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

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

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

Investment Mix & Economic Assumptions	Dec-21	Dec-20
Fixed-interest securities	23.1%	60%
Equities	0%	0%
Property	0%	0%
Cash	76.9%	40%
Risk discount rate	17.7%	17%
Inflation	7.7%	7%
Valuation Rate	10.7%	10%

Expense risk

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Actuarial insurance liabilities- continued

Expense risk - continued

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

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

Individual life unit expenses

Individual Life Unit Expenses	Dec-21	Dec-20
Unit Maintenance Expense (FRW)	11,233	11,978
Acquisition Expenses (FRW)	26,934	31,957

Pension unit expenses

Pension Unit Expenses	Dec-21	Dec-20
Unit Maintenance Expense (FRW)	11,255	12,157
Acquisition Expenses (FRW)	22,573	27,585

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

Sensitivity

An increase in the expenses by 10% would increase the liability by Frw 313,181,569 (Frw 230,288,300 Frw in 2020)

Lapse and surrender rates

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

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

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

Sensitivity

A 10% increase in lapse rate would increase the liability by Frw (474,316,275) (2020 – Frw (234,903,405)).

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(l) Insurance receivables and payables

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

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

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

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

(m) Investment properties

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

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

(n) Property and equipment

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

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

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

Estimated useful lives are as follows:

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(n) Property and equipment – continued

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

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

Owner occupied properties

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

(o) Property and equipment

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

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

(p) Revaluation reserves

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

(q) Deferred acquisition costs

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

(r) Current and deferred income taxation

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(r) Current and deferred income taxation (continued)

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

(s) Current and deferred income taxation

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

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

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

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

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

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

(t) Value added tax

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

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(u) Leases – continued

Lease modifications that are accounted for as a separate lease

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

(v) Financial instruments

Financial assets

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

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

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

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial assets - continued

Financial assets subsequent measurement

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

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

Impairment

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial assets - continued

Impairment (continued)

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

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

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

The company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from economic experts and consideration of a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the company operates, supranational organizations such as the Organization for Economic Co-operation and Development and the International Monetary Fund and selected private-sector and academic forecasters. The base case represents a best estimate and is aligned with information used by the company for other purposes, such as strategic planning and budgeting. The company also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Cash and cash equivalents

Cash and cash equivalents comprise:

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial assets - continued

Prepayments and other receivables

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

Reclassification

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

Derecognition

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

Transactions with related party companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures, and associates and are recognized initially at fair value plus direct transaction costs. Loans to related companies are classified as loans and receivables. Loans from related companies are classified as financial liabilities measured at amortized cost. Loans to shareholders, directors, managers, and employees are classified as loans and receivables.

Trade and other receivables

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

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

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(v) Financial instruments (continued)

Financial liabilities

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

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	IFRS 9, contains an option to designate a financial liability as measured at FVTPL when: - — doing so significantly reduces or eliminates an accounting mismatch that would arise from measuring assets and liabilities or recognising gains or losses on different basis. — the liability is part of a group of financial liabilities that are managed, and performance is evaluated on a fair value basis.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

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

Inter-company loans

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

Reclassification

A financial liability may not be reclassified.

Derecognition

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

Trade and other payables

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

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Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(w) Rental income

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

(x) Impairment of non financial assets

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

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

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

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

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

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

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

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

(y) Share capital and equity

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

(z) Provisions and contingencies

Provisions are recognized when.

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

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

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Notes to the financial statements (continued

2. **Significant accounting policies (continued)**

(z) **Provisions and contingencies – continued**

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

Provisions are not recognized for future operating losses.

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

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

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

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

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

(aa) **Borrowing costs**

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

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

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

The capitalization of borrowing costs commences when:

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

Notes to the financial statements (continued

2. Significant accounting policies (continued)

(aa) Borrowing costs – continued

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

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

(bb) Employee benefits

Defined contribution scheme

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

Termination benefits

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

Short-term employee benefits

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

3. Financial risk management

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

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

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

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

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

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Notes to the financial statements (continued

3. **Financial risk management (continued)**

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

(a) **Credit risk**

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

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

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

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

Impact of COVID 19 on credit risk

Due to Covid 19 Pandemic, some of the Company's tenants have not been able to respect their contractual obligations and the business made a 100% provision for debts unpaid for more than 90 days amounting 51 million.

Investments

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

Exposure to credit risk

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

	2021 Frw '000	2020 Frw '000
Financial assets – bonds and equities	26,433,906	24,792,973
Due from reinsurers	43,328	-
Trade and other receivables	1,301,976	461,844
Short term deposits	11,827,383	7,056,584
Cash at bank	1,453,937	1,160,467
	41,060,530	**33,471,868**

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

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Notes to the financial statements (continued

3. **Financial risk management (continued)**

(a) **Credit risk (continued)**

Trade receivables aging analysis

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

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

	0-30 Days Frw '000	31-60 Days Frw '000	61-90 Days Frw '000	91 Days and above Frw '000	Total Frw '000
Past due but not impaired					
31 December 2021	-	1,078,857	223,120	-	1,301,977
31 December 2020	-	461,844	-	-	461,844

Resultant ECL is immaterial which has not been recorded.

(b) **Liquidity risk**

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

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

Impact of COVID 19 on liquidity risk

The business has not faced any liquidity risk related as premium collection and investment income which are the main source of cash flow have been regular and effectively cashed.

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

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Notes to the financial statements (continued

3. Financial risk management (continued)

(b) Liquidity risk (continued)

2021 Financial assets	Less than 3 months Frw '000	3 - 12 Months Frw '000	1 - 5 Years Frw '000	After 5 Years Frw '000	Total Frw '000
Financial assets – bonds and equities		5,703,139	11,083,746	9,647,022	26,433,907
Trade and other receivables	1,301,977	-	-	-	1,301,977
Due from re-insurers	43,327	-	-	-	43,327
Cash and cash equivalent	1,454,057	11,827,383	-	-	13,281,440
	2,799,361	**17,530,522**	**11,083,746**	**9,647,022**	**41,060,651**
Liabilities					
Insurance contract liabilities	3,317,389	5,367,965	13,264,576	9,773,738	31,723,668
Due to Reinsurers	454,901	-	-	-	454,901
Due to related parties	-	44,757			44,757
Trade and other payable	-	2,151,217	-	-	2,151,217
	3,772,290	**7,563,939**	**13,264,576**	**9,773,738**	**34,374,543**
Liquidity gap	**(972,929)**	**9,966,583**	**(2,180,830)**	**(126,716)**	**6,686,108**

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

2020	Less than 3 months Frw '000	3 - 12 months Frw '000	1 - 5 years Frw '000	After 5 years Frw '000	Total Frw '000
Financial assets					
Financial assets – bonds and equities		1,483,682	14,033,216	9,276,076	24,792,974
Trade and other receivables	461,844	-	-	-	461,844
Cash and cash equivalent	1,200,539	7,056,584	-	-	8,257,123
	1,662,383	**8,540,266**	**14,033,216**	**9,276,076**	**33,511,941**

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Notes to the financial statements (continued

3. **Financial risk management (continued)**

(b) **Liquidity risk (continued)**

Impact of COVID 19 on liquidity risk (continued)

2020	Less than 3 months Frw '000	3 - 12 months Frw '000	1 - 5 years Frw '000	After 5 years Frw '000	Total Frw '000
Liabilities					
Insurance contract liabilities	1,295,952	700,027	4,369,350	20,763,640	27,128,969
Due to reinsurers	275,111	-	-	-	275,111
Due to related parties	-	76,221	-	-	76,221
Trade and other payables		1,766,374	-	-	1,766,374
	1,571,063	2,542,622	4,369,350	20,763,640	29,246,675
Liquidity gap	91,320	5,997,644	9,663,866	(11,487,664)	4,265,266

(b) **Market risk**

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

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

Impact of COVID 19 on Market risk

The business has not faced any challenge related to market risk as the interest rate have been stable along the year for both short- and long-term investments. The company does not currently deal with equity instruments listed on capital market.

Foreign currency exposure

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

Assets	USD	Rate	Total Frw '000
Foreign denominated balances as at 31 December 2021	10,346	1,010	10,446
Foreign denominated balances as at 31 December 2020	6,421	982	6,306

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Notes to the financial statements (continued

3. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

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

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

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

		Effect on profit before tax
As at 31 December 2021	Changes in USD +- 6%	+-627
As at 31 December 2020	Changes in USD +- 6%	+- 378

Interest rate risk

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

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

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

As at 31 December 2021	**Change in variables**	**Effect on P&L**
Short term deposits	(1)%	(110,324)
As at 31 December 2020		
Short term deposits	(1)%	(70,556)

2021 **Financial assets**	**Average interest rate**	**Interest bearing/earning Frw '000**	**Non-interest bearing/earning Frw '000**	**Total Frw '000**
Financial assets - Bonds	11%	23,678,717	-	23,678,717
Financial assets - Equities	N/A	-	2,755,189	2,755,189
Trade and other receivables	N/A	-	1,301,976	1,301,976
Due from related parties	N/A	-	43,328	43,328
Cash and cash equivalent	9%	11,827,383	1,454,057	13,281,440
	10%	**35,506,100**	**5,554,550**	**41,060,650**

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Notes to the financial statements (continued

3. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk exposure (continued)

Liabilities	Average interest rate	Interest bearing/earning Frw '000	Non-interest bearing/earning Frw '000	Total Frw '000
Insurance contract liabilities	4%	31,723,668	-	31,723,668
Due to Reinsurers	N/A	-	411,573	411,573
Due to related parties	N/A	-	44,757	44,757
Trade and other payable	N/A	-	2,198,024	2,198,024
	4%	31,723,668	2,654,354	34,378,022
Interest rate gap	6%	3,782,432	2,900,196	6,682,628

Price risks

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

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

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

As at 31 December 2021	Change in variables	Effect on PBT
Rwanda Stock Exchange	(5%)	-
As at 31 December 2020		
Rwanda Stock Exchange	(5%)	-

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

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Notes to the financial statements (continued

3. Financial risk management (continued)

(d) Insurance risk

(i) Claims are payable on claims occurrence basis

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

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

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

(ii) Insurance contract liabilities

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

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

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

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

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

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

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Notes to the financial statements (continued

3. Financial risk management (continued)

(d) Insurance risk (continued)

(ii) Insurance contract liabilities (continued)

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

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

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

Methodology

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

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

Assumptions

The following economic assumptions have been applied:

— Discount rate and inflation: the valuation rate of 10% is applied. A risk discount rate of 17% is used. Inflation has been set at 7% which is consistent with data from the National Institute of Statistics of Rwanda.

The following non-economic assumptions have been applied:

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

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Notes to the financial statements (continued

3. Financial risk management (continued)

(d) Insurance risk (continued)

(ii) Insurance contract liabilities (continued)

Individual life persistency assumptions	Dec-21 %	Dec-20 %
Year 1 lapse (Funeral/Education/Retirement)	28/29/22	28/29/22
Year 2 lapse (Funeral/Education/Retirement)	16/17/10	16/17/10
Year 3 lapse (Funeral/Education/Retirement)	20/12/9	(20/12/9)
Premium collection - Education	86	95
Premium collection - Retirement	92	93
Premium collection – Safe Family and Funeral	90	95
Premium collection - Pension	92	95

Concentration risk

The table below shows the concentration risk of the business as at and for the year ended 31 December 2021:

Product	Policy Count	Premium Received Frw	Sum Assured Frw	Provisions Dec 2021 Frw	Provisions Dec 2020 Frw
Group Life	2,434	479,408,637	76,672,870,111	152,158,094	127,582,900
Group Credit	102,436	2,284,237,156	415,683,145,126	3,427,745,444	2,480,811,365
Group Mortgage	2,026	221,494,799	38,843,034,684	187,719,732	124,815,125
Education Plan	33,952	3,910,172,026	55,595,432,635	14,409,353,197	11,115,025,846
Retirement Plan	12,870	848,579,568	3,786,486,556	4,259,514,082	4,102,360,632
Pension Plan	37,849	4,383,150,252	19,558,259,624	8,492,824,175	6,973,932,328
Funeral Plan	24,588	602,213,831	60,811,007,558	305,490,550	191,673,077
Safe Family	13,404	750,092,522	37,819,903,436	114,061,347	51,265,826
Outstanding Claims	-	-	-	945,000	2,861,207
Matured policy reserve	-	-	-	-	1,821,995,232
Data reserve on savings products	-	-	-	144,830,945	-
IBNR	-	-	-	194,728,170	130,645,734
Micro insurance	-	-	-	34,297,200	-
Total	**229,559**	**13,479,348,791**	**708,770,139,730**	**31,723,667,937**	**27,128,969,272**

(e) Reinsurance risk

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

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Notes to the financial statements (continued

3. Financial risk management (continued)

(e) Reinsurance risk (continued)

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

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

Capital management

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

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

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

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

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

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

The solvency margin of the Company as at 31 December 2021 and 2020 from the Actuarial report is illustrated below:

	2021 Frw '000	2020 Frw '000
Admitted assets	45,232,741	38,067,677
Admitted liabilities	39,030,598	32,958,026
Margin	1,240%	1,022%

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Notes to the financial statements (continued

4. Fair value measurement

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

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

The table presents the company's financial assets measured at fair value at 31 December 2021 and 31 December 2020

31 December 2021	Level 1 (Frw'000')	Level 2 (Frw'000')	Level 3 (Frw'000')	Total (Frw'000')
Unlisted equities	-	-	2,755,189	**2,755,189**

31 December 2020	Level 1 (Frw'000')	Level 2 (Frw'000')	Level 3 (Frw'000')	Total (Frw'000')
Equity securities				
Unlisted	-	-	2,380,194	**2,380,194**

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Rwanda Securities Exchange (RSE).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 reconciliation	2021 Frw '000	2020 Frw '000
At 1 January	2,755,189	2,380,194
Revaluation gains	374,995	-
At 31 December	**2,755,189**	**2,380,194**

The movement between 2020 and 2021 is the result of the revaluation carried as at end of the year 2021

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Notes to the financial statements (continued

4. Fair value measurement – continued

Considering the current economic situation due to Covid 19 pandemic, the true position of the value of the investment in unlisted equities may be not be easily reliably estimated. The market may not be ready for such investments and this can lead to unreliable estimates on the real position of the equities. Additionally, the effects of the Covid-19 pandemic are continuously evolving. IFRS requires measurement and disclosures to be recorded without "undue cost". A consideration for the cost versus benefit of attempting a valuation under the current uncertain circumstances would likely result in not only valuations bogged by uncertainties but would also incur undue cost and effort. At the moment, with the Covid-19 vaccine roll out and many countries targeting to achieve herd immunity by quarter 1 of 2022, management have opted to wait out any "unrealistic modelling gains" and have the same reflected well and truly upon valuation at the end of 2021.

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

5 (a)Gross written premium

	2021 Frw'000	2020 Frw'000
Retirement	595,933	671,303
Pension	3,796,862	3,540,482
Education plan	5,197,710	4,927,336
Credit protection	3,038,001	2,281,603
Sponsored account	773	566
Safe family	895,418	854,315
Group Life	911,721	697,680
Funeral plan	775,178	694,501
	15,210,596	**13,667,786**

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

Reinsurer/Coinsurer	2021 Frw'000	2020 Frw'000
CICA RE	(11,526)	60,441
ZEP RE	61,905	254,693
AFRICA RE	29,485	197,531
HANNOVER RE	715,879	-
KENYA RE	-	39,375
EA RE	(5,683)	17,071
COINSURERS	108,935	10,314
Total	898,995	579,425

6 Provision for unearned premium

Movement in unearned premium reserve	1,303,407	1,170,026
	1,303,407	**1,170,026**

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Notes to the financial statements (continued

7	Investment income	2021 Frw'000	2020 Frw'000
	Investment income	3,356,774	2,991,255
	Rental income	476,138	492,288
	Dividend income	19,012	16,803
		3,851,924	**3,500,346**
8	**Revaluation gains/(losses) on investments**		
	Income on revaluation of listed shares	-	-
	Loss on revaluation of Investment property	(26,307)	(475,335)
	Net loss on revaluation	**(26,307)**	**(475,335)**
9	**Income from reinsurance contracts ceded**		
	Commission income from Re – insurers	340,869	259,437
10	**Other income**		
	Income on surrenders	226,871	188,331
	Other income	180,030	36,666
		406,901	**224,997**

11	Net insurance claims	2021 Frw'000	2020 Frw'000
	Life and death claims (net of reinsurance share)	2,609,786	1,900,624
	Surrenders and annuity payments	5,774,403	5,977,822
	Maturities	115,297	122,041
	Increase in actuarial value of insurance contract liabilities	2,841,759	1,754,620
	Interest declared on deposit administration contracts	449,533	399,700
		11,790,778	**10,154,807**

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

12	Cost of acquisition of insurance contracts	2021 Frw'000	2020 Frw'000
	Cost of acquisition of insurance contract	1,222,533	1,104,040
	Reversal of previous year Deferred Acquisition cost	-	234,696
	Cost of acquisition of insurance contracts	**1,222,533**	**1,347,736**

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

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Notes to the financial statements (continued

13 Staff costs

	2021 Frw'000	2020 Frw'000
Direct staff costs	740,571	727,736
Short term employee benefits	126,909	105,961
Directors' Remuneration - Executives	328,187	304,095
	1,195,667	**1,137,792**

14 Operating expenses

Advertising	22,543	28,289
Bank charges	7,457	11,215
Consulting and professional fees	190,439	222,386
Consumables	115,655	79,450
Donations	1,616	600
Other operating expenses	326,115	376,310
Fines and penalties	-	165
Provision for accrued expenses	167,213	469,148
Insurance	11,580	23,841
Documentation	3,338	8,011
Non-refundable taxes	115,081	78,011
Repairs and maintenance	125,752	79,103
Subscriptions	6,648	7,426
Telephone and fax	27,214	27,214
Transport and freight	174,201	164,005
Travel - overseas	1,092	1,647
Utilities	24,702	26,918
Audit fees	25,416	18,606
	1,346,062	**1,622,345**

Other operating expenses includes board attendance fees, security guard costs, local taxes, rent, postage and local travel costs.

15 Income tax charge

	2021 Frw'000	2020 Frw'000
Current Income tax charge	529,897	421,433
Deferred tax (Note 26)	129,807	265,907
	659,704	**687,340**

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Notes to the financial statements (continued

15 Income tax charge (continued)

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

	Effective tax rate	2021 Amount Frw'000	Effective tax rate	2020 Amount Frw'000
Profit before income tax		1,945,645		1,081,275
Tax calculated at the statutory income tax rate of 30% (2019 - 30%)	30%	583,693	30%	324,383
Tax effect of:				
Expenses not deductible for tax purposes	(29)%	(53,797)	29%	313,734
Prior year under provision for tax	7%	129,808	5%	49,223
				-
Income tax expense	**34%**	**659,704**	**64%**	**687,340**

16 Share capital and reserves

(a) Share capital

	Number of shares	Value Frw '000
At 1 January 2021	200,000	2,000,000
Issued during the year	-	-
At 31 December 2021	**200,000**	**2,000,000**

	Number of shares	Value Frw '000
At 1 January 2020	127,652	1,276,520
Acquired during the year	72,348	723,480
At 31 December 2020	**200,000**	**2,000,000**

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Notes to the financial statements (continued

16 Share capital and reserves (continued)

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

The details of the transactions related to the increase of capital through retained earnings is summarized in the table below

	Frw '000	Frw '000	Frw '000
Previous paid up capital	1,276,520		
Regulatory required	2,000,000		
Net approved increase	**723,480**		
Shareholders	**Capital increase**	**Withholding tax**	**Net increase**
Soras Group	666,776	100,016	566,760
ColinaHolding	174,134	17,414	156,720
Total	**840,910**	**117,430**	**723,480**

WHT applicable to Soras Group: 15%
WHT applicable to Colina Holding: 10% as per the Mauritius- Rwanda double tax agreement

(b) Retained earnings

These comprise prior year profits less any appropriation to credit risk plus current year profit. Movements in retained earnings are included within the statement of changes in equity on page 14 of these financial statements.

(c) Revaluation reserve

The revaluation reserve represents the revaluation surpluses or deficits on property and equipment upon revaluation net of deferred income tax. The reserve is non-distributable.

Movements in this reserve are included within the statement of changes in equity on page 14 of these financial statements.

(d) Fair value reserves

The fair value reserves relate to valuation gains/losses on equity instruments. Movements in this reserve are included within the statement of changes in equity on page 14 of these financial statements.

(e) Proposed dividends

The directors recommend approval of payment of a dividend of Frw 3,000,000 (2020: Nil). The proposed dividends will be recognised after approval by the AGM as per the company's policy.

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Notes to the financial statements (continued

17 (a) Property and equipment

2021	Furniture and fixture Frw'000	Motor vehicles Frw'000	IT equipment Frw'000	Land Frw'000	Building Frw'000	Total Frw'000
01-Jan-21	522,411	307,895	162,059	398,791	719,596	2,110,752
Additions	11,267	-	20,240	-	-	31,507
Revaluation	-	-	-	42,256	56,222	98,478
Disposals	(21,805)	-	(16,523)	-	-	(38,328)
At 31 December 2021	**511,873**	**307,895**	**165,776**	**441,047**	**775,818**	**2,202,409**
Accumulated depreciation						
01-Jan-21	**461,982**	**215,116**	**137,214**	-	**393,728**	**1,208,040**
Charge for the year	14,808	14,106	15,765		36,215	80,894
Depreciation on disposals	(21,805)	-	(14,775)	-	-	(36,580)
At 31 December 2021	454,985	229,222	138,204	-	429,943	1,252,354
NBV as at 31 December 2021	**56,888**	**78,673**	**27,572**	**441,047**	**345,875**	**950,055**

2020	Furniture and fixture Frw'000	Motor vehicles Frw'000	IT equipment Frw'000	Land Frw'000	Building Frw'000	Total Frw'000
01-Jan-20	530,619	330,861	150,701	398,791	719,596	**2,130,568**
Additions	1,177	-	13,253	-	-	**14,410**
Disposals	(9,385)	(22,966)	(1,895)	-	-	**(31,479)**
At 31 December 2020	522,411	307,895	162,059	398,791	719,596	**2,110,752**
Accumulated depreciation						
01-Jan-20	452,033	217,273	128,226	-	357,513	**1,155,045**
Charge for the year	18,265	18,765	10,877	-	36,215	**84,122**
Depreciation on disposals	(8,316)	(20,922)	(1,889)	-	-	**-31,127**
At 31 December 2020	**461,982**	**215,116**	**137,214**		**393,728**	**1,208,040**
NBV as at 31 December 2020	**60,429**	**92,779**	**53,424**	**398,791**	**325,868**	**902,712**

The land and building have been revalued as at 31 December 2021 generating a revaluation surplus of Frw 98,478,000. Had the property and equipment balance been measured at cost, the net book value would have been Frw 163,133,000 (2020: Frw 178,053,000)

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Notes to the financial statements (continued

17 (b) Intangible asset

As at end of December 2021, the business was still building EDMS (Electronic Data Management System) which will help in efficient management of data and documents as well as assist in minimization of archiving space. The total expenses incurred to date for the software amounted Frw 61,360,000 (2020: Frw 28,579,000).

	2021 Frw'000	2020 Frw'000
As at 1 January	28,579	-
Additions during the year	32,781	28,579
At 31 December	**61,360**	**28,579**
Accumulated depreciation	-	-
NBV as at 31 December 2021	**61,360**	**28,579**

(c) Depreciation

The company depreciates its assets by applying the rates as per its depreciation policy

Hereafter the comparative of depreciation recorded in 2021 and 2020

	2021 Frw'000	2020 Frw'000
Depreciation Headquarter, own use	36,215	36,215
Depreciation office equipment	4,832	5,960
Depreciation Motor vehicles	14,106	18,765
Depreciation IT equipment	15,765	10,877
Depreciation equipment buildings	9,976	12,305
	80,894	**84,122**

18 Investment in unquoted equity instruments

	2021 Frw'000	2020 Frw'000
Rwanda Investment Group	690,365	513,591
Cogebanque	2,0648,24	1,866,603
Maiserie Mukamira	200,000	200,000
Impairment Maiserie Mukamira	(200,000)	(200,000)
	2,755,189	**2,380,194**

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Notes to the financial statements (continued

18 **Investment in unquoted equity instruments (continued)**

The business does not have any quoted equities.

Valuation of unlisted equities

Rwanda Investment Group share valuation

The approach taken to arrive at the "as is" equity value of RIG for reporting purposes, is the net asset approach considering the underlying financial asset. The net assets approach indicates the market value of the equity of an enterprise by adjusting the assets and liabilities to their market value equivalents.

This approach is based on the summation of the individual piecemeal values of the underlying assets and liabilities. Cash in the business as at valuation date was excluded. The book values of all assets and liabilities have been taken to be representative of their market values/realizable values at31 December 2021. With this approach, the estimated value of RIG was Rwf16bn (Sanlam vie plc Rwf690 million)

Cogebanque share valuation

We have used the Market Transaction Approach to arrive at the indicative equity valuation of Cogebanque Plc and considered income approach, market multiple and net assets approach to arrive at the indicative equity valuation of Cogebanque Plc.

For Cogebanque Plc, our recommended approach for arriving at the "as is" equity value for reporting purposes is the market multiple approach. The approach taken to arrive at the "as is" equity value for reporting purposes is the market multiple approach.

The guideline company market approach method is based on the concept that the value of any company can be estimated by benchmarking against valuation multiples from similar listed companies. We have utilised EBITDA as a benchmark to compare the entities to their peers. The EV/EBITDA multiple is also quoted as a benchmark metric for financial services entities. We calculated an Enterprise Value ("EV") of the comparable companies based on the market capitalization as at 31 December 2021 excluding debt and cash. 8 similar Companies were considered in comparable markets and the mean as well as median EV/EBITDA determined. Two peers were selected, MIG and REC. Considerations in the valuation assessment:

- EV/EBITDA multiple ranging between 8.3x to 7.9x to the reported FY20 EBITDA of MIG and 5.73x to 6.07x to the reported FY20 EBITDA of REC to obtain the indicative enterprise values as at 31 December 2021.
- Applied a marketability discount of between 5.9% and 7.9% because ownership of shares in unlisted private companies cannot be quickly and certainly converted to cash, in the same way that shares in publicly listed shares can be traded on a stock exchange.
- Applied a minority discount of between 17.4% and 18.2% to obtain the equity value of the entities on a 100% basis. A minority discount relates to the lack of control that minority shareholders have over the operation and corporate policy of a given investment. According to the PwC Valuation Methodology Survey, the average minority discount applied to companies within the East African countries is 18% for a shareholding interest in the range of 1%-24%.

With this approach, we estimate the value of CogebanquePlc to range between Rwf29.5bn and 31.4bn (Sanlam vie Plc –between Rwf2.06bn and Rwf2.19bn).

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

	Dec 2021	Dec 2020
Rwanda Investment Group	4.3%	4.3%
Cogebanque	6.98%	6.98%
Maiserie Mukamira	40%	40%

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

19 Investment properties

	2021 Frw '000	2020 Frw '000
Balance at 1 January	6,261,701	6,737,036
Fair value changes	(26,307)	(475,335)
Carrying value as at 31 December	**6,235,394**	**6,261,701**

Investment property relates to the company office buildings leased out to other tenants and the company apartments. As at 31 December 2021, the fair values of the properties are based on valuations performed by 2020 Construction Limited accredited independent value.

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

(a) A willing buyer and willing seller both of whom are fully informed about the property and not acting out of compulsion.

(b) That to the date of valuation, a reasonable period would be allowed to properly market the property considering the

(c) That the state of the market, levels of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation

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

Investment property valuation Hierarchy

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

31-Dec-21	Level 1 Frw'000	Level 2 Frw'000	Level 3 Frw'000
Investment property	-	6,235,394	-
31-Dec-20			
Investment property	-	6,261,700	-

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Notes to the financial statements (continued

20 Due from related parties

	2021 Frw 000	2020 Frw 000
Soras Group Limited – Common controlled	264,355	259,554
Soras Towers – Common controlled	50,000	600,000
Sanlam Emerging Market – Intermediate Parent	-	1,680
	314,355	**861,234**

Related parties companies are Sanlam Emerging Market (SEM) entities located in Rwanda together with the mother company(SEM). They can support each others for very short term and no interest is applicable. A big component of the balances between local entities is made of internal bank transfers made by customers on one entity account instead of another and they are directly paid by end of the month after reconciliation.

21 Trade and other receivables

Trade receivables	600,504	309,240
Accrued interest on short term deposits	752,719	203,850
Commission paid in advance	-	-
Provision for impairment losses	**(51,246)**	(51,246)
	1,301,977	**461,844**

Trade and other receivables are non-interest bearing and are generally on short term period of 30 to 90 days and are expected to be recovered within twelve months after the reporting date. Trade and other receivables were subjected to impairment assessment under IFRS 9. The resulting expected credit losses was considered immaterial for financial reporting purposes. The carrying amount of trade and other receivables approximates their fair values.

22 Due to reinsurers

	2021 Frw 000	2020 Frw 000
CICA RE	(13,726)	28,249
ZEP RE	(19,130)	119,656
AFRICA RE	(3,846)	98,930
HANOVA RE	430,088	-
KENYA RE	11,238	18,319
EA RE	(6,626)	9,957
Coinsurers	13,575	-
Net amount due to reinsurers	**411,573**	**275,111**
Gross balances		
Due to reinsurers	454,901	275,111
Due from reinsurers	(43,328)	-

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Notes to the financial statements (continued

23 Investment in government bonds

	2021 Frw'000	2020 Frw'00
Government bonds	23,678,717	22,412,780
	23,678,717	**22,412,780**

The value of the Government bond is measured at fair value by discounting both principal and expected cash flow in form of coupon using the yield rates availed by the National Bank of Rwanda at the date of valuation. The model is built in the way to take into consideration the sensitivity for both to interest rate and additional margin to sum up a total discount rate of 0.5% to the prevalent rate displayed by the National Bank of Rwanda at the valuation date(31 December 2021).

24 Cash and bank

	2021 Frw'000	2020 Frw'000
Cash on hand	120	40,072
Cash at bank	1,453,937	1,160,467
Short-term deposits	11,827,383	7,056,584
Total	**13,281,440**	**8,257,123**

Short-term deposits represent investment for a period of not more than one year. All deposits are subject to an average variable interest rate of 9.2% (2020: 10.276%).

25 Insurance contract liabilities

Risk contract reserves	2021 Frw'000	2020 Frw'000
Safe family	114,062	51,266
Funeral plan	305,491	191,673
UPR Group products	3,801,920	2,733,209
Incurred but Not Reported (IBNR, net of reinsurance share)	194,728	136,646
	4,416,201	**3,112,794**
Saving contract reserves		
Education Plan - Mathematical provision	14,409,353	13,696,182
Retirement Plan - Mathematical provision	12,752,338	8,495,137
Provision for claim	945	2,861
Bonus Stabilization - Mathematical provision	-	-
Provision for matured policies	144,831	1,821,995
	27,307,467	**24,016,175**
Total	**31,723,668**	**27,128,969**

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Notes to the financial statements (continued

26 Deferred tax liability

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

2021

FRW '000'	1-Jan Frw'000	charge/ (credit) to income statement	Credit to OCI	Prior year under provision Frw'000	31-Dec Frw'000
Investment property	1,321,589	62,841	-	(29,562)	1,354,868
Property and equipment	210,622	14,203	-	-	224,825
Other temporary differences	(231,501)	37,699	-	44,626	-149,176
Fair value loss in Financial asset	-	-	112,499	-	112,499
	1,300,710	**114,743**	**112,499**	**15,064**	**1,543,016**
2020					
Investment property	1,069,575	(71,867)		323,881	1,321,589
Property and equipment	89,197	1,788		119,637	210,622
Other temporary differences	(123,969)	(47,532)		(60,000)	(231,501)
	1,034,803	**(117,611)**		**383,518**	**1,300,710**

27 Due to related parties

	2021 Frw 000	2020 Frw 000
Sanlam Assurances Generals	44,757	76,221

(a) Purchase of services

	2021 Frw 000	2020 Frw 000
Sanlam AG	111,832	104,039

The above-mentioned outstanding balances arose from the ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021(2020: Nil), the company has not made any provision for doubtful debt relating to amounts owed by related parties. Amount due to and from related parties are expected to be recovered or settled within the twelve months period after the reporting period.

(b) Key management compensation

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

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Notes to the financial statements (continued

30 Capitalization of Retained earnings

In 2020, the company increased its paid-up capital from 1,276 billion to 2 billion to comply with regulatory requirement. The transaction was completed with due respect to all regulatory and company law requirements. This have been done through capitalization of retained earnings

31 Contingent liabilities and commitments

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

Based on information currently available, the unresolved claims which existed at year end are unlikely to result into any material effect on the operations of the Company.

32 Events after reporting date

There were no material events identified after the reporting date.

33 Ultimate Parent Company

The Ultimate Parent Company is Sanlam Emerging Markets incorporated in South Africa (SA).

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Appendices

I. Calculation of Solvency Margin

Required Solvency Margin

1	Gross Premium less reinsurance ceeded last preceding year	13,088,360,157
2	Solvency Margin Required: Rwf 500 million	500,000,000
	Compliance with Solvency Margin	
3	Total Assets	48621814.79
4	Less:Non admitted Assets as per II.A.7	314,354,545
5	Less:Deductions for assets subject to maximum admissible % as per II B.5	3,101,905,276
6	Admitted Assets I.3 less I.4 and I.5	45,206,812,753
7	Less Admitted Liabilities as per III.C.3	39,154,140,899
8	**Solvency Margin Available (I.6 less I.7)**	6,052,671,853
9	**Excess or Deficiency of solvency required (I.8 less I.2)**	5,552,671,853
10	**Solvency Coverage Ratio (I.8 divided by I.2)**	**1211%**

II.A. Non Admitted Assets

1	Intangible Assets	-
2	Exposure (Loans & Investment) to connected persons	314,354,545
3	Loans to Insurance Intermediaries overdue for more than 6 months	-
4	Receivables from reinsurers overdue for morethan 6 monhts	-
5	Loans and other receivables overdue for more than 6 months	-
6	Deferred expenses, deferred taxes and prepayments	-
7	**Non Admitted Assets (Add II.A.1. to 6)**	**314,354,545**

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

		A	Maximum admissible percentage (B)	Deductions (A less AxB)
1	Investment in equities: listed	-	90%	-
2	Investment in equities: Unlisted	2,755,188,600	70%	826,556,580
3	Investment in debt securities , Gov. Bond + IFC Bond	20,980,005,895	100%	-
4	Investments in properties	6,235,393,782	80%	1,247,078,756
5	Receivables from reinsurers which are non overdue	-	90%	-
6	a) All other Assets (Total assets less II.A.7 and II.B.1,2,3,4 and 5)	15,338,159,750.36	100%	-
	Less			-
	Cash	1,454,056,731	100%	-
	Deposit Balances	11,827,383,142	100%	-
	b) All other assets subject to maximum%	2,056,719,878	50%	1,028,359,939
7	**Total Deductions (add II.B.1,2,3,4,5 and b6)**			**3,101,995,275**

III.C. Admitted Liabilities

		Amount on Balance sheet A	Additional Percentage factor B	Admitted Liabilities (A plus Ax B)
1	Technical Provisions			
	Unearned Premium	-	0%	-
	Unexpired Risk	4,366,303,313	10%	4,802,933,644
	Outstanding claims	945,000	10%	1,039,500
	IBNR	194,728,170	10%	214,200,987
	Other provisions	27,161,691,453	10%	29,877,860,598
2	All other liabilities (Total Liabilities less technical provisions)	4,258,106,170	0%	4,258,106,170
3	**Total Admitted Liabilities**	**35,981,774,106**		**39,154,140,899**

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1. Qualitative and quantitative disclosures

Item	Formula description	Amount/Ratio	
		Current Period (December 2021)	Previous period(December 2020
A. Solvency coverage			
SolvencyRequired		500,000,000	500,000,000
Admitted Assets		45,206,812,753	38,081,966,274
Admitted Liabilities		39,154,140,899	32,957,987,495
Solvency Available		6,052,671,853	5,123,978,780
Solvency surplus(Gap)		5,552,671,853	4,623,978,780
Solvency Coverage Ratio		1211%	1025%
B. Capital streingth			
TAC		12,610,000,712	11,468,869,988
RBC required		5,767,127,632	4,764,428,856
CAR		219%	241%
C.Earning risk			
Claim ratio	Net claims incured /net earned premium	80%	56%
Management expense ratio	Management expenses/net earned premium	17%	21%
Underwriting expense ratio	Commission/Net earned premium	9%	8%
Combined ratio(For General insurance only)	Claim ratio+management expense ratio+U/W expense ratio	N/A	N/A
D. Investment exposure			
Investment exposure	Any investment above 10% of Total asset	Properties 13% ; Investment in Gov bonds 49% and bank deposits 24%, Total asset: 48,674,713,824	Properties 15% ; Investment in Gov bonds 54% and bank deposits 17%, Total asset: 41,566,165,667
Earning asset ratio	Earning Asset/Total asset	8%	8%
Investment properties ratio	Investment in property/Total asset	13%	15%
Equity asset ratio	Investment in Equity/Total asset	6%	6%
E. Liquidity Risk			
Liquidity Ratio	Liquid assets/current Liabilities	550%	627%
Liquidity stress test ratio	10% increase of current liabilities	500%	570%
F.Exposure to related parties			
Loans to Directors and senior managers		0	0
Loans to employees/staff		0	0
Loans to Subsidiaries and affiliates			
Loans to shareholders and holding companies		0	0
Investment in related parties		0	0
G. Operational risk			
Number and types of fraud and their corresponding amounts		0	0
H. Business composition			
Number of policyholders per branch		213,940	198,412
Number of policies in force per branch		294,152	229,559

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I. Management and Board composition			
Number of Board members(Independent and non Independents)		5 independent, 2 non independent	5 independent, 2 non independent
Number of Board committees		3	3
Number of senior manager by gender		13Male, 4 Female	14Male, 3 Female
J. Staff			
Total number of non managerial staff by gender		16Males/13Female	17Males/12Female
K.Insurance intermediaries			
Number of insurance agents		259	219
Number of loss adjuster		N/A	N/A
L. Branches			
Number of branches per province including Kigali City		1	1

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1. **Product performance**

TYPE OF INSURANCE (include all types)	Gross premium written	Premiums ceded (-)	Net Premium written	Total claims paid	Surrenders	Bonuses paid on cash or deduction of premium/increase in actuarial liabilities	Annuities and Maturities paid	Net claims, surrenders and benefits	Commission paid (-)	Management expenses (-)	Net Underwriting P&L
Ordinary life	8,947,418	60,459	8,886,959	797,673	3,994,201	3,582,560	1,497,261	9,871,695	834,293	1,736,943	(3,555,972)
Traditional life	-	-	-			-	-	-	-	-	-
Term life	-	-	-			-	-	-	-	-	-
Credit life	2,281,603	318,684	1,962,919	639,815		528,466	-	1,168,282	246,189	530,944	17,504
Funeral and others	1,392,181	168,034	1,224,148			284,559	-	284,559	201,426	434,409	303,753
Industrial life	-	-	-				-	-	-	-	-
Bond investment	-						-		-		-
Miscellaneous	1,046,584	32,249	1,014,335			-	-	-	65,826	141,964	806,545
TOTAL	13,667,786	579,426	13,088,360	1,437,488	3,994,201	4,395,585	1,497,261	11,324,536	1,347,736	2,844,259	(2,428,171)

Sanlam Assurances Vie

SANLAM VIE Plc MICRO BUSINESS PERFORMANCE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

		Dec-21 Rwf		Dec-20 Rwf
Gross written Premium		412,360,738		373,658,587
Less: Reinsurance written premium		-		-
Net Written premium		**412,360,738**		**373,658,587**
Provision for Unearned premium		34,297,200		31,078,233
Net Insurance Premium revenue		**378,063,538**		**342,580,354**
Investment Income		-		-
Net income		**378,063,538**		**342,580,354**
Claims paid		402,750,386		327,859,831
Acquisition cost		61,854,111		56,048,788
Expenses		67,467,056		69,732,625
Profit for the year from operating activities	-	**154,008,015**	-	**111,060,890**
Finance costs		-		-
Profit before tax	-	**154,008,015**	-	**111,060,890**
Income tax charge		-		-
Profit for the period/year	-	**154,008,015**	-	**111,060,890**
Other comprehensive income to be reclassified to profit or loss in subsequent periods net of taxes:				
Net gain on revaluation of assets		-		-
Net gain/loss on available for sale shares net of tax				
Other comprehensive loss/income for the year		-		-
Total comprehensive income for the year, net of tax	-	154,008,015	-	111,060,890

Note

The loss recorded on microinsurance business is due to the payment of higher claims related to prior year businesses which are not part of our portfolio in 2021

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