



LIBERTY

In it with you

Liberty Life Assurance Uganda limited

Integrated Annual Report 2021

For the year ended 31 December 2021

ADVICE INSURE INVEST HEALTH

Liberty through the years



A Member of the Guardian Assurance Group

1957

1969



1989



2000

LIBERTY



LIBERTY
LIFE

2006



2009

LIBERTY

Own your life



LIBERTY

In it with you

2020





LIBERTY LIFE ASSURANCE UGANDA LIMITED

This is a Liberty Life Assurance Uganda Limited Integrated report incorporating financial and non-financial information for the year ended 31 December 2021.

The theme for this year's annual report is

"Building Stakeholder confidence through strengthening our Environment, Social and Governance structure"

Liberty Life Assurance Uganda Limited, Reg No. IN/023/2020 is regulated by the Insurance Regulatory Authority of Uganda

#initwithyou

A brief history of Liberty Life Assurance Uganda limited (LLAU)

Liberty Life Assurance Uganda Limited is a subsidiary of Liberty Holdings Limited, founded in 1957 by Sir Donald Gordon with the belief that everyone should have the opportunity to grow their wealth and leave a proud legacy for their family.

This belief is captured in our name and our flame, taken from the Statue of Liberty and imbued with the same meaning of freedom and opportunity. Gordon was a pioneer of financial innovation.

We are able to leverage the experience and learnings from other regions that liberty operates in. Synergies have been created in terms of IT platforms and processes across all Liberty's operations. We are able to leverage technical skills and knowhow from other countries to enhance our own technical competence.

As an organisation, we see it as our responsibility to empower our clients, small businesses and large corporate institutions by offering the best suitable risk benefit solutions for their staff or members. Our goal is to become the trusted leader in insurance.

Liberty has grown into an organisation with assets under management of Shs 548 million.

Liberty has grown to be one of the best insurance companies in Uganda offering financial services, Asset Management, Investments, and Health products.



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Acronyms

COVID-19	Corona virus Disease of 2019
AI	Artificial Intelligence
CAR	Capital Adequacy Requirement
EE	Employee Experience
KPI	Key performance Indicators
BCP	Business Continuity Plan
BDMs	Business Development Managers
DSAs	Direct Sales Agents
BoU	Bank of Uganda
CBR	Central Bank Rate
CSR	Corporate Social Responsibility
ERM	Enterprise Risk Management
GWP	Gross Written Premium
IBNR	Incurred But Not Reported
IIU	Insurance Institute of Uganda
KYC	Know Your Client
LLAU	Liberty Life Assurance Uganda Limited
MBA	Masters of Business Administration
NSSF	National Social Security Fund
NWP	Net Written Premium
OCI	Other Comprehensive Income
P&L	Profit and Loss
PAT	Profit After Tax
SMEs	Small Medium Enterprises

UIA	Uganda Insurers Association
UPR	Unearned Premium reserve
URA	Uganda Revenue Authority
SDGs	Sustainable Development Goals
IR	Integrated Reporting
UN	United Nations
PRI	Principles for Responsible Investment
ESG	Environmental, Social and Governance Risk
LHL	Liberty Holdings Limited
LLAU	Liberty Life Assurance Uganda Limited
CAE	Client and Adviser Experience
ECM/DFS	Emerging Consumer Market and Direct Financial Services
LibFin	Liberty Financial Solutions
SEE	Social, Environment and Economic Impact
MDI	Micro Deposit Taking Institution
VoNB	Value of New Business
ALM	Asset Liability Matching
GDP	Gross Domestic Product
IRA	Insurance Regulatory Authority of Uganda
AGM	Annual General Meeting
IFRS	International Financial Reporting Standard
EXCO	Executive Committee
ERM	Enterprise Resource Management

General Information

Country of incorporation and domicile	Uganda
Nature of business and principal activities	Long term insurance and medical
Directors as at 31 December 2021	<div> Gerald Ssendaula* Mayur M. Madhvani** Anthony Katamba* Samuel Fredrick Mwogeza* Mike du Toit*** Muljibhai Madhvani & Company Limited* Liberty Holdings Limited*** East African Holdings Ltd**** Patricia Adongo Ojangole* </div> <div> (Chairman) (Director) (Director) - Resigned 18th February 2021 (Director) - Appointed 25th March 2021 (Director) (Director) (Director) (Director) (Director) </div> <div> *Ugandan **British ***South African ****Bermuda </div>
Registered office and Business Address	2nd Floor, Madhvani Building Plot 99 - 101, Buganda Road, P.O Box 22938 Kampala, Uganda
Holding Company	Liberty Holdings Limited Incorporated in South Africa
Bankers	Stanbic Bank Uganda Limited P.O. Box 7113 Kampala, Uganda
Auditor	KPMG Certified Public Accountants 3rd Floor, Rwenzori Courts Plot 2 & 4A Nakasero Road P.O. Box 35309 Kampala, Uganda
Secretary	Koduvayur Parasuraman Eswar Corporate Office, Madhvani Group Plot 96/98, 5th Street Industrial Area Kampala, Uganda

About our 2021 integrated report

This is the Liberty Life Assurance Uganda Limited (LLAU) Integrated Annual Report that covers the period 1 January to 31 December 2021.

This report has been prepared primarily for internal stakeholders, clients and other stakeholders from the society interested in the performance and strategy of Liberty. However, the regulator and other stakeholders may find benefit in its contents.

The report contains both financial and non-financial information that other stakeholders may find valuable. This report provides insights into how Liberty is governed, creates, delivers, and safeguards value for all its stakeholders, how we deliver on our purpose of improving people's lives by making their financial freedom possible and our strategy for the future.

Liberty has a rich history of contributing to Uganda's business environment, the insurance and health industries, its clients, and a broad range of other stakeholders. Liberty, through its range of insurance and investment products, including life insurance, critical illness and disability insurance, investment and saving for retirement, will continue to improve people's lives by making their financial freedom possible.

Using strategic value drivers and key performance indicators, the report also provides readers with both quantitative and qualitative measures of how Liberty has delivered on its purpose and against its strategy in 2021.

The board, in conjunction with the audit and risk committee, is responsible for Liberty's system of internal controls. Liberty applies a combined assurance approach, ensuring that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and external reporting. No aspect of this report has been independently assured.

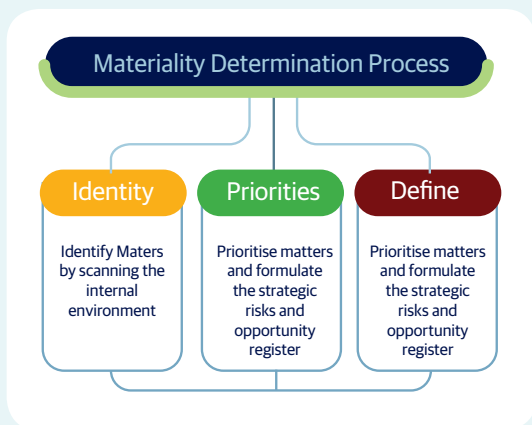
The scope of the information presented is largely medium term and assesses the opportunities, risks and impacts influencing our ability to create sustainable shared value as we begin to realise our vision, while delivering on our purpose. This integrated report covers the performance of Liberty Life Assurance Uganda Limited for the year ended 31 December 2021. Any material events up to the date of board approval date of 24th March 2022 are included.

It is not the directors' intention that this report meets the criteria of international reporting standards or frameworks. This report was approved by the board of directors of Liberty Life Assurance Uganda Limited on 31 March 2022.

Materiality

Management structures focus on our strategic value drivers and respond to identified material matters. We consider a matter to be material if it has or may have a material impact on our ability to create value in the short, medium and long term for our shareholders and our key stakeholders.

The material matters are detailed on page 7 of this report and were informed by those matters discussed by the board and its committees during the year, matters arising from strategy setting process and the legitimate concerns of our key stakeholders. The material matters have been linked to our strategic value drivers which are the focus of our strategy and planning processes.



The report is prepared under the guidance of the IR Framework as adopted by the board. It conforms with the requirements of the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda. This report provides an entry point to more detailed information contained in other reports which comprise our annual reporting suite.

Our management reporting process and our suite of reports are aligned with the reporting principles of King IV Report on Corporate Governance. Our integrated thinking is reflected in our targets and key performance indicators that cover financial and non-financial performance as well as strategy, risks and how we deliver value to stakeholders.

Our sustainability strategies and reporting are informed by additional international principles, standards, and guidelines, including the UN Global Compact, UN SDGs and UN Principles for Responsible Investment (PRI).

We strive to benchmark our progress against other market participants through transparent and accurate disclosure of clearly defined environmental, social and governance (ESG) criteria, and disclose this information through our Integrated report and on our website.

Assurance

The board in conjunction with the audit and risk function supports the integrity and transparency underlying integrated reporting, by providing an independent assurance on business sustainability. Audit and Risk's role is achieved through providing assurance on financial, as well as non-financial reporting, governance, risk management, and control processes supporting the main objectives of integrated reporting. It provides independent and objective assurance of the design and operating effectiveness of the framework of risk management, controls and governance processes, focusing on the areas of greatest risk.

Liberty applies a combined assurance approach, ensuring that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and its external reports.

KPMG issued an unmodified audit opinion on the Company's financial statements. Our financial statements for the year ended 31 December 2021 have been included in this report.

Forward-looking statements

This report may contain forward-looking statements with respect to the future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.



This integrated report covers the performance of Liberty Life Assurance Uganda Limited for the year ended 31 December 2021. Any material events up to the date of board approval date of 24th March 2022 are included.

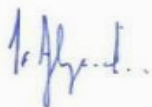
Directors' approval

The Board, assisted by its Board sub-committees, is ultimately responsible for overseeing the integrity of our integrated report and verifies that they have applied their collective mind in the preparation and presentation thereof. The Board acknowledges its responsibility to ensure that reports issued by Liberty enable stakeholders make informed assessments of its performance and its short, medium- and long-term prospects.

The board further believes that the integrated report is presented in compliance with the IR Framework. The directors have applied their judgement to the disclosure of Liberty's strategic plans and ensured that these disclosures do not place Liberty at a competitive disadvantage. Any material events up to the Board approval of this report are also included.



Gerald Ssendaula
Chairman



Joseph Almeida
Managing Director



**The board
unanimously
approved this report
and authorised its
release on 24th
March 2022.**





LIBERTY

In it with you

**With our Soma Plan,
your small payments
can add up to
BIG DREAMS.**

Talk to us today

**0312 304000 / 0312 233794 |
adminuganda@liberty.co.ug**

Liberty is regulated by the Insurance Regulatory Authority of Uganda

Financial definitions



Gross written premium revenue: Amount of money charged by the insurer to the policy holder for the coverage set forth in an insurance policy

Premium income ceded to reinsurers (Reinsurance premiums ceded): Amount of money charged by another insurance company (reinsurer) to the insurer to cover/hedge against risk on policies taken out especially where the primary insurer deems the risk too large for it to carry.

Net insurance premium revenue: Gross written insurance premium revenue less premium income ceded to reinsurers.

Investment and other income: Income earned on non-underwriting activities such as interest income earned on investments in financial instruments

Gross claims and policy holder benefits: Total amount of money paid or payable to an insured or insured's beneficiary for the benefits provided by the insurance contract or for coverage of an incurred loss.

Claims recovered from reinsurers: A portion of the gross claims and policy holder benefits that are claimed by the insurer from the reinsurance company as a result of the existing reinsurance arrangement

Net claims expense: Gross claims and policy holder benefits incurred less claims recovered from reinsurers

Commission expense: A fee paid/payable by the insurer to a salesperson, agent or broker for in exchange for his or her services in either facilitating, supervising, or completing a sale.

Commission income: A fee earned by the insurer on the premium ceded to the reinsurer.

Net commission expense: Commission expense less commission income.

Underwriting profit/loss: Profit or Loss from underwriting activities excluding non-underwriting activities such as investment income. (Net insurance premium revenue - Net commission expense - Net claims expense - Administrative expenses)

Profit for the year: Annual profits attributable to the ordinary shareholders, minorities, and preference shareholders.

Value of New Business (VNB) written: Present value at the point of sale of the projected stream of after-tax profits from that new business.

Return on equity: Earnings as a percentage of ordinary shareholders' funds.

Capital adequacy ratio: Level of funding/ capital required to satisfy a specified economic capital constraint such as settlement of liabilities.

Reinsurance ratio: Ratio of facultative and treaty premiums ceded to reinsurers and to Gross written insurance premium revenue.

Claims ratio: Ratio of net claims expense to the net insurance premium revenue.

Combined ratio: Ratio of total expenses (Administrative expenses + Net Commission expense + Net claims expense) to the net insurance premium revenue.

Commission ratio: Ratio of net commission expense to net insurance premium revenue.

Expense ratio - gross: Ratio of the total administrative expenses to the gross written insurance premium revenue.

Net Expense ratio: Ratio of total administrative expenses to the net insurance premium revenue.

2021 key indicators



Client and adviser

RETAIL CLIENT
INDEX

3.5
(target of 5,0)

COMBINED
POLICYHOLDER
PERSISTENCY

Better than actuarial
assumption

IT SYSTEM STABILITY
(ANNUAL DOWNTIME
HOURS)

25

NUMBER OF
AGENTS

35

NUMBER OF
LIVES COVERED

**Ushs 3.2
MILLION**



Employee engagement

EMPLOYEE NET
PROMOTER SCORE

20%

EMPLOYEE
EXPERIENCE

3.5
(target of 4,0)

SA VOLUNTARY STAFF
TURNOVER

2%

SKILLS DEVELOPMENT
SPEND

**Ushs 42,8
MILLION**

DIVERSITY AT SENIOR
MANAGEMENT LEVEL

51%
WOMEN



Risk and conduct

CAPITAL
ADEQUACY RATIO

274%

COMPLAINTS

56

NUMBER OF REGULATORY
FINDINGS

3

MANAGED WITHIN
RISK APPETITE

Yes



Financial outcome

RETURN
ON EQUITY

9%

VALUE OF NEW
BUSINESS

6.1%

TOTAL ASSETS

**Ushs 32.4
BILLION**

TOTAL LIABILITIES

**Ushs 14.2
BILLION**

NET PROFIT

**Ushs 1.7
BILLION**



SEE impact

CLAIMS PAID

**Ushs 7.8
BILLION**

DEPOSIT
ADMINISTRATION

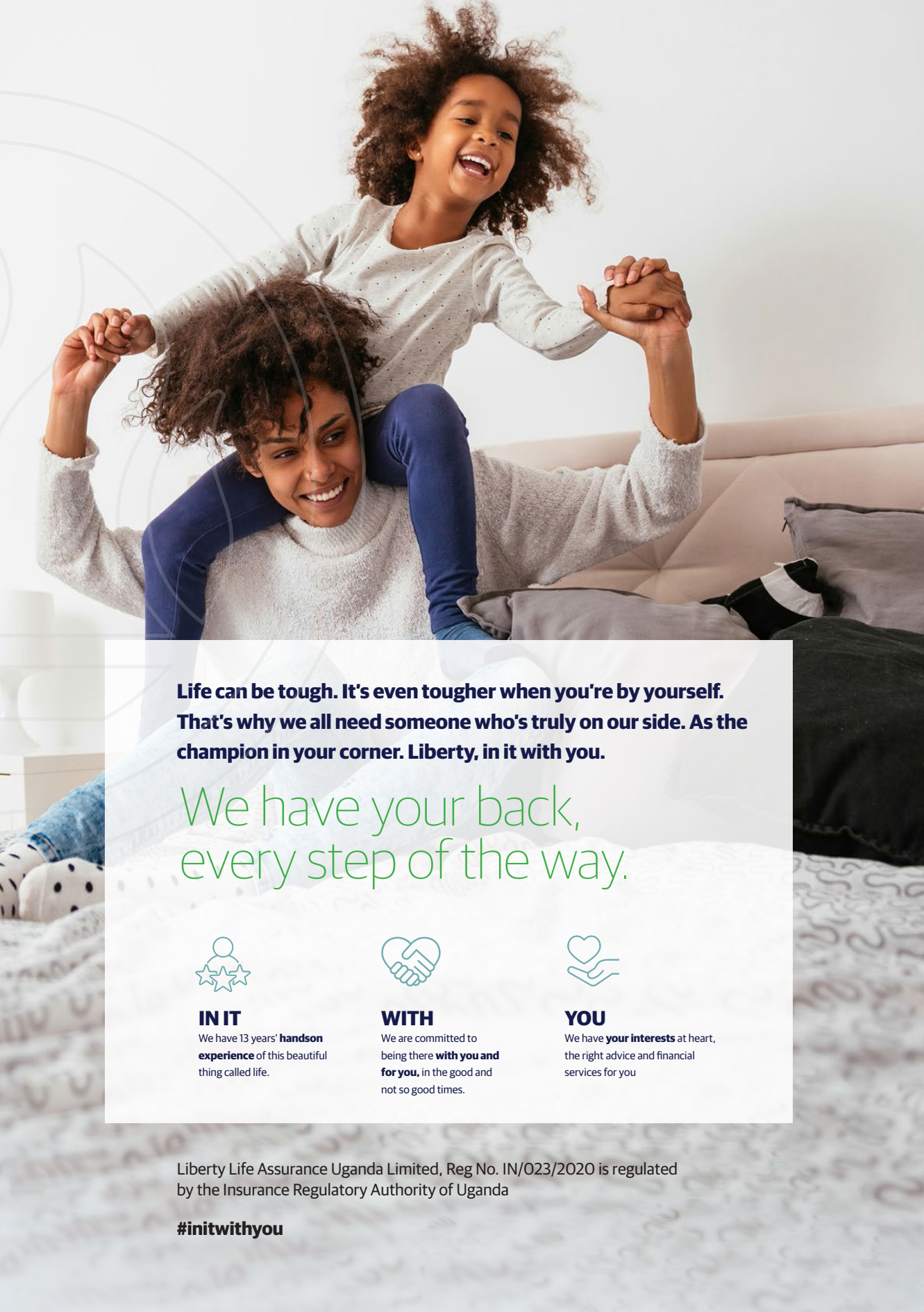
**Ushs 159
MILLION**

CSI SPEND

**Ushs 12.5
MILLION**

B-BBEE CONTRIBUTOR
LEVEL

2



**Life can be tough. It's even tougher when you're by yourself.
That's why we all need someone who's truly on our side. As the
champion in your corner. Liberty, in it with you.**

**We have your back,
every step of the way.**



IN IT

We have 13 years' **handson experience** of this beautiful thing called life.



WITH

We are committed to being there **with you and for you**, in the good and not so good times.



YOU

We have **your interests** at heart, the right advice and financial services for you

Liberty Life Assurance Uganda Limited, Reg No. IN/023/2020 is regulated by the Insurance Regulatory Authority of Uganda

#initwithyou

Who we are

Our purpose, vision, brand promise, leadership principles, strategy and execution framework

We remain resolute in developing competitive value propositions for our clients, driving efficiency through simplification, managing risk appropriately, deploying capital effectively and pursuing profitable growth opportunities.



Our Purpose

Improving people's lives by making their financial freedom possible.

We nurture our relationships and skilfully navigate risks to deliver products that help our clients mitigate life's traumatic events and increase their wealth. We focus on creating shared value and we remain committed to the UN's sustainable development goals, in particular

SUSTAINABLE
DEVELOPMENT
GOALS



Our Vision

Transforming Liberty to be the trusted leader in Uganda and chosen markets by delivering superior value through exceptional client and adviser experiences.

We remain resolute in developing competitive value propositions for our clients, driving efficiency through simplification, managing risk appropriately, deploying capital effectively and pursuing profitable growth opportunities.



Our Brand Promise

In it with you

Being there to support our clients, their families and dependants at the most profound moments of human vulnerability lies at the heart of our purpose.



Our leadership principles



Imagine it's possible



Act with humanity



Do what matters

Liberty strives for a culture where everyone in the Liberty community takes accountability and responsibility for ensuring that we do the right business the right way and that financial resources are managed responsibly. This is influenced by setting the tone at the top and having values, ethics and practices to support the achievement of our purpose and vision.



Our strategy

The future of Liberty lies in augmenting the power of the human-to-human engagement between our advisers and clients, with the power of a scalable digital engagement platform where we will provide simple and intuitive tools and solutions grounded in the best advice.



Our execution framework



Liberty Holdings
Limited

51%

**Liberty
Shareholding**

Madhvani Group
Limited

49%

Our Values



Customer Service

We provide service level agreements where we document our promise in terms of service, timelines for delivery.



Claims Settlement

We promise claims settlement with in a week of receipt of all respective documentation.



Team.

We have qualified team ready to serve our clients at any one time.



Premium Payment Options

We provide flexible premium payment options like mobile money, points of sale and debit orders and monthly instalments.



Innovation

We constantly work at keeping in line with the changes in market demands and needs in terms of product offerings and service.



Professionalism

We guarantee a professional engagement with our mutual clients and yourselves. We also guarantee non participation in price wars so as to provide sustainable insurance solutions to our clients.

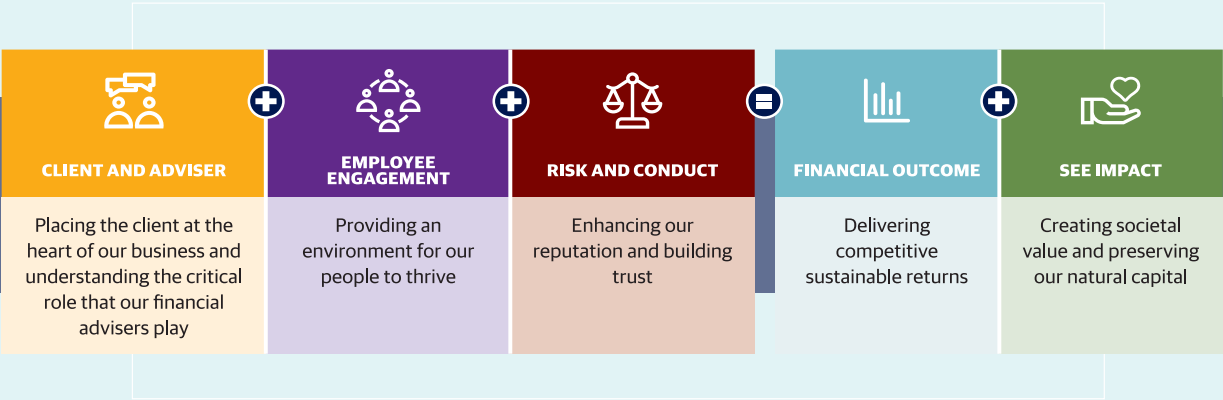


One stop shop

We have recently acquired a short-term insurance (Liberty General) and are also able to provide you with short term insurance benefits as well.

Our value driver model

We use strategic value drivers to anchor Liberty’s strategy, and to monitor and report our performance. A strategic value driver has been identified for each of Liberty’s key stakeholder groups, enabling the application of the liberty’s resources, and projecting desired outcomes for Liberty and its stakeholders. The value drivers and their icons used in this report are:



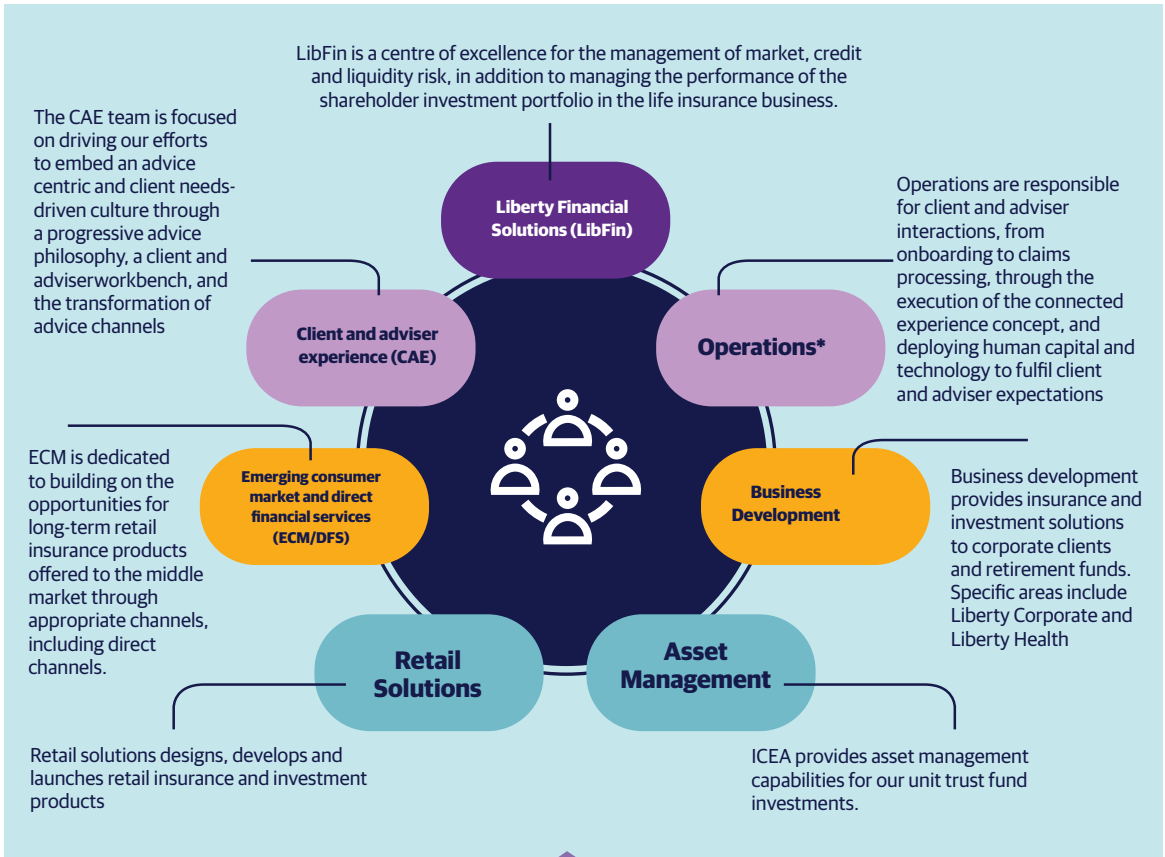
The six capitals

Our ability to create value for the company and its stakeholders is dependent on the management and application of resources, commonly referred to as our capitals. Capitals can be enhanced, depleted or transformed through the process of creating value. A long-term focus means that trade-offs or choices between capitals are often required to ensure the company’s sustainability and our ability to create value. The six capitals and the icons used in this report are:



How we operate

Our operating model is designed to provide our clients and advisers with an experience that builds strong, long-term relationships throughout our clients' life journeys.



Supported by corporate functions

INTERNAL
AUDITRISK AND
ACTUARIALLEGAL AND
COMPLIANCEINFORMATION
TECHNOLOGYHUMAN
CAPITALMARKETING AND
COMMUNICATIONS

FINANCE

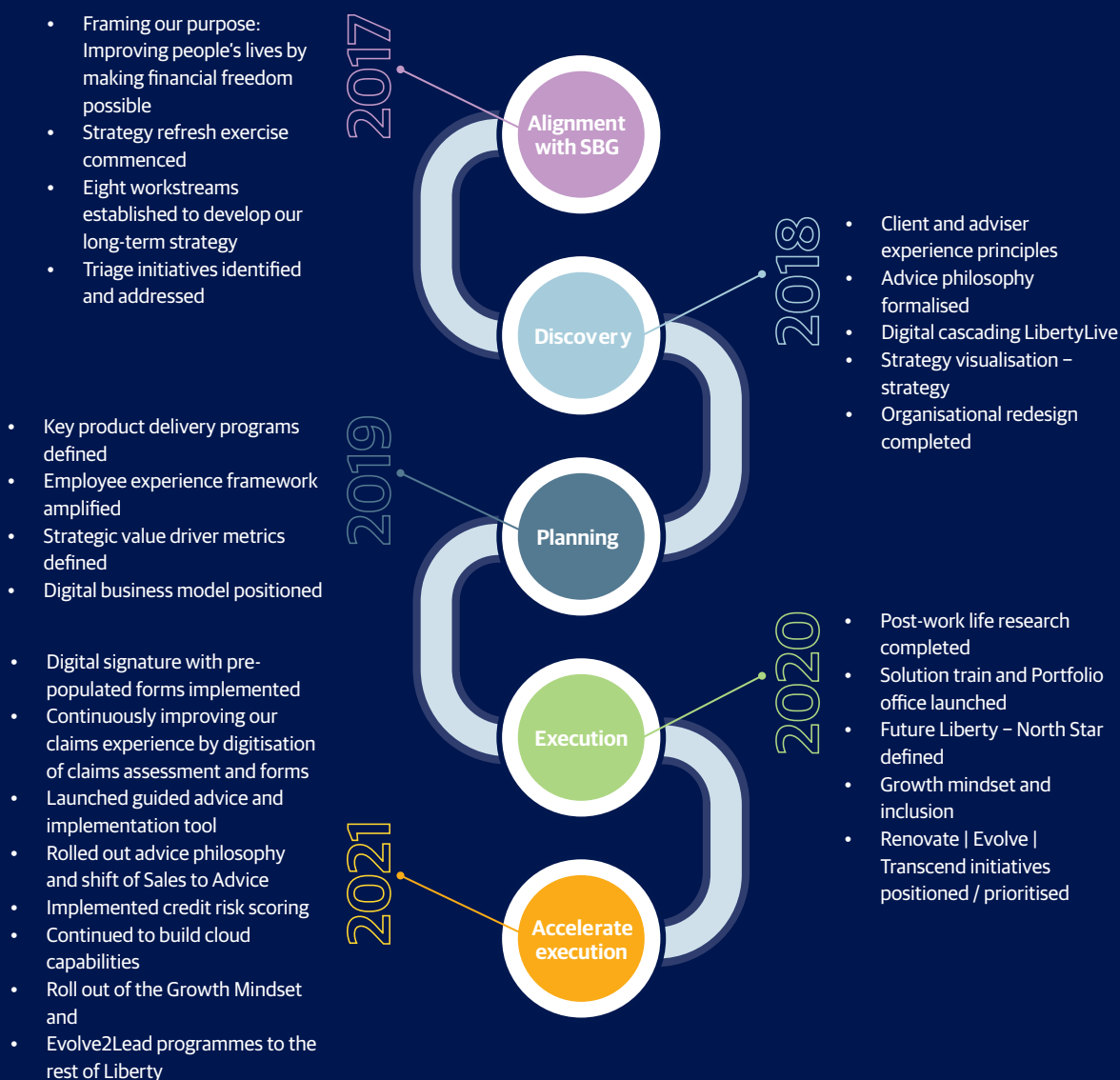


We remain resolute in developing competitive value propositions for our clients, driving efficiency through simplification, managing risk appropriately, deploying capital effectively and pursuing profitable growth opportunities.

Our strategic journey

We commenced on our current strategic path in 2017 when Liberty embarked upon a strategy refresh exercise. At that time, the priority was to address the immediate challenges facing the company. During 2018 and 2019 the strategy was further developed and significant elements of our future operations were designed or implemented. In 2020 we began to build our future, accelerated by the onset of the pandemic. Our efforts continued in 2021.

Our strategy is designed to significantly modernise and transform our existing business through the adoption of a "platform business model" which is anchored by a scalable, digital client engagement platform. This technology platform will initially be built to provide an experience and host engagement so as to deliver existing core Liberty offerings, but with time it will be broadened to facilitate client access to a wide range of ecosystems, some orchestrated by Liberty, some orchestrated by others.



How we will achieve the future Liberty

We **execute our strategy** across all of Liberty's business units

Retail

Within the Uganda Retail business, we have collectively prioritised key programmes of work to accelerate our transformation. These are divided into two areas. Firstly, "Engagement and Experience" where the focus is on transforming our existing sales channels and delivering smart digital tools and enablement. The second focus area is "Client Solutions" where we will deliver on the end-to-end risk, end-to-end investment and simplification programmes.

Sales channel transformation

Our approach in the sales channel transformation programme centres around delivering on our client experience outcomes. We will reinvigorate our current channels in a dynamic and transformational way and scale the Salesforce-powered adviser workbench, laying the foundation for a digital engagement platform that will ultimately enable a true omnichannel client experience. Our prioritised workstreams for tied advisers include:



Advice tools and enablement - the adoption of the adviser work bench powered by Salesforce



Advice partnerships - advice and servicing standards for existing advisers will become far more onerous as Liberty drives the ongoing engagement and connection with clients



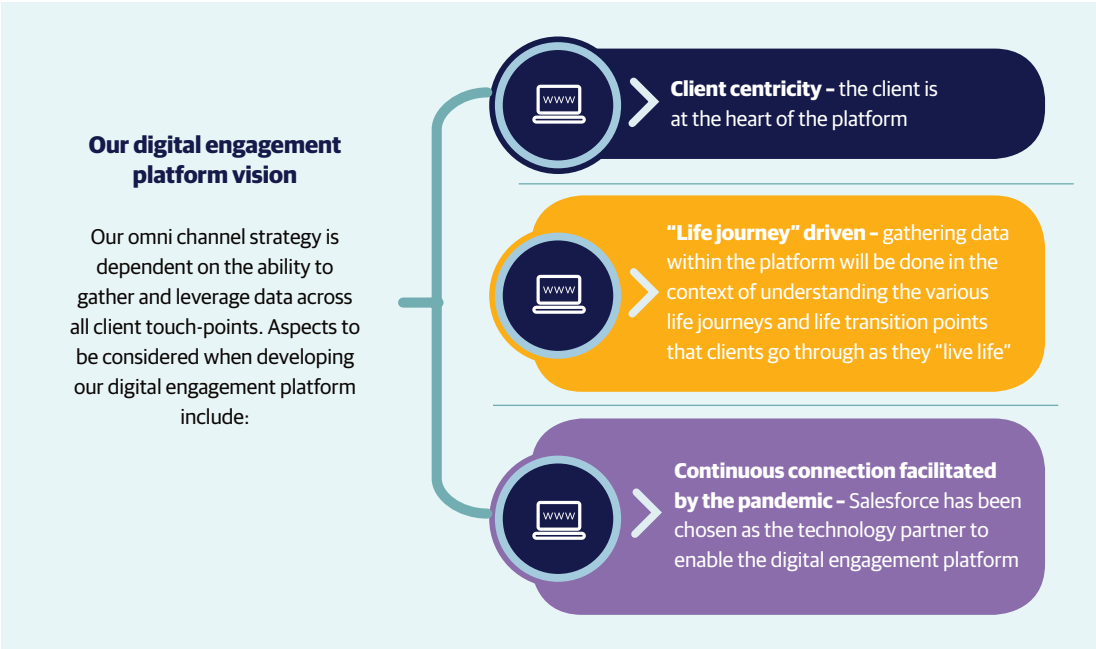
Leads strategy - the adoption of the adviser workbench through Salesforce will also pave the way for us to reimagine our leads process through AI and data-driven insights



Remuneration models and recognition - to measure and reward advisers for the experience that Liberty intends delivering to our clients



Culture and transformation - a strong focus on culture is required to ensure that the business is receptive to the significant amount of change being introduced



Liberty Corporate

Liberty Corporate embarked on a strategy refresh journey which culminated in four strategic objectives:

Relevance - sponsor an umbrella capability of scale in a market which is consolidating and commoditising

Optimise - provide greater shareholder and client value through administration and product optimisation

Small and medium enterprises - develop and embed an experience which links the business owners and decision-makers capabilities and/or platforms

Member - participate in a platform for members linked to Liberty capabilities

The foundation of the strategic deliverables lies in simplifying the environment: Establish a single process flow and IT architecture to deliver all the chosen services and product offerings



LIBERTY

In it with you

**We have your back,
every step of the way!**



Talk to us today

**0312 304000 / 0312 233794 |
adminuganda@liberty.co.ug**

Liberty is regulated by the insurance Regulatory Authority of Uganda

OUR PRODUCTS

We have an **excellent reputation** for creating tailor made risk solutions for our clients.

Liberty health Cover

OVERALL ANNUAL BENEFITS PER PERSON:

RANGING FROM A MINIMUM OF

UGX 67.5M

(LOCALLY)

UP TO

**UGX 3.35
BILLION**

This caters for;

- Hospital Admission treatment and related services
- Emergency & Non-Emergency ambulance services
- Specialised radiology (MRIs, PETs & CT-Scans)
- Maternity childbirth
- Neonatal care
- Chronic conditions Treatment
- External medical appliances
- Intensive care
- High care
- Prostheses
- Psychiatric Hospitalisation

INTERNATIONALLY PER INSURED LIFE

OUT-PATIENT DAY TO DAY TREATMENT

Paid as a sublimit from the Overall Annual Benefit limit per person under selected plan

- Acute conditions
- Chronic conditions
- Antenatal and Postnatal Care
- Psychological Wellbeing
- GP and specialist consultations for Acute Conditions
- GP and specialist consultations for Chronic Conditions
- Prescribed Acute medication
- Diagnostic tests
- Pathology, i.e. blood tests requested by a doctor in the course of your consultations
- Basic radiology, i.e. out-of-hospital basic x-rays
- Out-of-hospital non-surgical procedures such as applying plaster of paris and stitches
- Auxillary services such as physiotherapy, chiropractics and speech therapy
- Child and Adult Vaccinations - Refer to our schedule of Vaccinations covered
- One Annual medical examination

DENTAL CARE

**Paid as a sublimit from the Overall Annual
Benefit limit per person under selected plan**

- Basic Dentistry care: Ranging from UGX 910,000 - Unlimited
- Specialised Dentistry care (Includes, Root canal treatment, dentures, inlays, crowns, bridges, periodontal treatment, orthodontic treatment and procedures in rooms, with Orthodontic treatment restricted to members up to 21 years of age): Ranges from UGX 910,000 - UGX 3.5Million per person

OPTICAL/ OPTOMETRY CARE:

Paid as a sublimit from the Overall Annual Benefit limit per person under selected plan

Ranges from UGX 500,000 up to UGX 1.65Million per person. Caters for;

- 1 x eye test per insured person per year
- Frames and lenses (including contact lenses) acquired once, every 2 years/ 24 months

MAJOR DISEASES BENEFITS

Ranges from

UGX 35M - UGX 350Million per life. Caters for;

- Cancer, Organ Transplant and Kidney Dialysis dependant on cover plan selected.

INTERNATIONAL BENEFITS:

Covered from within the Overall Annual Limit of selected International Plan. Caters for;

- International emergency medical evacuations
- Critical Care (Dependant on selected international plan)
- Travel and accommodation costs per event
- Repatriation of mortal remains
- Elective roaming



How to access the cover

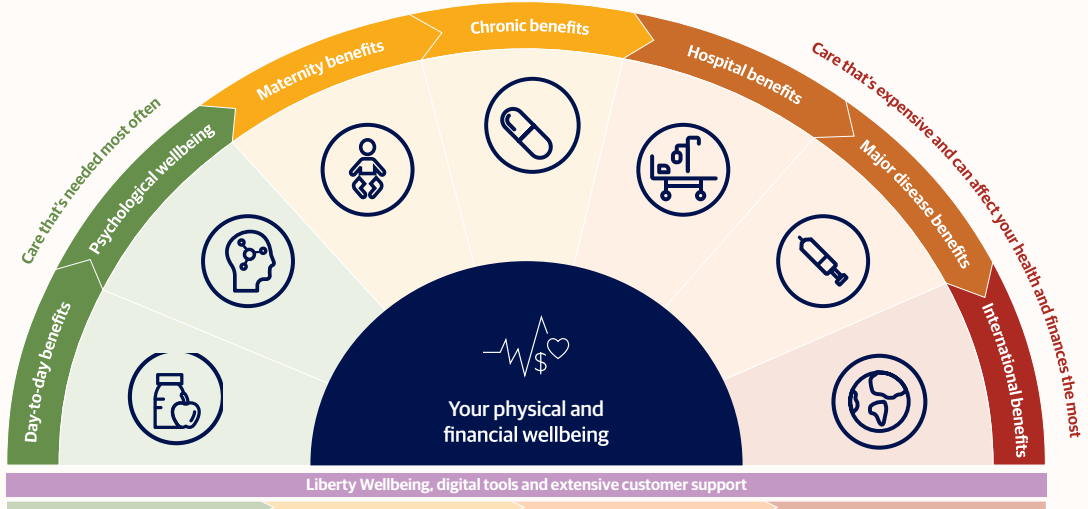
Your membership card gives you access to comprehensive cover at our network of contracted health providers



Access the care you need

With access to comprehensive benefits you can have peace of mind about both your physical and financial wellbeing.

You have benefits for all these categories of cover:



DAY TO DAY BENEFITS

Take care of your everyday medical needs such as GP consultations, medication, dental and optical care

MATERNITY BENEFITS

Access all the care you and your baby need during and after your pregnancy

HOSPITAL BENEFITS

Get comprehensive cover for the care, services and facilities you need, whether for emergencies or planned hospital admissions

INTERNATIONAL BENEFITS

Access international benefits on select plans with choice in location of care, life-saving critical care and emergency medical evacuation when necessary

PSYCHOLOGICAL WELLBEING

Take care of your everyday medical needs such as GP consultations, medication, dental and optical care

CHRONIC BENEFITS

Get the necessary treatment to manage your mental health and to live life optimally

MAJOR DISEASE BENEFITS

Access the specialist, long-term care you need for major diseases, including oncology, renal dialysis and organ transplants

Benefits are paid up to the relevant benefit limit shown in your Liberty Health Cover Benefit Table.

To view information on the benefits for your plan or to find a list of Network providers in your area, please:

Access our website www.libertyhealth.net or our Liberty Health App and narrow your search to Uganda, or contact your Human Resources (HR) department, or call your local Liberty Health Cover office for more details.



Using a Network versus a non-Network provider.

- If you use a Network provider, Liberty Health will pay the healthcare provider directly.
- If you use a provider outside the Network, you may have to pay for treatment upfront. If your benefit plan covers treatment from non-Network providers, you can submit a claim for a refund.



Pre-authorisation

Have peace of mind that you will receive the most appropriate and cost-effective treatment



You must get pre-authorisation at least **48 hours before** your planned treatment or before you are admitted to hospital. This gives us time to ask for any additional information from you we may need.

Pre-authorisation is granted based on the following:

- The validity of your membership
- Clinical appropriateness of the treatment
- The level of care and the length of your hospital stay (where applicable)
- The Liberty Health Cover policy conditions
- Evidence-based clinical guidelines
- Your available benefits

Hospital treatments and services.

Treatments and services that we cover once you have pre-authorisation.

- Hospitalisation and standard in-hospital procedures
- Dental surgery, maxillofacial surgery, orthodontics and any specialised dentistry that requires hospitalisation
- Hearing aids, wheelchairs, blood pressure monitors, orthopaedic boots and glucometers
- Cancer/oncology treatment
- Renal (kidney) dialysis
- Organ transplants (selected benefit plans only)
- Specialised radiology, including CT and MRI scans
- Emergency medical transfers, including evacuations

International Benefits

Access international benefits on select plans that offer you a choice in location of care. Have peace of mind that when medically necessary, critical care and emergency medical evacuation are available.

International emergency medical evacuations.

Available on selected benefit plans.

When this applies.

This benefit applies to a medical emergency where the medically necessary care is not available locally.

What we cover.

- Transportation (ambulance or air travel) to be evacuated from the country where the medical emergency occurred to the nearest, available medical facility within the region of cover for your benefit plan
- Accommodation and food
- Return transport to your country of residence
- Repatriation of mortal remains

What we cover applies to the patient and one companion (who may travel with the patient if the patient is a child or unable to travel without assistance)

Important contact numbers.

- 24-hour international emergency medical evacuation: +256 779 558733
- In-country emergency contact numbers: see the 'Contact us' section at the end of this guide.



LIBERTY

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What's the most important thing you need to plan for right now?

1. Your retirement
2. Investing for the future
3. Saving for your children's future
4. Starting out (new home, new family or new job/career)

#TheAdvantageOfKnowing

Talk to us today

**0312 304000 / 0312 233794 |
adminuganda@liberty.co.ug**

Liberty is regulated by the insurance Regulatory Authority of Uganda

Liberty Life Cover Insurance Solutions

Our products are created to limit the financial impact one could suffer because of illness, injury, and death. When we develop these solutions, we focus on providing one with simple, affordable products which are not only competitive but relevant to you and loves ones. These solutions include:

Group Life Assurance (GLA).

This provides the member with peace of mind that their family will be taken care of if they are no longer there to support them. It pays out a lump sum in the event of death of the member before retirement. The sum assured is usually a multiple of the member's annual salary

Permanent and Total Disability (PTD).

The benefit protects the member against the loss of earning potential, of he/she becomes disabled and is unable to work. It plays a lump sum in the event of a permanent disability of the member before retirement. The PTD benefit is taken together with the GLA benefit

Temporary and Total Disability (TTD).

The benefit provides an income to a member in the event of them becoming disabled and unable to work. Payments are made monthly until the member can return to work or retire.

Permanent Health insurance (PHI).

The benefit provides an income to a member in the event of them becoming disabled and unable to work. Payments are made monthly until the member can return to work or retire.

Critical illness (CI).

The benefit provides a lump sum to help ease the financial burden that the member could suffer due to a critical illness. The benefit is in advance payment of all or part of the GLA therefore must be taken with the GLA benefit.

Group Funeral (GF).

The benefit is designed to assist with the costs associated with funeral arrangements. The Funeral benefit pays out a lump sum in the event of the death of the member, spouse, children, or extended family member (if applicable)

Physical Impairment (PI).

The benefit protects the member against the loss of earning potential, of he/she becomes physically impaired and is unable to work. It pays a proportional lump sum in the event of the physical impairment permanent disability of the member. The PI benefit is taken together with the GLA benefit.



INDIVIDUAL LIFE INSURANCE SOLUTIONS

A.

Hospital Cash Back Plan.

The Hospital Cash Back Benefit pays out the selected Daily Benefit Amount for each day that any of the Insured Persons covered on this Plan stays in Hospital due to bodily injury or illness, within the policy terms and conditions. The daily Benefits are payable as a lump sum based on the number of days hospitalized.



Cover will commence on acceptance of a fully completed application form and Premiums paid. It will then end when the main member reaches the **age of 65 years**. **The cover for spouse and children will also end.**

B.

Personal Accident Plan

This pays out a lumpsum benefit of up to **Ush 100 000 000** should the insured pass away or to help if the insured is physically impaired because of an accident as per the product terms and conditions.

C.

Critical Illness Plan

Being diagnosed with a critical illness could be a painful and stressful time for you and your family. It could require large healthcare resources or life sustaining medical expenses. This plan helps to ease that burden.



It pays out a lumpsum benefit of up to **Ush 50 000 000** on first diagnosis of any one of the following illnesses: Cancer, Heart Attack, Coronary Artery Bypass Graft, Stroke, Major Organ Transplant, End Stage Renal Failure.

D.

Liberty Funeral Plan

The loss of a loved one can bring about emotional stress on family members left behind and with the high costs of arranging a funeral, it can quickly become a financial stress as well.

That's why Liberty Life has developed the Liberty Funeral Plan, providing you and your family with peace of mind and financial freedom during these difficult times.



Two cover options are available i.e., Basic, and Comprehensive option. The benefit levels available are **Ush 1 500 000, 3 000 000, 6 000 000 and 9 000 000**. The plan has 6 months waiting period for natural causes.

E.

My Life Plus

My Life Plus pays out a lumpsum cash benefit if you are involved in an accident that results in any of the following:

- Hospitalization for more than 72 hours
- Permanent Disability
- Loss of life



The plan also offers a funeral benefit if you or a member of your family loses their life.

The plan offers 3 cover options namely: Silver, Gold and Platinum with the policy holder paying premiums of up to Ushs 273,000.

F.

Simple life Plan.

Simple Life Plan offers more than just life cover, you can also include additional optional benefits that provide for your family should you no longer be able to work due to critical illness, physical impairment, disability, or accidental death.



Any one between the ages of **18 and 60** can take the plan and cover benefit amounts range from **Ushs 20 000 000 to 100 000 000**. Benefits covered include Permanent Disability, Critical illness, Physical Impairment, Accidental loss of life and Funeral.

G.

Soma Plan

Purpose of Soma Plan is to help parents save for the education of their children.

Contributions can be paid either monthly or annually. Minimum contribution is **Ushs 50,000 monthly or UGX 600,000 annually**.

Policy holders can opt to have premiums escalate by 5%, 10% or 15% to protect the value of the plan from the effects of inflation.

The investor earns monthly interest based on the performance of the underlying investment vehicles in which the funds were invested.

H.

Business Owner Life Insurance.

This product is targeted at business owners, and their business partners. However, Liberty understands that often small businesses are run by families. We offer flexibility to cover either your business partner OR your spouse.



- Protects your business – takes care of outstanding debts or have sufficient cash flow to maintain the business.
- Protect yourself – cover can be used to pay for medical bills or additional rehabilitation after a disability or critical illness.
- Protects your family – provides your family with an income or cover the costs of a funeral.

It offers 5 benefit options as the table below.

Core Benefits			Optional benefits	
Plan Option	Death Benefits	Immediate expenses Benefits	Physical Impairment Benefits (at Highest severity)	Critical Illness Benefits
1	Ush 25,000,000	Ush 2,500,000	Ush 12,500,000	Ush 12,500,000
2	Ush 50,000,000	Ush 5,000,000	Ush 25,000,000	Ush 25,000,000
3	Ush 75,000,000	Ush 7,500,000	Ush 37,500,000	Ush 37,500,000
4	Ush 100,000,000	Ush 10,000,000	Ush 50,000,000	Ush 50,000,000
5	Ush 125,000,000	Ush 12,500,000	Ush 62,500,000	Ush 62,500,000

A quote is generated to determine the premiums a client has to pay which is not less than Ushs 25 000 per month.

Solace Farewell Plan.

This plan offers one stop funeral Service packages that would ensure that you and your loved ones receive a respectable farewell. There are 5 packages that one can choose from: **Bronze, Silver, Gold, Platinum and Muslim.**

This plan may be taken by an individual or family (1 spouse and up to 6 children) depending on one's needs. Funeral services are provided by Uganda Funeral Services (UFS) Parlor. It also offers optional benefits namely: Tombstone and Family support at an additional cost. Minimum premiums paid for an individual package is Ush 42 000 and 132 510 for a family package per month excluding the optional benefits.

Our Distribution Channels

At Liberty, we have a wide range of distributional channels through which our life and health insurance solutions are accessed by the various stakeholders. Some of our life and Health Channels are:





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Insurance risks for small businesses that entrepreneurs should be aware of.

- Data breaches
- Property Damage
- Human capital costs
- Professional service mistakes
- International manufacturing and export/transit issues
- Building projects

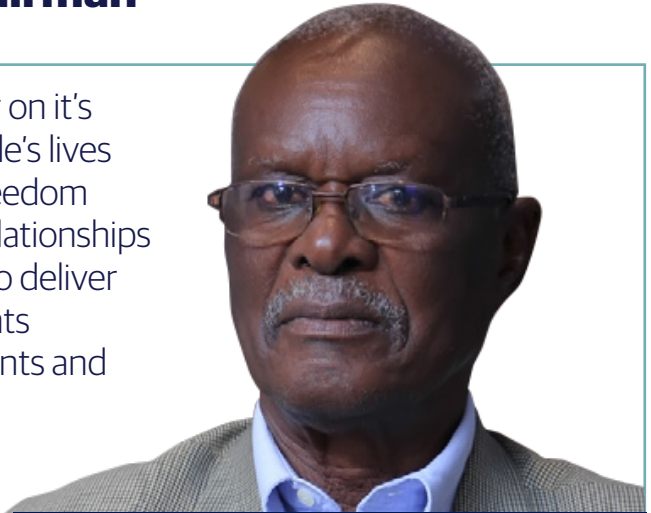
Talk to us today

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A Letter from our Chairman

Liberty continues to deliver on its promise of improving people's lives by making their financial freedom possible. We nurture our relationships and skilfully navigate risks to deliver products that help our clients mitigate life's traumatic events and increase their wealth.



Gerald Ssendaula - Board Chairman



The injection of **UGX 1.5 billion** by the shareholders into the business at the end of last year has presented us with a strong capital base that allows compliance without any external intervention.

The acquisition of 100% of Liberty Holdings Limited by the Standard Bank Group was a strong vote of confidence in the strength of Liberty's business, its client franchise, and very importantly its adviser networks and teams of people. This transaction will facilitate the creation of a united and formidable competitor in financial services in Africa as well as in Uganda, with the advantage of compelling scale.

The regulator required that life insurance companies increase their share capital to 4.5 billion. We thus increased our share capital to UGX 5 billion with UGX 4.5 billion as the issued share capital. This has been achieved notwithstanding the challenges of the second wave of the Coronavirus pandemic (COVID-19).

The year in review

While the COVID-19 pandemic remained with us and continued to adversely impact the Liberty's business operations, signs of recovery were visible in 2021. Uganda's GDP grew by 5.1% in 2021 from a 1.4% contraction in 2020. This was primarily attributed to the easing of COVID-19 restrictions in September 2021, consumer demand increased, economic activity expanded, and equity markets rallied.

We thus increased our share capital to **UGX 5 billion from UGX 4.5 billion** as the issued share capital.

The board is proud of our management team, employees and advisers who have performed admirably for nearly two years under ever increasing stress levels in dealing with the relentless challenges brought about by the pandemic. Our actions and decisions were guided by our three leadership principles below and were primarily aimed at fulfilling our purpose.

- **Imagine it's possible**
- **Act with humanity**
- **Do what matters**

Our client-facing employees have been confronted by the effects of the pandemic every day, dealing with beneficiaries and families who have lost loved ones. The management team and other members of the Liberty community have supported these front-line staff with care and empathy.

Despite the economic strife in 2021, Liberty was among the few insurance companies that managed to preserve a strong balance sheet. We continue to focus on creating value for our customers as they are the centre of our business. The efforts to achieve this have been packaged in our new ways of working. We pride in our track record as it stands to show our belief in giving families an opportunity to grow their wealth and live a proud legacy for their families.

We still recognise the fact that COVID-19 lives with us, and therefore continue extend cover for COVID-19 claims to our clients. All Liberty customers are implored to continue observing the Standard Operating Procedures to limit the spread of the Covid-19. Those with symptoms are encouraged to seek medical advice from our health service providers.

At the same time, despite pandemic-related disruptions, our strategy execution teams continued to make good progress on the various digital initiatives which will augment the power of human-to human engagement between our advisers and clients.

In 2021, pandemic reserve was Shs 196 million. To prudently recognise the financial impact of the pandemic and reassure our clients that we had adequately provided for the costs and claims which could arise should they be directly impacted by this crisis.

For our internal customers, we are committed to protecting them from COVID-19, and have adopted a hybrid working schedule, where on some days they work from home. The pandemic has also presented us with the

opportunity of selling our products online. The centre of focus is wowing both the internal and external customers. The steps in achieving this have been reduced into our strategy for 2022-2025 together with Agile ways of working.

The board is proud of our management team, employees and advisers who have performed admirably for nearly two years under ever increasing stress levels in dealing with the relentless challenges brought about by the pandemic. Our client-facing employees have been confronted by the effects of the pandemic every day, dealing with beneficiaries and families who have lost loved ones. The management team and other members of the Liberty community have supported these front-line staff with care and empathy.

We are grateful for the regulator promoting a healthy way of conducting business.

However, just as the world was embracing itself for the new normal, the Ukraine invasion exacerbated the supply and demand tensions which have threatened global economic growth. That is where Liberty comes in. We are looking at these ever-growing uncertainties as the inevitable need of solutions that can create a more sustainable future for the economy.

One of the strategic themes positioned as part of our strategy defined in 2019 was the revamping of the Liberty Braamfontein campus. The evolution of work and return to the office were major themes influencing our plans during 2021. As we prepared for 2022 and beyond, Liberty took the opportunity to prepare our campus to provide future ready accommodation in a modern way that we anticipate will inspire our employees and provide a competitive employee experience.

Board changes

After eight years of dedicated service, Anthony Katamba resigned from the board and its committees on 18th February 2021, Samuel Fredrick Mwogeza was appointed as director representing Stanbic Holdings on 25th March 2022.

Great thanks go to our loyal clients and affinity for believing in us. My heartfelt thanks go to Stuart Weinman, for the wonderful service he has offered to Liberty Africa Insurance as CEO and steering the Liberty business at large.

Looking forward

I look forward to the year LLAU joins the UGX 50 billion GWP club. This is a target only achievable if we maintain our amazing track record of great service delivery to our customers and affinity partners. We are working around being the business people want to work with. This has been structured into our strategy of wowing the internal and external customers.

Appreciation

I would love to express my sincere gratitude towards Management and employees for their dedication towards fulfilling their promises to the board and the never-ending needs of our clients and affinity partners. Great

thanks go to our loyal clients and affinity for believing in us. My heartfelt thanks go to Stuart Weinman, for the wonderful service he has offered to Liberty Africa Insurance as CEO and steering the Liberty business at large. I wish him the very best of whatever he is to do next. I would like to thank him for his inspirational leadership and acknowledge his dedicated executive team for going beyond the call of duty on so many occasions.

I would like to thank my fellow board members for their unwavering support, significant contribution to board and committee deliberations and dedicated service to Liberty over the years.

Gerald Ssendaula
Chairman



Have you considered how your family would cope financially without you?



LIBERTY

In it with you

- Sustain the standard of living for those left behind by purchasing life cover to secure you during the COVID-19 pandemic and after it has passed.
- Sudden passing comes with unexpected expenses!

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Email: info@liberty.co.ug

Talk to us today

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Mr. Gerald M. Ssendaula



Mr. Mike du Toit



Samuel Mwogeza



Mr. Mayur M. Madhvani



Mr. Joseph F. Almeida



Ms. Patrícia A. Ojangole

Board of Directors

Mr. Gerald M. Ssendaula **Chairman Board**

Independent Non-Executive Director
Bachelor of Commerce-University of Nairobi
Diploma in Banking -Institute of Bankers.

APPOINTED- May 2013
Committee: None

Mr. Mike du Toit **Non-Executive Director**

Career banker with extensive experience
in the financial services field across Sub
Saharan Africa having worked and lived
amongst others, Botswana, Mozambique,
Kenya, South Africa and Uganda.

APPOINTED: March 2010
COMMITTEE: Investment Committee

Samuel Mwogeza **Non-Executive Director**

Master of Business Administration: Edinburgh
Business School.
Certified Public Accountants Uganda
(CPA - Uganda)
Bachelor of Commerce degree with major in
Accounting from Makerere University.
APPOINTED 28th January 2021
Committee: None

Mr. Mayur M. Madhvani **Non-Executive Director**

Joint managing Director of the Madhvani group of
companies, a family controlled diversified
conglomerate with business interest in East Africa,
India North America and Canada, entrepreneur with
a wealth of experience in developing businesses in
challenging circumstances

APPOINTED: May 2007
COMMITTEE: None

Mrs. Patricia Adongo Ojangole **Independent Non-Executive Director**

B. Com (Hons.) - Makerere University,
Association of Certified Public Accountants
(UK), MBA-Eastern and Southern Africa
Management Institute (ESAMI), Master
of Philosophy in Development Finance-
University of Stellenbosch, Cape Town, • PhD in
Development Finance - On going

APPOINTED: 12th November 2020
COMMITTEE: Audit and Risk

Mr. Joseph F. Almeida **Managing Director**

Associate of the Chartered Insurance Institute
(UK) with over 30years experience in insurance
spanned from senior and executive management
roles in various countries not limited to United
Kingdom, South and East African countries to
mention just a few.

APPOINTED:2005
COMMITTEE: Investment Committee

Managing Director's Report

Despite 2021 proving to be an exhausting but exhilarating year as we had anticipated that the pandemic may have had a lesser impact than 2020, the opposite proved to be the case with the second and third waves proving to be devastating for our community. However, Liberty delivered a solid performance beyond expectations and ensured continuity of operations. We are well positioned to deliver on our strategy.



Joseph Almeida - Managing Director



In a market of nine Life insurance Companies, we enjoy a market share of 12.4%. We intend to take advantage of the growing industry that has 0.77% of the GDP as market penetration and drive this business all the way to the top.

We have had to adapt to the adverse global economic conditions and adopt ways to achieve our targets for the year 2021. We remain committed to fulfilling the promises to all our stakeholders in this business. The performance from 2021 has therefore set the tone of achieving greater in this cut-throat industry.

We had hoped that 2021 would prove to be a better year than 2020, but it began in a very difficult place for everyone around the world. There was a tremendous tragedy unfolding around us with new stories of staff members, colleagues, family members and friends passing away emerging every day. People were frightened and disorientated by the second COVID-19 wave, and we did our best to help them find purpose in their work and in what we do. The toll was evident in our business too, with elevated claims.

In a market of nine Life insurance Companies, we enjoy a market share of 12.4%. We intend to take advantage of the growing industry that has 0.77% of the GDP as market penetration and drive this business all the way to the top.

In terms of fulfilling our purpose, Liberty's reaction to the pandemic remained committed and responsible. Despite the impact on our people, we stood up to the task of honoring our promises and fulfilling our purpose in a time of need, while holding our nerve and preserving the strength of our balance sheet.

Claims paid amounted to
Shs 7.8bn
as compared to
Shs 4.6bn in 2020

The pandemic reflects the reason we exist. Responding in these times is a fulfilment of our purpose. We acknowledge our claims teams, advisers and operational people as they experience the trauma of the pandemic, managing the engagement with clients, or sadly their families, every day.

The mental and physical health of our teams remained of serious concern throughout the year.

We continued to do our best to support everyone and find things to celebrate. Keeping people positive and motivated was a daily demand on our leaders.

Analysis of 2021

During the year ended December 2021, the company made a net profit of Shs1.7Bn and was 64% lower than budgeted profit of Shs4.8bn and 34% lower than prior year's profit of Shs2.6bn of which the Health business posted a profit of Shs533m compared to a budgeted profit of Shs1.01bn and last year's profit of Shs574m and the life business posted a profit of Shs1.2bn compared to a budget of Shs3.8bn and last year's profit of Shs1.9bn. This was mainly due to the higher than budgeted life claims expense caused by the Covid 19 pandemic and lower than budgeted GWP and NWP as the business suffered low new business due to the effects of the pandemic on various aspects of the economy.

Net claims for the year were Shs7.8bn and are 47% above budget of Shs5.3bn and 72% higher than prior year of Shs4.6bn. This is comprised of Shs7.2bn life claims and Shs634m health claims. This was mainly because of Covid 19 pandemic. The Covid 19 claims received during the year were 93 in number and amounted to Shs2.3bn which was 32% of the life business total net.

At times like this, we found it invaluable to have the clarity of plans and programmes of work to help us keep moving forward. At the top of our list was to keep the adviser

channels energised and productive, delivering to the needs of our clients, so that we could restore and grow the volumes in the business. The rest of our plans remained in place and the teams continued to deliver the milestones and outcomes required.

Furthermore, the economic outlook for FY 21/22 is still uncertain due to the Russia-Ukraine war, the war continues to weaken the global economy, weather related natural disasters, trade policy uncertainty and technology fractions.

In response to the economic situation above, the Central Bank remained at 7% as at December 2021.

We continued to encourage everyone to focus on what mattered, to be fair to themselves and their colleagues, and to aim to do their best rather than aiming for perfection. We worked to declutter processes and remove unnecessary complexity, to try and just keep things simple, knowing that disruption lay ahead.

Employee, adviser and client health and safety remained critical for us. While we were predominantly committed to WFH (Work from Home) for everyone, we slowly encouraged small team meetings and get-togethers. A large focus during the year was preparing for employees to return to the office in 2022.

Liberty continued to focus on our set targets and grow the desired volumes of business come end of the year.

Regulator's impact on the business

The Regulator requires maintaining a Capital Adequacy Ratio (CAR) over 200%. We monitor the company financial position which currently stands at 264% as CAR. This provides us with the comfort of handling short term liabilities.

All insurers are required to apply the IFRS17 in financial reporting come 2023. We have conducted training for all relevant departments that will be impacted by this development. As of this year, we're already in the process of implementing IFRS17 in financial reporting. We believe this standard is reliable to the public eye.

The Board of the Insurance Regulatory Authority approved, and the Insurance (Oil and Gas) Regulations forwarded to the Ministry of Finance for his signature. We believe these regulations present an opportunity for us in the oil and gas sector, which is a focus area for the year 2022. We are more than prepared to play our part in this this sector that bears great risks.

Looking forward

We strive to be the trusted leader in insurance and investment in Africa and other chosen markets. The government envisions increase in household incomes and an improvement in the quality of life. Their strategy is to increase local content participation; provide a suitable fiscal, monetary and regulatory environment for the private sector to invest; reduce transport costs. Health services will be restructured to focus more on disease prevention using a multisectoral approach as opposed to the current curative focused model. Ours is to make a difference in people's lives by making their financial freedom possible. We see this as our responsibility to empower our clients - individuals, small businesses, and large corporate institutions by offering the best suitable risk benefit solutions for their staff or members.

The board took the decision to implement a vaccine mandate policy for all employees and we remain on track for implementation in April 2022. We continue to listen carefully to the feedback from our employees and other stakeholders.

We recognize the resurging cost-push inflation and have put up measures to ensure the going concern of our business. We have been able to manage our costs

on that end. In the same spirit, we also recognize our high premiums in the Uganda market. We however do not compromise on the quality of services we provide. Fortunately, we do have flexible premiums that are the subject of approval from Group.

Appreciation

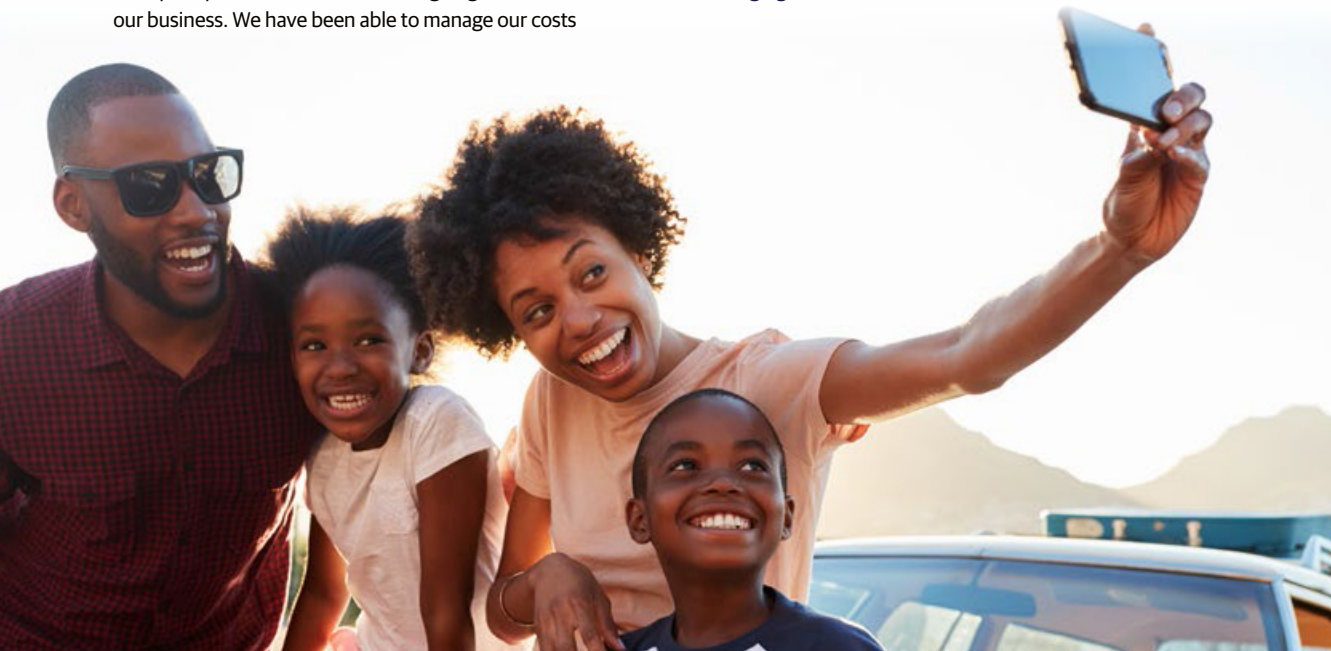
With hindsight, we are reminded that as 2021 closed, we experienced elevated levels of anxiety as to the speed and severity of the spread of the third COVID-19 wave in Uganda. Holidays were well earned and were the restorative tonic required for most of our people as we see a positive and optimistic mood amongst them so far this year

On behalf of Management, we would like to thank our shareholders, board, employees and financial advisers for their exceptional efforts in responding to our needs of ensuring this business moves forward.

We are grateful to our clients, investors, suppliers, and the communities in which we operate for their continued support. We're in this together to deliver the promises to all stakeholders in this business as we hope for future success.



Joseph Almeida
Managing Director





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What did the life insurance salesman say to the woman after describing his policy?

"Call me tomorrow if you wake up!"



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Liberty Executive Committee



Mr. Joseph F. Almeida
Managing Director



Associate of the Chartered Insurance Institute (ACII UK)
Joined Liberty: 2005
JOINED EXCO: 2005

Joan Musiime Mwendha
Country Head Finance



Bachelor's degree in Commerce (B. Com Hons.)- Makerere University
Certified Public Accountants of Uganda (CPA-U) and a Fellow of the Association of Chartered Certified Accountants (ACCA). Master of Business Administration-Edinburgh Business School.
Joined Liberty: 2018
JOINED EXCO: 2018

Davis Mugabi
Risk and Compliance Manager



Diploma in Law-Law Development Centre, International Certificate in Banking Risk and Regulation- Global Association of Risk Professionals, Post Graduate Diploma in Financial Management-Uganda Management Institute, Bachelor Of Commerce (Accounting) B.Com-Makerere University Kampala
Joined Liberty:2020
JOINED EXCO:2020

Ms. Cissy Nanfuka
Head Corporate Sales



Diploma in Nursing from Kyambogo school of Health Sciences, Certificate of Insurance practice.
Joined Liberty: 2015
JOINED EXCO: 2018

Dr. Francis Kasozi
Head of Operations Health



Mbarara University of Science and Technology, MUST, MBCHB DEGREE. Nkozi University, master of science in health services management, MSC HSM. Nkozi University, Master Of Science In Business Administration, MBA (ongoing)
Joined Liberty: 2014
JOINED EXCO: 2017

Ms. Olive Adera
Executive PA, Board Officer and Strategic Projects Manager



Post Graduate Diploma in Marketing Management (UMI); Associate of the Chartered Institute of Marketing (ACIM UK); Certified SAFE 5 Advanced Scrum Master (SASM); Chartered Personal Executive Assistant (CPEA)
Joined Liberty: 2013
JOINED EXCO: 2018

Frank Tindyebwa
Country Head Health



Bachelor's degree in Education from Makerere University.
Joined Liberty: 2013
JOINED EXCO: 2015

Agatha Namara
Head Retail and Marketing



Diploma in Insurance - Ongoing - Insurance Training Institute.
Master of Science in Finance and Accounting, - Makerere University Business School
Bachelor of Business Administration- Makerere University,
Joined Liberty:2014
JOINED EXCO:2017

Ms. Gloria Besigye
Head of Operations



Bachelors in library and Information Science
Masters in Business Administration - Ongoing
Joined Liberty:2007
JOINED EXCO:2021



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4TIMES WINNER!

Financial Reporting Award (FiRe)



1.

2021

**Winner Insurance
category**

2.

2020

**Winner Insurance
category**

3.

2019

**Winner Insurance
category**

4.

2018

**Winner Insurance
category**

Financial review

Supporting Transparency, integrity and accountability in the financial reporting process remains an important part of who we are.



Joan Musiime Mwendha
Country Head of finance

Introduction:

While the COVID-19 pandemic remained with us and continued to adversely impact the company's business operations, signs of recovery were visible in 2021. The year started well with a positive outlook on economic growth compared to the previous year as the pandemic was coming to an end however this was quickly countered in the 2nd half of the year that saw the 2nd wave of the Covid 19 pandemic adversely affecting business due to high claims stemming from high infection and mortality levels.

The high number of infections saw government institute a 42-day lock down in a bid to reduce infections and manage hospital capacity. This further impacted economy growth and despite all the above challenges, Liberty Life Uganda was resilient during the year and recorded a profit during the year

Summary of the results as at 31st December 2021

Liberty Life Uganda reflected a total net profit of Shs1.7billion which was below the prior year earnings of Shs2.6 billion. While investment gains were slightly lower than the prior year and contributed to the earnings result, reinsurance costs increased, and commissions increased in line with new business volumes and negatively impacted the result. Administrative expenses were well managed and were only 4% higher than prior year due to the COVID-19 austerity measures applied in the business. The pandemic effects of the second wave were severe and the Liberty Life Uganda operations reflected the challenging conditions. Significant COVID-19 related death were incurred leading to a re-assessment of the COVID 19 reserve in June 2021 and again in December 2021 and as a result a reserve release of Shs 311 million was made to reserve in 2021 following an improvement later on in the year as infections reduced.

The health business posted a profit of Shs533m compared to a budgeted profit of Shs1.01bn and last year's profit of Shs574m and the life business posted a profit of Shs1.2bn compared to a budget of Shs 3.8bn and last year's profit of Shs1.9bn.

Five year performance

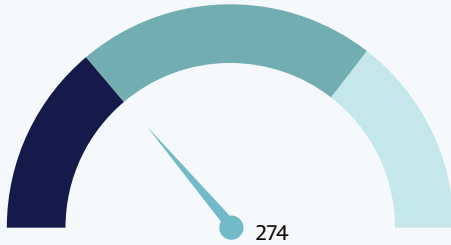
Year	2021	2020	2019	2018	2017
Statement of comprehensive income (Shs'M)					
Insurance premium revenue	42,550	40,195	41,630	35,609	37,568
Reinsurance premium ceded	15,010	14,271	12,970	14,373	15,138
Net insurance premium revenue	27,540	25,924	28,660	21,236	22,430
Investment and other income	1,640	1,801	1,057	1,555	2,192
Total income	29,180	27,725	29,717	22,791	24,622
Net claims expense	7,845	4,560	5,645	5,153	4,709
Net commission expense	5,453	5,277	3,856	4,195	1,947
Administration expenses	14,555	14,047	17,409	14,962	10,650
Profit before tax	2,270	3,702	3,664	87	7,209
Profit after tax	1,705	2,604	2,638	48	5,187
Statement of financial position (shs'M)					
Financial instruments	16,410	15,594	13,743	15,242	17,578
Total Assets	32,493	31,660	30,402	31,345	38,701
Policy holder liabilities	5,937	6,675	7,198	8,148	13,095
Total liabilities	14,172	15,045	16,390	19,971	20,527
Shareholders' Equity	18,321	16,616	14,012	11,373	18,174
Return on Equity	9%	16%	19%	0.4%	29%
Statement of cashflows (shs'M)					
Net cash from operating activities	470	814	36	4,069	1,499
Net cash from investing activities	-1,081	-2,175	1,208	1,977	2,532
Net cash used in financing activities	-86	-265	-232	-	-4,960
Total cash at the end of the year	2,985	3,704	5,872	4,860	3,840
Key ratios					
Reinsurance Ratio	35%	36%	31%	40%	40%
Net claims ratio	28%	18%	20%	24%	21%
Net commission expense	20%	20%	13%	20%	9%
Gross expense ratio	34%	35%	42%	42%	28%
Net expense ratio	39%	39%	47%	54%	47%
Combined ratio	87%	77%	81%	98%	77%

Key performance measures

Our financial performance for the 2021 continued to be measured against three key performance metrics namely Capital Adequacy Ratio (CAR), Value of New Business (VoNB) and Return on Equity (ROE). Performance against these Targets is summarized below.

Capital Adequacy Ratio - 274%

(2020: 307%, Target Capital Adequacy Ratio: 200%)



The Capital Adequacy Ratio remained strong despite reducing from 307% to 274%, it was still within the required minimum CAR of 200%. The reduction was due to the implementation of the Risk Based Capital requirement in 2021 with the capital requirement changing from the estimated minimum requirement of Shs4500 000 000 used in 2020 to the assessed Shs6.2 billion in 2021. The Company is solvent as at 31 December 2021.



Value of new business (VoNB) margin:

6.1%

(2020: 4.5%, Target: 4%-5%)

This measures the present value of the projected net profit expected from business covered arising from sale of new policies and from one off premium increase arising from increase in benefits offered on existing business. The Company's VoNB margin increased to 6.1% from 4.5% as at 31 December 2020. This was higher than the targeted VoNB for 2020 of 5%. This was mainly attributable to the growth in new business by 10% from Shs11.4 billion to Shs12.6 billion and an improvement in the net expense ratio to 38.6% from 38.7% in the prior year. Improving margins and increasing volumes remain a primary focus of management.



Return on Equity

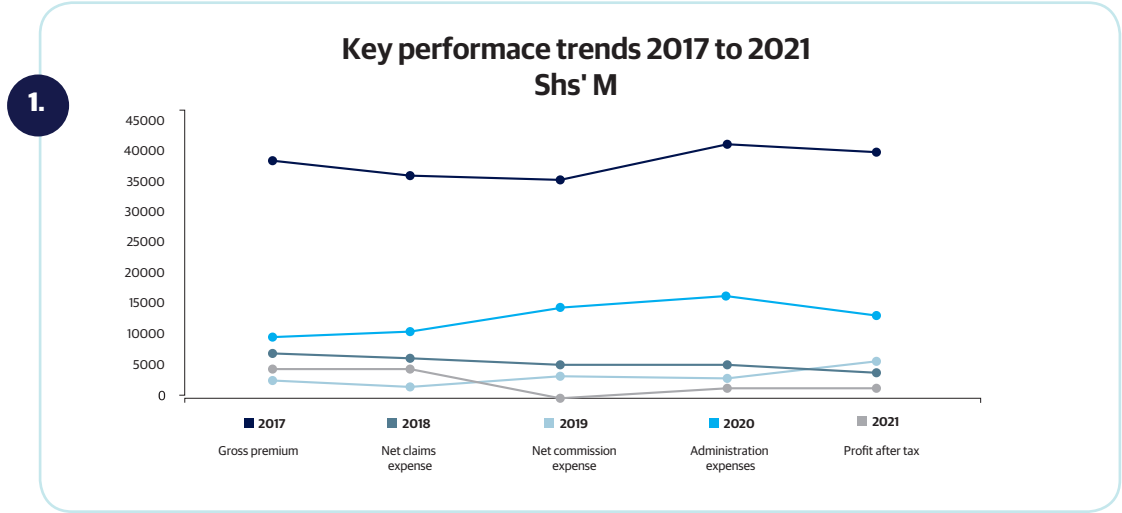
9%

(2020:16%, Target 15-18%)

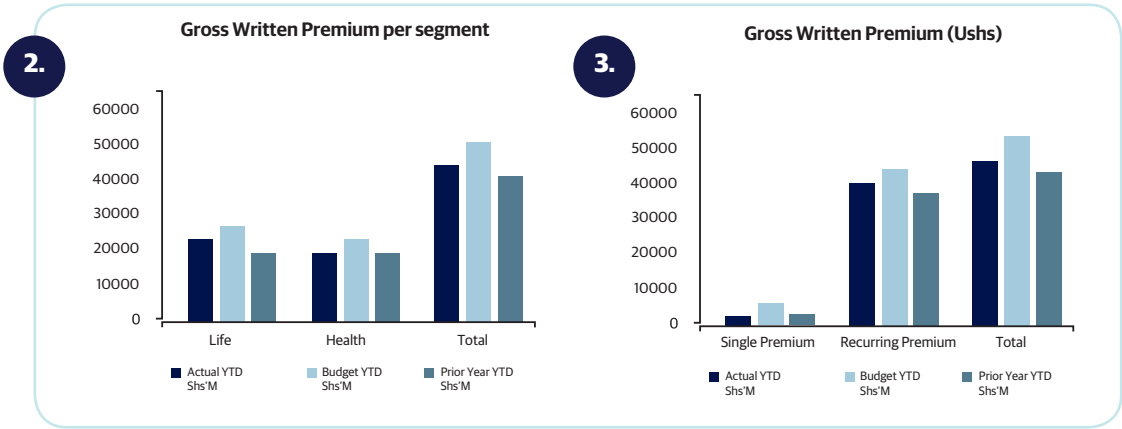
The return on equity reduced to 9% from 16% from the prior year as during the year there was a capital injection of Shs1,500,000,000 due to changes in the regulatory capital requirement from Shs3,000,000,000 to Shs4,500,000,000 for insurance companies.

There was also a reduction in profit due to the increase claims and adverse business environment caused by the Covid-19 pandemic that further affected the ROE. We continue to focus on achieving sustainable returns and ensuring that we provide solutions that enhance financial freedom for all our customers and other stakeholders.

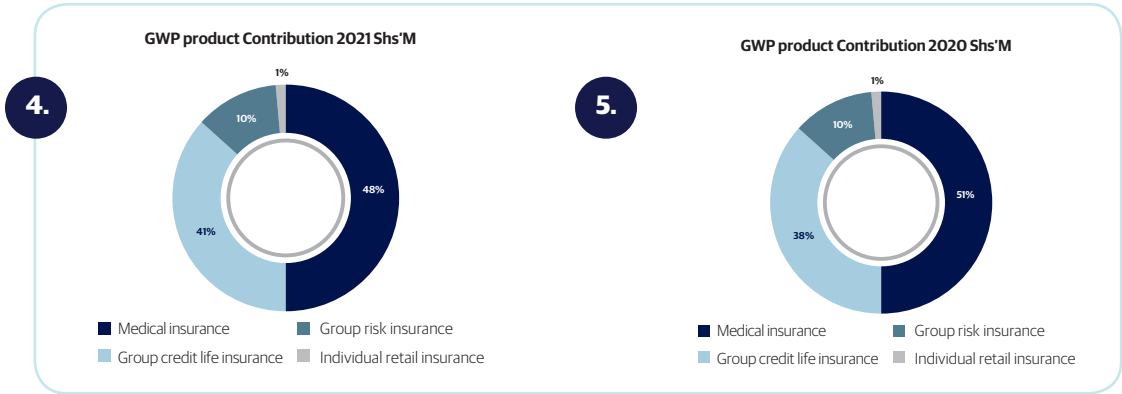
2021 financial performance overview



Statement of comprehensive Income



Contribution of the products classes to the year's GWP is as below.



Insurance premium revenue

Despite the adverse economic conditions during the year ended 31st December 2021, Gross written premium grew by 6% from Shs40.2 billion in 2020 to Shs42.6bn although it was 17% lower than budgeted premium of Shs51 billion with the health business growing by 0.5% from Shs20.3billion in 2020 to Shs20.4 billion (budget Shs24billion) in 2021 and the life business growing by 11% from Shs19.9 billion in 2020 to Shs22 billion (budget Shs27.1 billion) in 2021.

Single premiums grew by 12% compared to same year last year due to the new business on bancassurance and growth in the Retail segment though were 45% below budget due to the adverse times that made new business mining on retail difficult. Recurring premiums grew by 5% due to the general growth in business on all lines of business and were 17% lower than budget due to the lower new business received during the year mainly due to the effects of the pandemic on the economy.

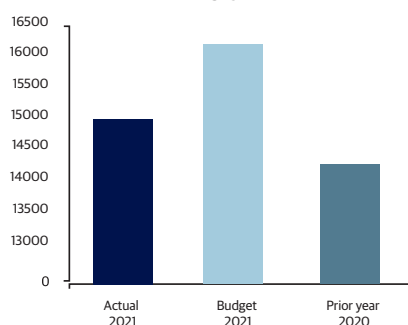
Refer to graph No. 2 and 3.

Contribution of the products classes to the year's GWP.

The medical product contributed the largest proportion to GWP of 48% (2020: 51%) while Group Credit life contributed 41% (2020: 38%), Group risk 10% (2020: 10%) and Retail 1% (2020: 1%). The reduction on medical business compared to prior year was mainly due to the non-renewal of one major key client during the year, whilst the growth on Credit life is due to the growth in bancassurance new business. *The gap on budget is as explained in GWP above graphs 4 and 5..*

6.

Reinsurance Premium Ceded
Shs' M



Reinsurance premium ceded

The amount of business passed on to the reinsurers during the year was 35.3% compared to 35.5% in the prior year, which is in line the company's current year reinsurance strategy and budgeted reinsurance ratio of 32%. The company's reinsurance strategy targets reinsurance of between 30%-40% depending on the business mix during the year. This ratio is important as it cushions the business from potential losses that may arise out of high uncertain claims, creates stability and consolidates financial strength.

The 5% increase in the reinsurance expense year on year (2021: Shs15 billion Vs 2020: 14.3 billion) is in line with the growth in Gross Written Premium and the business mix during the year.

Review of the 2021 reinsurance arrangements

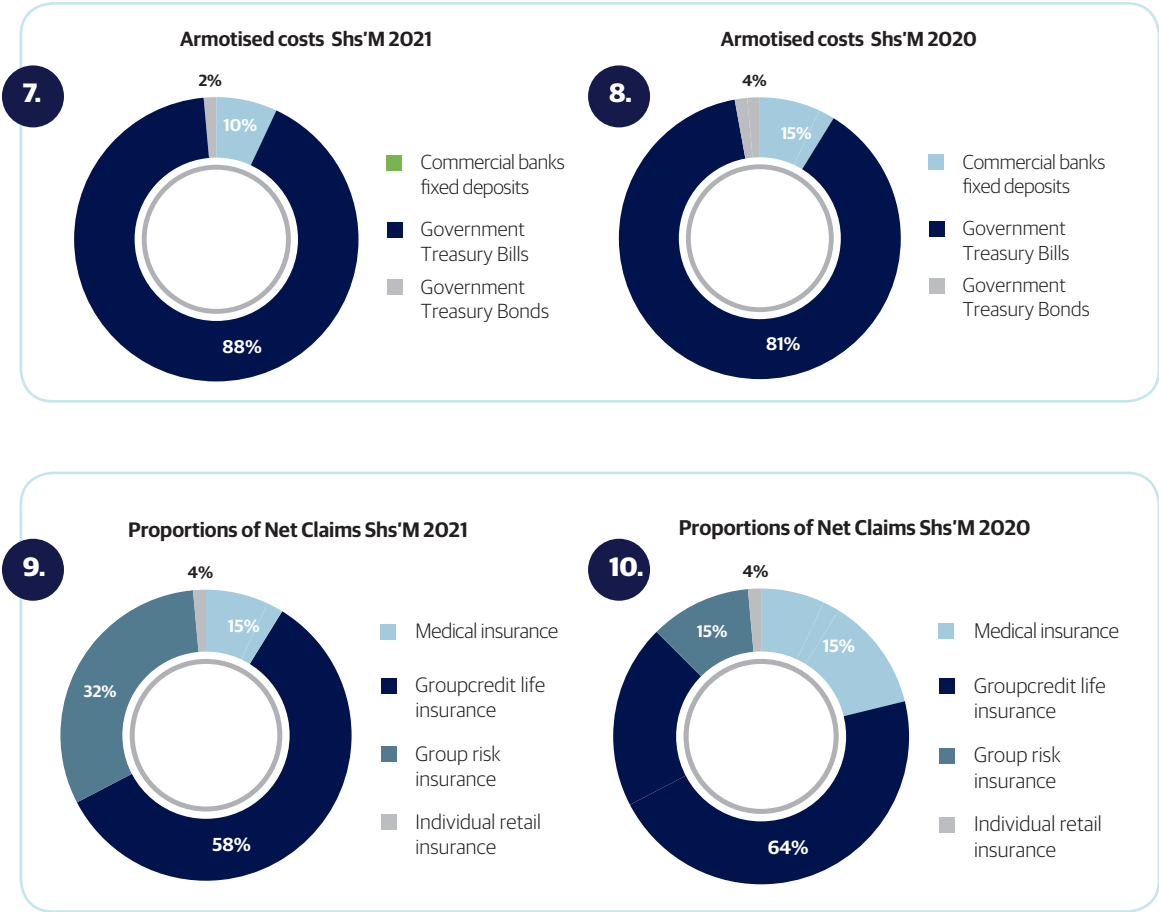
This was as below;

	Group Credit Life	Stanbic Credit life	Groupe Assurance	Health	Total
	Ush'm	Ush'm	Ush'm	Ush'm	Ush'm
Reinsurance premiums	(1,181)	(295)	(538)	(12,996)	(15,010)
Claims Recoveries	529	146	540	12,051	12,266
Reinsurance commission margin	174		74		248
increase in net reserves	85	6	32	85	208
Reinsurance profit (loss)	(393)	(144)	108	(860)	(1,288)

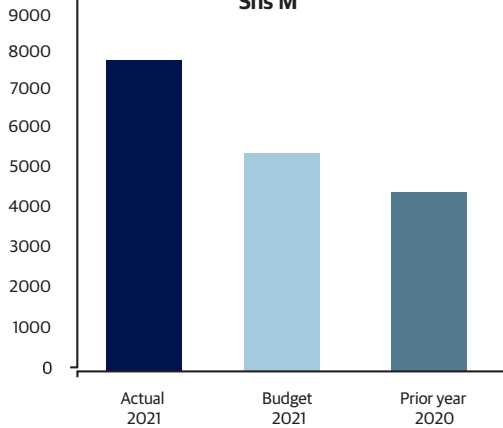
Review of the 2021 reinsurance arrangements - continued

The reinsurance loss to the Company in 2021 was Shs1.3 billion as shown in the table above compared to Shs1.9 billion in the prior year which was an improvement of 32% indicating a more appropriate reinsurance arrangement. On the Health/ Medical business, Group credit life and Stanbic - this was mainly due to low claim recoveries from reinsurers compared to the reinsurance premiums paid. The reinsurance recoveries were higher on Group Life Assurance in line with the high claims experience on GLA during the year. There was an increase in the reinsurance reserves on all classes of business

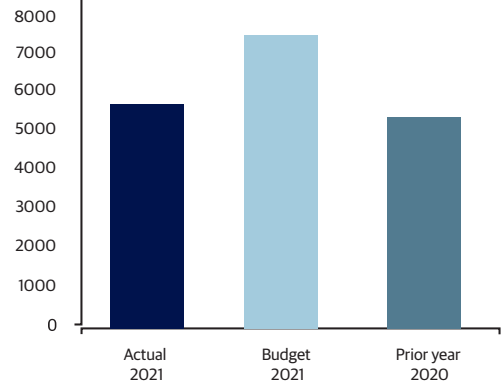
In general, reinsurance losses are expected as it is not uncommon to cede some profits to reinsurers in exchange for risk protection. Nonetheless, reinsurance is important to mitigate, amongst other things, solvency risk and to reduce earnings volatility. However, the reinsurance loss should be carefully managed down so that it does not reduce earnings materially. The reinsurance terms and arrangements are reviewed regularly to ensure the cost of reinsurance is justified by the benefits of reinsurance obtained by Company namely risk protection and technical support and services. The Company carries out such reinsurance reviews annually to continually optimize its reinsurance arrangements.



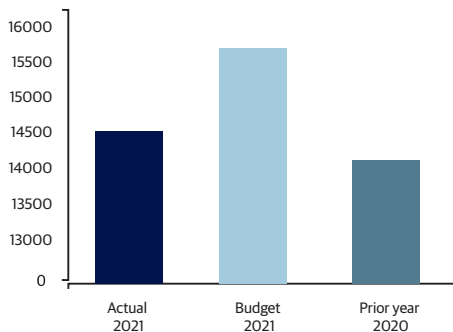
11.

**Net Claims
Shs'M**

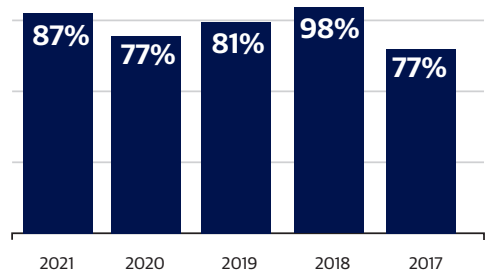
12.

**Net comission expenses
Shs'M**

13.

**Administrative Expenses
Shs' M**

14.

**Combined Ratio
Shs' M****Return on Investment**

The total investments for the year grew by 5% from Shs15.4 billion to Shs16.2 billion. *These are comprised as the above graphs 7 and 8.*

The performance of the investment fund was largely stable during the year with a weighted average rate of return of 11% (2020: 11.6%) largely due to the economic downturn caused by the Covid 19 pandemic. Overall, 88% of the investments were held in treasury bills, 10% in fixed deposits and 2% in treasury bonds. Due to the adverse economic conditions, management chose to focus on investment in Treasury bills in line with the company's investment strategy which were more stable during the year hence the growth in portfolio share from 81% in 2020 to 88% in 2021. The interest rates dropped during the year with

Treasury Bill rates dropping on all tenors in 2021, the primary auctions for December closed with treasury bill yields for the 91-day, 182-day and 364-day tenors at 6.5%, 8.5% & 10.4% respectively from 8.0%, 10.71% & 13.2% at end of January 2021. This was largely attributed to continued offshore interest in local paper and increased market liquidity. While the portfolio earnings remain vulnerable to ongoing uncertainty and continued volatility being experienced in the markets, the portfolio is now aligned to a more conservative benchmark and is managed to maintain a stable capital coverage ratio.

Net claims expense

The net claims ratio was 29% compared to 18% in the prior year and a budget of 15%. This ratio is a measure of the claims paid in relation to the net premium earned, which is important for the Company to assess the profitability of the various classes of business offered as to devise better claims management systems enable achievement of both the customers' and the Company's objectives.

The net claims incurred for the period grew by 72% from Shs4.6 billion in 2020 to Shs7.8 billion in 2021 and were higher than budget of Shs5.3bn by 47% which cemented our promise to our clients, their families and dependants that we are in it with them and are there to support them at the most profound moments of human vulnerability as well as our commitment to doing business the right way.

Refer to graphs 11.

Contribution of the products classes to the year's Net Claims incurred, *is as shown in graphs 9 and 10.*

The claims proportion was in line with the claims experience during the year with Group risk growing from 15% in 2020 to 32% in 2021 due to the high mortality rates caused by Covid 19. Group credit life continued to carry the biggest proportion of claims in the year at 58% compared to 64% in 2020. During the year we had 8 claims above Shs100m compared to 6 claims in 2020. Medical claims reduced from 19% in 2020 to 8% in 2021 due to changes in the retention from 15% to 5% in line with the reinsurance treaty. Retail claims remained constant at 2%.

Net commission expense

Net commission expenses for the year are Shs5.5bn and are 28% below budget of Shs7.5bn and 3% higher than prior year of Shs5.3bn. The net commission expense for the year is comprised of Shs4.4bn for the life business and Shs1.1bn for the health business. The net commission ratio reflects the costs of business acquisition. The commission ratio is at 19.8% (budget- 21.5%) compared to 20.4% in 2020. The net commission ratio reflects costs of business acquisition during the period. The movement in the commission expense is in line with the GWP for the year thus no significant variances noted. *Refer to graph no. 12*

Administrative expenses

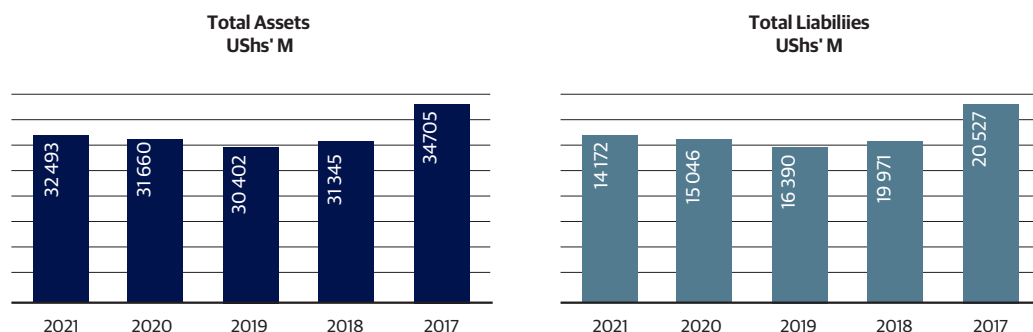
Total operating expenses of Shs14.5bn were 9% below budget of Shs16bn and 2% higher than previous period expenses of Shs14.3bn. Gross expense ratio reduced by 1% from 35% in 2020 to 34% in 2021 whilst the net expense ratio remained constant at 39%. This was mainly due to reduction in administrative costs following adaption of the work from home model during the lockdown due to the COVID-19 pandemic. Management is committed to reduce costs in a sustainable manner in line with the set targets. The expense ratio enables management measure how much of the net written premium is used to cover operational and administrative expenses. *Refer to graph no. 13*

Combined ratio

The combined ratio grew by 10% to 87% in 2021 compared to 77% in 2020. This ratio measures how much of the net written premium is utilized for payment of claims, commissions and operating and administrative expenses. The key driver for the increase in this ratio was mainly the 72% growth in incurred claims as explained due to the effects of the Covid 19 pandemic. *Refer to graph no. 14*

Statement of financial position.

Total assets and Total liabilities.



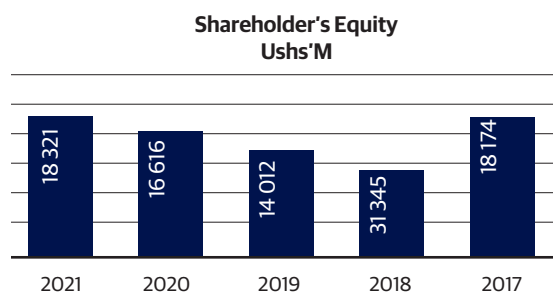
The total asset base as at 31 December 2021 was Shs32.4 billion compared to Shs31.7 billion in 2020 which was a 3% growth over the prior year. This was mainly comprised of 50% investment in financial instruments, 27% prepayments and 9% cash and bank balances. There was no significant change in the total assets value year on year with the increase arising from growth in the investments in financial instruments. This result is attributable to strong commitment of management to growing the investment portfolio through premium revenue growth and investment in strong performing market instruments.

The company's total liabilities reduced by 6% to Shs14.2 billion in 2021 from Shs15 billion in 2020. The reduction was mainly due to settlement of key liabilities mainly reinsurance, commission and claim payables in financial instruments. This result is attributable to strong commitment of management to growing the investment portfolio through premium revenue growth and investment in strong performing market instruments.

The company's total liabilities reduced by 6% to Shs14.2 billion in 2021 from Shs15 billion in 2020. The reduction was mainly due to settlement of key liabilities mainly reinsurance, commission and claim payables.

Shareholder's equity.

The shareholder's equity has been steadily growing since 2018 and is currently at Shs18.3 billion which was a growth of 10% over 2020. This was mainly due to the growth in total assets mainly boosted by the growth in investments.



**Shs 18.3
BILLION**

which was a
growth of
10% over 2020.

Capital management

The Company monitors its Capital Adequacy Ratio (CAR) in line with the measures established by the insurance regulatory authority of Uganda and in line with the Company's risk appetite. As at 31 December 2021, the Company's CAR was 274% compared to 307% in 2020 and 249% in 2019 which has been consistently above the stipulated regulatory minimum CAR requirement of 200% for the past three years to date.

The capital management strategy is designed to ensure that the company remains within risk appetite with sufficient capital to meet strategic initiatives, as well as regulatory and working capital requirements. The allocation and use of capital are designed to generate a return that appropriately compensates investors for the risks incurred. The group strategy is that capital is deployed to each legal entity within the group such that the available capital exceeds its applicable regulatory capital requirement. Appropriate buffers allow the group to be managed within its risk appetite.

Available capital is the amount by which the value of the assets exceeds the value of liabilities, both measured on the prescribed basis. The company ensures that available capital is of suitable quality and is accessible when required. As at 31st December 2021, the available capital was Shs15.8 billion compared to Shs13.8 billion in 2020.

The capital buffer is the amount by which available capital exceeds the solvency capital requirement. The company maintained a positive capital buffer within our targeted range and in order to ensure compliance to local regulatory requirements.

The company's dividend policy, which is in line with the group's dividend policy, takes cognizance of capital requirements. All dividends are only approved where they do not compromise capital adequacy. There was no dividend declared for the year 2021 as in the prior year.

Despite the significant financial impacts resulting from the pandemic Liberty Life Assurance (U) Limited comfortably met all the Insurance Regulatory Authority's capital requirements. During the year, a capital injection of Shs1,500,000,000 was made in line with the regulatory requirements.

The company's capital position is reported quarterly to the board. The board considers reports from management before dividends are declared.

Sensitivity Analysis.

The company monitors the impact of various factors on its future financial position, liquidity, and performance by performing various sensitivity analysis. The key performance measures that have a significant impact on the company's future performance are summarized as below;

Capital Adequacy Ratio (CAR): This is mainly impacted by the changes in the insurance regulations such as changes in the minimum required share capital. The company uses the risk-based approach to monitor the CAR to ensure that this does not fall below the prescribed regulatory minimum of 200%. If there is a future increase in the minimum required share capital, there would be an increase in the company's capital adequacy/Solvency level and the decrease in the share capital would have a negative impact on the solvency.

Value of new business (VoNB) margin: This is affected by the business risk whereby the company in future may not be able to grow its market share hence a reduction in the future premium revenue and profitability. And a future increase in the new business would have a positive impact on the company's profitability.

Return on Equity: Excluding new business growth explained above, the other key driver of the company's income is the interest income on investments. This is impacted by the change in interest rates on key investments mainly commercial banks fixed deposits and government treasury bills. A future increase in the rates would have a positive impact on the company's profitability and the reverse is true.

Liquidity Management Strategy

The Company has an Asset Liability Matching (ALM) mandate that specifies the short- and long-term assets that may be used to cover for the respective liabilities. It further sets out a maximum acceptable variance of +/- 5% between each asset and liability. Under this mandate management performs a monthly ALM and thus it can determine if all short- and long-term commitments are adequately backed by the respective assets. All variances above the acceptable limit are investigated and resolved by management.



Capital Expenditure

The Company through its annual budgeting process identifies its capital expenditure, new products or research and development expenditure needs. Capital expenditure for property plant and equipment such as Motor Vehicles and computer equipment's are purchased in line with budget and maintained in country. New product, research and development needs identification is driven by the group company (Liberty Africa) and subsequently implemented across the different subsidiaries including Liberty Life Uganda.

We also anticipate key developments in the insurance industry **with the implementation of the new Risk Based Supervision and additional capital requirements for insurance companies** thus strengthening the industry and enabling us to meet our obligations and serve our customers better.

Statement of cashflow analysis

The Company's cashflow from operating activities reduced to Shs470 million in 2021 from Shs814 million in 2020. The movement in the operating cashflows was in line with the movements in the cash receipts and cash payments during the period.

Cashflow from investing activities decreased to Shs (1.1) billion in 2021 compared to Shs (2.2) billion in 2020 mainly explained by a cash outflow for investment in financial instruments during the year.

There was a 68% decrease in the cashflow used in financing activities to Shs86 million from Shs265 million in 2020. This relates to interest charge on the finance lease liability in line with the requirements of IFRS 16.

Overall, there was a net cash outflow of Shs697 million compared to Shs1.6 billion in 2020.

Cashflow from investing activities decreased to
Shs (1.1) billion in 2021



compared to
Shs (2.2) billion in 2020

Outlook for the 2022

We remain very optimistic about 2022 as we are projecting a bounce back of the economy due to the reopening of the economy and key developments in the group with Standard Bank Group (SBG) acquiring all of the ordinary and preference shares issued by Liberty Holding Limited (LHL) other than the shares already held by SBG.

We also anticipate key developments in the insurance industry with the implementation of the new Risk Based Supervision and additional capital requirements for insurance companies thus strengthening the industry and enabling us to meet our obligations and serve our customers better. The anticipated developments in the oil and gas industry also add a positive outlook to the year. We continue to invest significantly in innovation, technology and infrastructure to anticipate the needs of our clients and ensure we continue to create sustainable value for our stakeholders. In alignment with our strategy, our solution development approach places clients at the centre of our innovation and product development processes, making it easier to connect with them and ensuring their interactions with Liberty are as seamless as possible.



LIBERTY

In it with you



Financial Reporting awards 2021

Insurance Companies
Winner

Communication and Presentation
1st Runners Up

Corporate Governance Reporting
2nd Runners Up

Corporate Governance Report

Liberty conducts a variety of complex business operations in a highly regulated environment. Liberty is committed to an ethical and transparent governance process that provides stakeholders with a high degree of confidence that the group is being managed ethically, within prudent risk parameters and in compliance with international best practice.

We ensure that we comply with all relevant regulations. We do this not only for the good of the business and to create and preserve value for our stakeholders, but also because it is the right thing to do. The board considers sound corporate governance as pivotal to delivering on its purpose.

Liberty's governance, regulatory and leadership structure

The board is responsible for clearly defining roles and responsibilities, ensuring that its obligations are delegated to appropriate individuals, functions or committees. Day-to-day management of Liberty is assigned to key executives and senior management.

Liberty is a specialist life insurance company that was incorporated in 2006. As at 31 December 2021, the Company had two shareholders; Liberty Holdings Limited (51% shareholding), one of the largest life insurance companies Listed on the Johannesburg Stock Exchange and Madhvani Group Limited (49% shareholding), one of Uganda's largest and esteemed private enterprise groups.

The Company is a licenced Life insurance Company (Licence number IN/023/2020) under the Insurance Act, 2017 Laws of Uganda. The corporate structure is aligned to our vision of being the trusted leader in insurance and investment in Africa and other chosen markets.

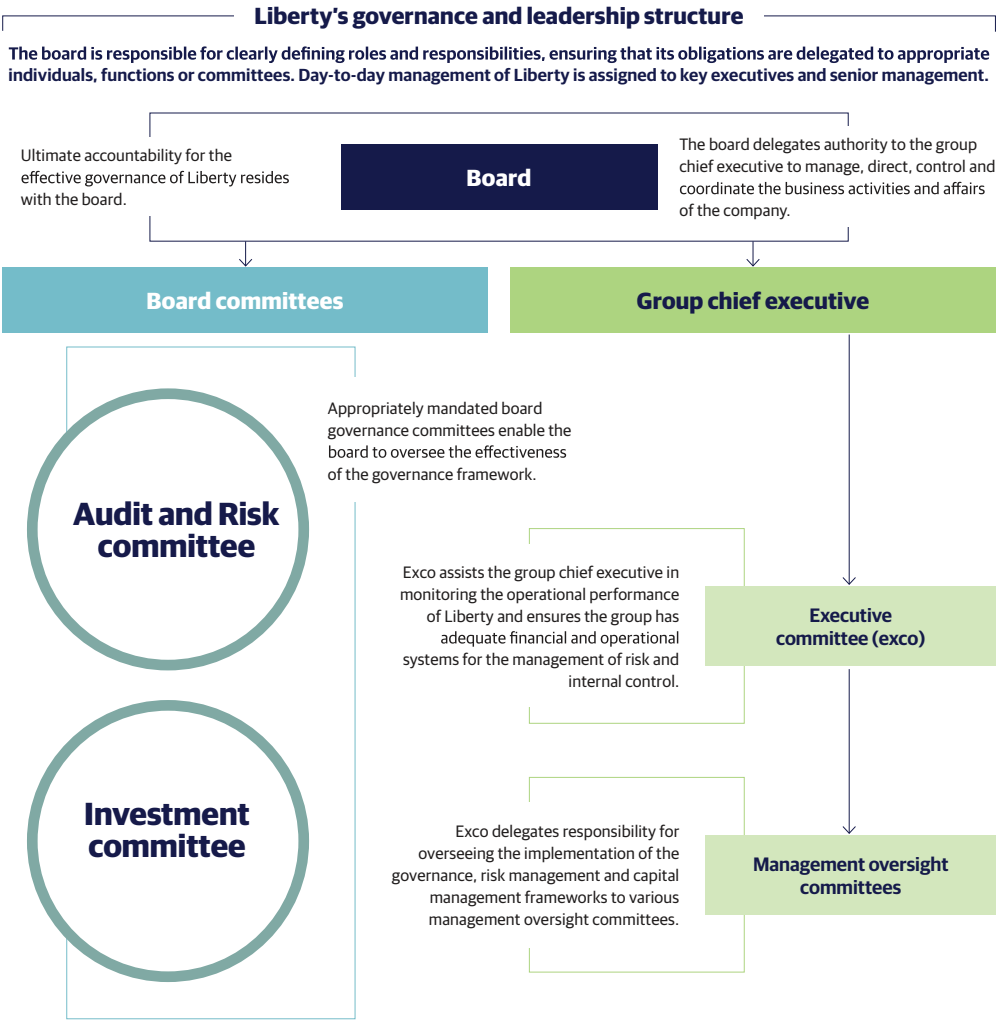
Ultimate accountability for the effective governance of Liberty resides with the board.

The board delegates authority to the group chief executive to manage, direct, control and coordinate the business activities and affairs of the company.

The Company's corporate governance approach is guided by the Company's Act 2012, Laws of Uganda, the Insurance Act 2017, Laws of Uganda. Liberty has further adopted the King IV Report. The above all set a comprehensive framework to guide effective corporate governance. The Company strives for a culture where each employee takes accountability and responsibility of ensuring that the right business is done in the right way. This is purposely influenced by setting the tone at the top and having values, ethics, and practices to assist in the achievement of our purpose and vision.

Effective corporate governance within an ethical environment creates value for all stakeholders by:

- Enhancing understanding of risk
- Balancing upside opportunities with the costs of risk
- Allocating capital to value-accretive activities
- Embracing an inclusive approach to business
- Improving brand and reputational coherence through responsible behaviour
- Establishing legitimacy through ethical leadership



Commitment to excellent leadership, ethics, and corporate governance

The board subscribes to the highest levels of professionalism and integrity in conducting Liberty's business and in dealing with stakeholders. Liberty has a board-approved code of ethics which has been communicated to all internal stakeholders.

The board oversees and monitors the consequences of the Company's activities and outputs, and its status as a responsible citizen.

The board is responsible for the overall strategic direction of the Company and is required to oversee the implementation of Liberty's business objectives and strategies, within its risk strategy and appetite, in line with its long-term interests.

The board considers the impact of strategic actions on clients, financial targets, the planned risk profile and capital demand and supply. Business units determine and implement operational strategies.

Business performance measurement involves the calculation of the key performance metrics, used by stakeholders, to determine whether management has successfully implemented the strategy. Performance is assessed against targets, which incorporate assessments of risk, established through the strategic planning process. The board oversees the preparation of all reports that are publicly available, ensuring they present material information in a cohesive manner, providing users with a holistic, clear, concise and understandable view of Liberty's performance in terms of sustainable value creation in the social, economic and environmental context within which it operates.

Our approach to business ethics and our obligations to clients, advisers, shareholders, employees, representatives, suppliers, the public and the authorities are enshrined in our formal code of ethics. Liberty is committed to maintaining the highest standards of ethical behaviour, to upholding ethical standards in all its activities, and to complying with all prevailing laws that are applicable to our business and the public and private environments in which we operate.

During the year, we convened an ethics ambassador's forum that acts as a taskforce to assist the Company with positioning and creating awareness of our ethical culture across all business units. In December 2021, we launched our ethics awareness training programme for employees to further instil our corporate culture.

Governing structure and delegation

Liberty has a transparent organisational structure in place with clear allocation and appropriate segregation of responsibilities that sets the high-level direction, and measures performance against that direction.

Strategy, performance, and reporting

Our board is ultimately responsible for our overall strategic direction and oversees the implementation of our business objectives and strategies while ensuring that the business remains within its risk strategy and appetite, and alignment with its long-term interests. We use our key metrics to measure our performance which in turn enables us to determine whether we successfully delivered on our strategy. These performance targets also incorporate risk assessments that were established through our strategic planning process.

The board considers the impact of strategic actions on financial targets, the planned risk profile and capital demand and supply. The respective business units determine and implement operational strategies.

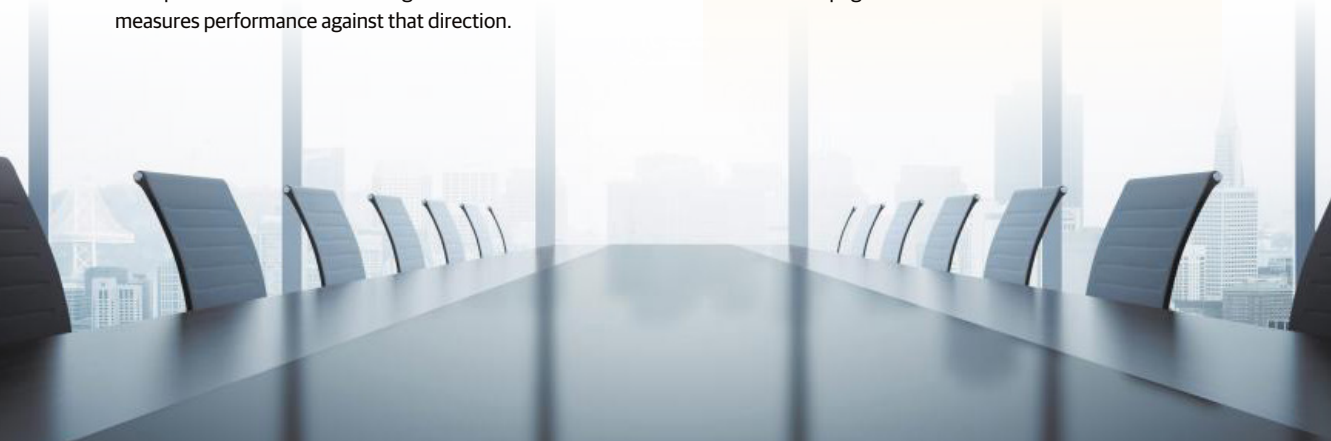
Business performance measurement involves the calculation of the key performance metrics used by stakeholders to determine whether management has successfully implemented the strategy. For the Company the key performance metrics used are:

Capital Adequacy Ratio

Value of new business (VoNB) margin

Return on Equity

Performance is assessed against targets which incorporate assessments of risk established through the strategic planning process. Details of the 2021 performance assessment against the above metrics are included in the Financial review on page 42 to 52.



Relationship with Shareholders

The responsibility of appointment of the board of directors lies with the shareholders. The board of directors are accountable to the shareholders on effective corporate governance.

Effective corporate governance within an ethical environment creates value for all stakeholders by:

- Enhancing understanding of risk
- Balancing upside opportunities with the cost of risk
- Allocating capital to value-accretive activities
- Establishing legitimacy through ethical leadership
- Improving brand and reputational coherence through responsible behaviour
- Embracing an inclusive approach to business

The shareholders ensure appropriate oversight of the Company through monthly review of financial reports availed by management. They further have access to company records and information and regular contact with the managing director and senior management team whom they may consult for any additional information if required.

The annual general meeting is the major point of contact between the shareholders, management, and the board of directors. The Company's shareholders are represented on the board of directors and its respective committees.

Dividends

The Company has in place a dividends policy that sets out the various strategies and matters for consideration before dividend pay-out. The Company's approach is to pay dividend that increase in a stable manner overtime, are sustainable and reward shareholders in a timely manner for the use of their capital. Dividends paid should also not compromise the capital position or liquidity requirements or impede strategic growth plans of the business.

Board of Directors

The Board of Directors are the custodians of the business. They are ultimately responsible and accountable for promoting both the short and long-term success of the Company, ensuring its sustainability to maximise value for shareholders and for the benefit of its stakeholders. Day to-day management of Liberty is assigned to key executives and senior management.

The board currently consists of **nine non-executive directors of which eight are male and one is female, which is considered effective and appropriate for the size of the Company.**

The company has a unitary board, which is considered effective and appropriate for the size of the group. We believe that the board's composition is both qualitatively and quantitatively balanced in terms of skills, gender, race, experience, tenure, and independence.

The role of the Chairman and the Managing Director is separate and in line with best practice, the Chairman is independent. Liberty's responsible persons are fit and proper, having the necessary competence and integrity to fulfil their respective roles. A fit and proper training policy is in place.

Composition of the board

We recognise that a balanced board is vital for sustainable value creation. The board composition is both qualitatively and quantitatively balanced in terms of skills, race, gender, experience, tenure, and independence. The board currently consists of nine non- executive directors of which eight are male and one is female, which is considered effective and appropriate for the size of the Company. Following recruitment of a female non-executive director this year, the board is committed to further enhance gender diversity.

The directors' profiles are included in this report on page 34.

Recruitment and Succession Planning

The Company's recruitment process for both Directors and Senior Management is a formal, rigorous, and transparent procedure that involves both the internal and external vetting of candidates. The appointment is on merit with candidates measured against a pre-determined criterion based on the required skills and experience. A pool of suitable board candidates is developed with the assistance of an external consultant, and candidates are selected to fill identified actual and potential gaps informed by the skills matrix, which is updated annually. This is also governed by the Company's Articles and Memorandum of Association. A select panel of directors interview the candidates, and successful candidates are recommended to the Board for approval. The appointments are confirmed at the AGM.

The Board has adopted a continual approach to review and refresh its succession plan for both the board and senior management team to ensure alignment with the organisation's strategy and identify candidates with the skills, experience, and knowledge required to further the vision and strategic direction.

Board Changes

On the 25th March 2021, the Company appointed Mr. Sam Mwogeza as Director and Mr Anthony Katamba resigned from the board.

Director Induction, Board Development and Evaluation

There is formal continuing development and education undergone by the Directors and the committee members. Through this the directors and committee members are kept abreast of applicable legislation and regulations, changes to rules, standards, and codes, as well as relevant sector trends. Time is scheduled outside of the Board meetings to run dedicated sessions that highlight critical issues related to the Company's strategy.

During the year, the directors and committee members were trained on Anti Money Laundering, IFRS17-Insurance contracts, and on environmental, social and governance risks.

In line with the good corporate governance principles, performance assessment for the Board and its committees, Managing Director as well as the Senior Management team is conducted annually. This was conducted in 2021 with the facilitation of an external independent service provider. The criteria against which the assessment was done included:

- The structure of the board
- The competence and experience of the individual directors
- The independence of the board
- Meetings of the board
- The compliance, governance, and strategic functions of the board

The results of this assessment were subsequently provided to the board in March 2021. No significant shortcomings were identified. Continued professional development of the Board remains an area of focus to ensure that the directors possess the skills and knowledge necessary to respond to changes in the business environment.

Board Committees

The Board delegates some of its responsibilities to the Board committees in line with the Board mandate but remains ultimately accountable to shareholders. The Board has accordingly established the following committees:

> Audit and Risk Committee

> Investments Committee

Audit and Risk Committee

The committee consists of four non-executive directors, with the Managing Director and Country head of finance attending by invitation. The committee meets at least three times in a year.

The key functions of the committee are summarised as below:

1.

Reviews the company's risk and capital philosophy, strategy, policies and processes. These include the Environmental, Social and Governance Risk (ESG), Strategic, business and Insurance Risk.

2.

Provides oversight on the financial, actuarial, audit and regulatory reporting processes, the combined assurance process and its effectiveness, the system of internal controls and compliance with laws and regulations.

3.

Responsible for formulating remuneration strategies and policies and monitoring the implementation of such policies.

4.

Responsible for determining and evaluating the adequacy, effectiveness, efficiency and appropriateness of the group's governance structure, practices, and processes in line with regulatory requirements.

5.

Manages Liberty's stance on transformation, social and economic development, client fairness, ethical conduct, good corporate citizenship, sustainability, the impact of brand, marketing, and stakeholder management.

Investment Committee

This committee consists of four non-executive directors. The Managing Director and the Country head of finance attend the committee meetings by invitation. The committee meets at least three times a year.

The key functions of the committee are summarised as below:

1.

Determine and monitor the company's overall investment strategies and policies.

2.

Review and approval of the engagement and continued use of investment m

3.

recommend investment strategies, investment mandates and appropriate asset managers.

4.

Monitor performance of the assets against agreed mandates.

5.

Capital management in terms of minimum regulatory capital requirement and solvency capital requirements as set by LAI.

6.

Exercise oversight with respect to the Financial Markets Risk being taken by LLAU by ensuring that the expected returns/benchmarks for the Financial Markets Risks taken are appropriate and that appropriate peer group performance tracking measurements are identified.

During the year,
**the directors
and committee
members were
trained on
Anti Money
Laundering,
IFRS17-Insurance
contracts, and on
environmental,
social and
governance risks.**

Board meeting

Following the ease of the lockdown due to the COVID-19 pandemic, virtual meetings via the Microsoft Teams platform continued to ensure the safety of the board members and employees. The board meets routinely as provided for in the Company's Articles of Association. The non-executive Directors further meet separately at least once annually. The board and committee meetings are held at least quarterly to facilitate effective and efficient decision making.

The Directors' attendance of scheduled Board meeting for the year 2021 was as below

Name	25 th March	05 th August	27 th November
Mr Gerald Ssendaula - Chairman	✓	✓	✓
Mr Kamlesh M	✓	✓	✓
Mr Mike Du Toit	✓	✓	✓
Mr Sam Mwogeza	NA	✓	✓
Gustav Jenkins		✓	✓
Ravi Singh	✓		
Mr K. N. Nair	✓	✓	✓
Mr K. P. Eswar			
Mr Mayur Madhvani	✓	NA	NA
Ms Patricia Adongo Ojangole	✓	✓	✓

The Investment committee meetings attendance during the year 2021 was as below

Name	25 th March	27 th July	19 th October
Mr. K. N. Nair - Chairman	✓	✓	✓
Mr Peter Makhanu	✓	✓	NA
Mr Parag Shah	A	A	✓
Mr. Mike du Toit	✓	✓	✓
Mr Gustav Jenkins	A	✓	✓
Mr. Ravi Singh	✓	NA	NA

The Audit and risk committee meetings attendance during the year 2021 was as below

Name	03rd March	27th July	19th October
Ms. Patricia Adongo Ojangole - Chairperson	✓	✓	✓
Mr Ravi Singh (Out going Chair)	✓	AA	AA
Mr. Gustav Jenkins	A	✓	✓
Mr Parag Shah			✓
Mr Peter Makhanu	✓	✓	NA
Mr. K. N. Nair	✓	✓	✓

KEY

AA - Absent with Apology
 ✓ - Present
 NA - Not Applicable

Independence

The directors are required to be independent of management and free from any business relationship or other circumstance that could materially interfere with their exercise of independent judgement. The independence of each director is assessed annually by the Board as part of its annual Board effectiveness review. There were no independence issues identified and reported during the year 2020.

Conflict of interest

The Board has in place procedures and guidance to deal with the actual or potential conflict of interest such as exclusion of the director from discussion on a specific agenda item in which they may have interest and obtaining confirmation in form of a conflict of interest form circulated by the Company secretary at the start of the meeting and all declared interests are recorded in a Register of interests maintained by the company secretary. The group framework and board mandate enumerate in detail the management of conflict of interest procedure which includes standard agenda item for disclosure of conflicts of interest at all board meetings, requirements to declare any actual or potential conflict of interest prior to appointment, as and when it arises and annual declaration of interests.

This ensures that the directors have a statutory duty to avoid situations in which they have or may have interests that conflict those of the Company.

Board Remuneration

Liberty's remuneration structures are designed to attract and retain talent at all levels, with an appropriate mix between fixed and variable pay. Remuneration packages are geared to the individual's level of influence and role complexity. The balance between guaranteed and variable pay is appropriately structured and does not reward risk taking outside the board-approved risk mandates.

A formal and transparent procedure for setting remuneration for the Directors, EXCO Team as well as the rest of the employees is maintained at Liberty. This is through an established remuneration policy and set of procedures, approved by the board, and endorsed by shareholders. The standards and practices drive appropriate decision-making and behaviours, in line with business strategy, risk management practices and long-term interests. This function is performed by the Audit and Risk committee of the board

All employees have some level of variable pay. Long-term service agreements are not entered at senior management level and notice periods do not exceed three months. The primary role of variable remuneration is to drive performance within risk appetite, retain key employees and ensure alignment between executives, shareholders, and clients.

Annual performance contracts exist for every role, defining and clarifying the objectives and outputs required of each person. Performance contracts and incentive structures identify and clarify measurable (financial and non-financial) deliverables and indicators against which performance can be measured over defined periods. Formal reviews of these performance contracts take place to ensure transparency in performance feedback, to identify development needs and to determine corrective action where appropriate.

The remuneration of the non-executive directors of the board is determined in line with a set out criteria and approved by the shareholders. The fees received comprise of an annual retainer and sitting allowances. The fees paid to the directors during the year are disclosed in Note 29 of the financial statements.

Group Internal Audit Services (GIAS)

Liberty Life Uganda does not have its own internal audit function. Internal audit services are provided by GIAS. GIAS is responsible for providing independent and objective assurance to management and the board on the adequacy and effectiveness of the group's risk management, governance, business processes and controls. GIAS is responsible for validating compliance to the group's overall risk framework and risk governance structures and for providing independent assurance to management and the board on the effectiveness of the first and second lines of defence. Internal audits are based on an assessment of risk areas, as well as on issues highlighted by GAAC and management. GIAS maintain a formal "Findings Tracking System" to ensure that all audit findings raised are addressed through clear action plans in a timely manner.

External Auditor

The Company has a formal and transparent procedure for appointment of the External Auditor. This is through an open bidding system where applications are received from various approved audit firms out of which selection of the best one is done based on set out criteria. Appointment of the external auditor is approved by the shareholders.

The external auditors are subject to mandatory rotation after every four years in accordance with Section 167(2) of the Company's Act, 2012 laws of Uganda and Section 51 of the Insurance Act, 2017 Laws of Uganda. The Company's auditor KPMG Certified Public Accountants is eligible for reappointment in line with the laws above.



Looking forward

Our strategy is designed to significantly modernise and transform our existing business through the adoption of a **"platform business model"** which is anchored by a scalable, digital client engagement platform. Like many of the clients we serve, we are optimistic about the future.



LIBERTY
In it with you



Simple Life Plan benefits



Your life cover remains if you claim for Permanent Disability, Critical Illness and Physical Impairment.



No waiting period for accidental causes.



You're covered outside Uganda for up to 12 months.



Choose to increase your cover every 12-months as your lifestyle changes.

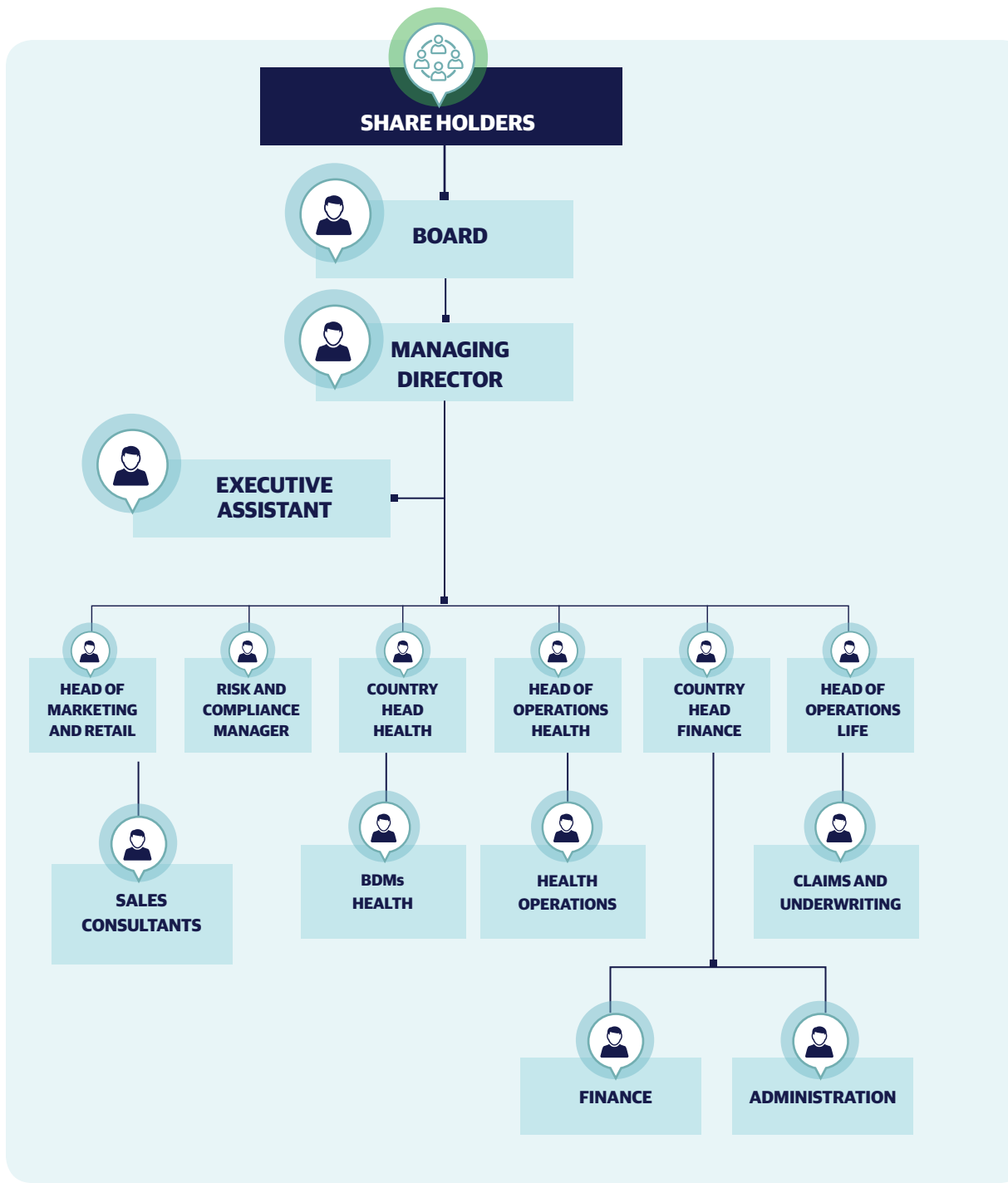
#initwithyou

Talk to us today

**0312 304000 / 0312 233794 |
adminuganda@liberty.co.ug**

Liberty is regulated by the insurance Regulatory Authority of Uganda

Liberty Life Assurance Uganda Limited Organogram 2021





Meet the lovely staff of
Liberty life Assurance Uganda Limited

"Our dear customers LLAU appreciates the
opportunity you have given us to serve you."



LIBERTY
In it with you

ADVICE INSURE INVEST HEALTH

Risk Management and Control Report

Accepting and managing risks within an appropriate risk appetite is the key element of Liberty's value creation journey. Liberty's governance is steered by a governance framework which sets out the principles, practices and guidance to facilitate effective and efficient management of the business.

Davis Mugabi
Risk and Compliance Manager



The business of insurance is the assumption and spreading of risk to mitigate adverse financial consequences for both policyholders and shareholders and at Liberty, business sustainability extension means applying enterprise risk Management to environmental, social and governance (ESG)-related risks. With "integrated Reporting", ESG disclosures has been greatly strengthened.

Through our governance structures and processes we aim to anticipate, meet and exceed the requirements of the increasing regulation of our industry. We strive to conduct our business in a responsible manner from managing our environmental, social footprint to protecting clients' and employees' personal information. Ultimately our risk and conduct value driver goal is to manage our business in a safe, secure and profitable manner for the benefit of all stakeholders, build trust and enhance our reputation. As we move forward activating ESG framework in our business operations has enabled us to effectively manage sustainability risk

During the year ending 31 Dec 2021, in recognition and commitment to the Insurance's principal stakeholders, we vigorously engaged in the payment of claims through all means mandated under the law. Our steadfast risk management principles are pivotal to ensuring we consistently underwrite the right business the right way in pursuit of our strategic objectives.

Liberty maintained financial discipline throughout the year and built a strong balance sheet underpinned by a robust risk management framework, resulting in solid liquidity and capital ratios.

Capital management

274% (2020: 307%,) **Decrease 11%** ✓

The Company continues to exceed regulatory capital requirements. A decrease in our solvency capital adequacy ratio to 274% compared to the 307 of 2020 is attributed to the opening up of the economy. However, this is above the regulatory capital requirement and underpins our ability to fulfil our promises to policyholders and other stakeholders.

Addressing Material Matters

Our material matters are those matters that have the potential to significantly impact our ability to create long term, sustainable value for our stakeholders. During the year, the Company identified these through consideration of the top risks, which are elevated, material risks that could emerge within a short time frame and those that are currently top of mind among our board of directors and executive management.

The material matters are as below:

- Sustainability risk | ESG
- Personal data privacy risk
- Inadequate management of Liberty's technology infrastructure to ensure that it meets performance expectations
- Changes in the operating environment as a result of the changing regulatory landscape
- Inadequate cybersecurity and resilience

OUR ESG STRATEGY

Liberty Life Assurance Uganda Limited is fully committed to carrying out business fairly, honestly and ethically across all business activities. To support this commitment, we will consider, measure and report against Environmental, Social and Governance (ESG) factors. This strategy document sets out the approach and guidance on our commitment towards adopting ESG into the business strategy and operations model.

To be recognised as a responsible citizen in conducting business that is conscious of the ESG principles, Liberty shall adopt objectives focusing on:

- Minimising the impact of our own activities on the environment.
- Prioritising investment opportunities where we can add long-term value in a climate resilient manner.
- Conducting business in an accountable, transparent, responsive, efficient, equitable and inclusive manner.
- Supporting the physical and mental health and wellbeing of our staff.
- Working with like-minded investors, partners and clients who share our values on ESG.
- Identifying opportunities for developing innovative solutions that offer high social value.
- Implementing a feedback loop of regular ESG monitoring and reporting to enable continual improvement.

Key esg elements and underlying dimensions.

ESG addresses a broad spectrum of components that affect a company's strategy, operating model and execution. For Liberty these key elements and their respective dimensions shall constitute our approach to ESG.

A. Environmental

As Liberty Life Assurance Uganda Limited, what is the commitment we are making to future generations and the world we live in?

Climate change

It is unlikely that any direct, physical climate change-related risks will have a material impact on our business in the short term. However, responding to climate change-related risks remains a priority for LLAU.

The most significant risk to LLAU in the near future is potential reputational damage if we are seen as not responding adequately to threats relating to climate change, including those relating to the transition to a low carbon economy. We remain committed to minimising our business's impact on the environment and to climate change. We strive to keep up to date on current trends and mitigating responses to manage our workplaces effectively and efficiently. We believe that the environment in which we operate is important and strive to practice responsible growth by preservation of our immediate operating environment.

Energy efficiency

Liberty shall have comprehensive awareness campaigns aimed at positively influencing our key stakeholders including employees' behaviour to assist our efforts to efficiently utilize resources like electricity and water. We strive to promote Investing in renewable energy throughout the environment in which we operate in. We shall focus on implementing new initiatives to efficiently manage scarce resources, such as investing in solar power for our office, harvesting rainwater, installing composters to manage and recycle waste. LAU made a saving on water and electricity of Shs 4.5M as compared to 1.5M in 2020.

Land degradation

We aim to introduce initiatives that will reduce single-use plastics and engaged in activities like afforestation and swamp cleaning. Posing a massive threat to the environment, these plastics take between 10 and 1 000 years to break down into microplastics, wreak havoc on ecosystems and eventually enter our food systems. To play our part, we shall aim to remove all plastic cutlery, containers, and polystyrene cups from our office premises.

Waste management

We shall promote responsible waste management and continue to explore ways to minimise our impact on the environment by reducing our waste through initiatives such as installing composters and eliminating the use of plastics in our office. We appoint responsible and reputable contractors to dispose of or recycle our waste effectively, educate our employees, and encourage responsible behaviour. Our focus for 2022 is to analyse the progress of this initiative at work, and subsequently identify the steps we need to take to achieve zero plastic bags at our office. Part of this initiative is to create awareness of our own behaviour, and to educate our employees and clients on the risks for the environment associated with single-use plastics.

Resource depletion

Liberty will ensure underwriting that supports development of renewable energy assets and companies reducing emissions (e.g., providing specialised cover for renewable energy companies).

B. Social

As Liberty, what's our social value offering?

Customer satisfaction:

With clients at the core of our business, we understand that resolving complaints and driving excellent service is critical to ensure client satisfaction and protect our brand reputation. We shall ensure that significant strides are made to improve our complaints-handling capabilities, with pleasing results. We will continue to focus on improving in all categories of customer satisfaction, and we are consistently improving our metrics across the board. Liberty shall ensure favourable underwriting to support social services, such as providing preferential rates to not-for-profit enterprises. We have also designed our skills development programmes and short courses to respond

to current and emerging market trends and develop our employees so they can prosper along with our business. We should be able to meet our skills development target by 2023. Ensuring we conduct frequent and regular Voice of the Customer surveys, Net promoter scores to understand customer preferences. These surveys should be conducted using an online survey and computer-assisted telephonic interviews.

Data Protection and Privacy

Liberty commits to investing in personal data protection for customer data by implementing internationally recognised data protection frameworks/systems/standards.

Diversity and equal opportunities

Liberty shall ensure that there is diversity & inclusion across employee categories like age, race, gender, social mobility, and pay equality. Diversity & inclusion in supplier base, such as office supply and professional services contracts (e.g., catering and events)

Employee safety and wellbeing

Programmes to support health & wellbeing, including employee mental health programs. Ensuring human capital development, including upskilling of employees and training provided, such as digital analytics training for experienced employees

C. Governance

How do we conduct ourselves as insurers?

Transparency

Liberty commits to provide accurate and timely reporting to stakeholders (including shareholders, customers, regulators, employees, suppliers etc.) using recognised standards on corporate governance, strategy, financial performance, and ESG

Accountability

Liberty shall ensure that all staff are accountable for performance and risk management embedded in various decision-making levels. Liberty strives for a culture where each employee takes accountability and responsibility of ensuring that the right business is done in the right way. This is purposely influenced by setting the tone at the top and having values, ethics, and practices to assist in the achievement of our purpose and vision.

Independence

Liberty shall ensure having appropriate independent oversight, including putting in place adequate board composition, diversity and remuneration in its organizational and management structures. d) Ethical Behaviour. Liberty Commits to undertake business in an ethical manner by adopting prudent practices including strategies for Anti Bribery and corruption, Anti-money laundering, whistle blowing, etc. Liberty is committed to maintaining the highest standards of ethical behaviour, to upholding ethical standards in all its activities, and to complying with all prevailing laws that are applicable to our business and the public and private environments in which we operate.

ESG integration with business strategy

Having considered the multiple ESG dimensions above, Liberty will proceed to integrate ESG into the business strategy and operating model. To do so effectively, the focus shall be on the following key steps.



ESG disclosures and reporting

On reporting, more focus shall be on bridging the gap between historical ways of measuring performance and new, longer-term concepts coming with ESG. A practical

way to do this is 'integrated reporting'. This combines historical metrics and ESG indicators (starting with business indicators and integrates ESG factors with corporate strategy, informing stakeholders on both elements at the same time. In addition, we will produce ESG Report in a quarterly and annual basis to include appropriate disclosure of ESG performance data, report on benchmarking and research and show progress against our commitments.

Regulatory fines and penalties

Three regulatory finding by IRA onsite inspection in 2021 which have subsequently been closed. A total of three cases were considered by external dispute resolution bodies and the industry regulator. We have also improved our upheld rate (the percentage of client complaints upheld) to below the industry average.

Regulatory change management

Liberty operates in a complex and evolving regulatory landscape. The developing regulations in this environment are driven by international trends and Ugandan regulatory goals for consumer protection, prudential regulation and tax reform, and Ugandan political goals (including economic transformation and financial inclusion). These regulations must be considered and prepared for while complying with a myriad of existing legislation. Considerable effort is invested in anticipating and understanding emerging and developing regulation. This is necessary to ensure that risks and opportunities, which may impact on the existing operating environment, are identified and adequately prepared for.

The management of regulation at Liberty occurs through a robust regulatory programme review and oversight process, jointly administered by the group risk and compliance functions. This process identifies and prioritises pending requirements and develops the appropriate organisational response/s after assessing the proximity and potential impacts, as well as both positive and negative strategic considerations.

Liberty is currently focusing on programmes to deliver the requirements of the anti-money laundering Act, and the implementation of the international financial reporting standard for insurance (IFRS 17), as well as several smaller projects.

Enterprise IT and data governance

Enterprise IT and data governance at Liberty continued to receive focused and appropriate consideration from the board and executive leadership. During 2020 the group IT committee met each quarter, addressing all areas of accountability envisioned for the board by King IV™.

The results of an independent review of Liberty's IT domains, conducted in the third quarter of 2020, confirmed Liberty's IT governance capability maturity level. The positive feedback received in this report reflected good progress in 2021. The report also noted improved traction across each of the IT governance domains. The roadmap for Liberty's enterprisewide IT governance will continue over the next 18 to 24 months using the output of this report.

The areas of enterprise IT governance, strategic alignment, value delivery, risk management, resource management and performance measurement were assessed and continued to evolve. The group IT governance framework was revised to include IT and broader operational design changes.

The new operating model for IT has resulted in greater collaboration and synthesis across the group and accelerated overall delivery traction. The group adopted a roadmap for transforming from a service organisation to an Agile organisation that will mature into a digital organisation.

Liberty's IT regulatory universe continues to be closely monitored and we continue to monitor progress with the cyber crime trends and the implementation of general data protection regulation.

Liberty's IT strategy was revisited and refreshed to closely align with the group's key focus areas. Group IT identified three focus areas supported by six foundational elements:



Group IT relationships with stakeholders continued to receive focus. Each major area of the Liberty business has an IT executive responsible for maintaining relationships with that business unit. Value continued to be delivered to the business units and the IT operating model has been modified to include a technology value office. The rollout of, a digital cloud solution providing staff with instant messaging, point-to-point video, screen-sharing, screen control, multiparty audio conferencing, mobility and chat has been concluded. To enable users to enjoy mobility and collaboration from any location, Microsoft Office 365 was implemented.

Cyber security and resilience

Against the backdrop of an increasingly complex and evolving cyber and information security risk landscape, significant progress was made during 2020 with implementing remediation controls. Activities were balanced across capability, governance, people, process and technology to improve Liberty's ability to detect and respond to potential threats. Liberty is impacted by the global cybersecurity skills shortage. To address this wider skills shortage, Liberty embarked on multiple innovative initiatives in partnership with Standard Bank Group. Liberty staff became part of the group cybersecurity academy, designed to attract staff into the cybersecurity realm, moving potential candidates through a carefully planned curriculum. Successful delegates were taken through a rapid pace of learning and prompted to solve real life cybersecurity challenges.

Liberty's Top Risk

The top risks are identified through a **top-down identification and assessment process** that enables us to detect those issues that could prevent our business from achieving its objectives. We also **evaluate discussions held by the board and its committees, assess the outcomes of our strategy session, and consider legitimate concerns of our stakeholders** to ensure we have a holistic view of the matters most material to our business. These were as summarised below.

Risk	Likelihood	Impact	Key Preventive controls
Strategic and business risk Strategic and business risk possibility that Liberty will not meet its targets/ achieve its strategies such as revenue, new business and profitability due to various factors mainly the adverse economic developments and volatile macroeconomic indicators including inflation , exchange rates etc	High	High	<ul style="list-style-type: none"> Diversification into various new products and distribution channels so as to grow market share Social media marketing campaigns such as thought leadership, branding, sales and distribution.
Fraud and Insurance risk Defined as a deliberate deception perpetrated for the purpose of financial gain, Fraud may be committed through "padding," or inflating claims; misrepresenting facts on an insurance application; submitting claims for injuries or damage that never occurred; and/or staging accident etc	Medium	High	<ul style="list-style-type: none"> Continuous improvement of the internal control environment such as through regular spot checks, maker checker controls , formulation of policies and training of staff.
People risk People-related exposures, such as health and safety, digitization ,moral hazards and key person's risk remain a focus area that the business continuously assesses and make necessary efforts to address	Medium	Medium	<ul style="list-style-type: none"> Roll out of enhanced employee wellness programs Contingency planning for key roles/ employees, and creating awareness on the evolution of work from building blocks to new digital constructs
Information and Cyber Security risk Possibility of information leaks/ loss and strain on the IT infrastructure due to uncontrolled remote working structures	Medium	High	<ul style="list-style-type: none"> Cyber security awareness training for all staff Roll out of enhanced IT and data security measures such as end point encryption and patching.
Market Risk New developments in the market especially the slowdown of economic activity, changes in interest rates and Foreign exchange rates have potential on the quality of Liberty's investment portfolio .	Low	Low	<ul style="list-style-type: none"> Continuos monitoring of the market rates movement and performance of monthly re-valuation to ascertain materiality of the risk. Stress testing on liquid assets to ascertain the Company's ability maintain a profitable investment portfolio.
Credit Risk Risk resulting from clients' failure to pay their insurance premiums thus potential loss to the company or failure to meet contractual obligations.	Low	Low	<ul style="list-style-type: none"> Bi-weekly Credit Control meetings to monitor the premium debtors position. Use of alternative means of collections such as a debt collector where management has been unsuccessful in recovering such debts.
Sustainability Risk (ESG) Sustainability Risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the business	Low	Low	<ul style="list-style-type: none"> Having established the ESG framework with its dimensions, Liberty proceeded to integrate same into the business strategy and operating model

Liberty's Risk preferences

The Company's risk preferences are majorly classified into risks that are actively sought and those that are not actively sought. Risks that are actively sought as a result of being in the business of underwriting and managing risks are viewed as value enhancing risks which those that are not actively sought but arise as a result of being in business are managed to an acceptable level to protect value.

Risk strategy

Liberty's approach to risk management places consideration of risk as a focal point in the business activities. It enables the business to make informed risk-based decisions and manage expected returns by selecting risks its willing to assume.

Risk environment

Liberty's significant risk categories are strategic and business, insurance, market, credit, liquidity, operational, business conduct, legal and compliance. Management continues to drive actions to enhance the control environment and value of new business as well as to deal with the risks the business is facing.

The Company's qualitative risk appetite statement provides boundaries on what is acceptable and unacceptable in pursuit of business goals as it relates to conduct and reputation. This statement is as below.

• Reputation

We will not deliberately and knowingly engage in any business, activity, or relationship which, in the absence of any mitigating actions, could result in reputational damage to Liberty today and into the future. We proactively protect and uplift the Liberty brand in all our interactions.

• Conduct

We place the client at the heart of everything we do and operate in a manner where fair play and ethical behaviour underpin all our business activities and relationships. We have no appetite for deliberately and knowingly breaching legislative, regulatory, and internal policy requirements.

Risk appetite and risk target

A risk appetite statement is a high-level statement that considers broadly the level of risks that management deems acceptable in achieving organizational objectives. It refers to the nature and level of risk an organisation is willing to accept in the pursuance of its objectives.

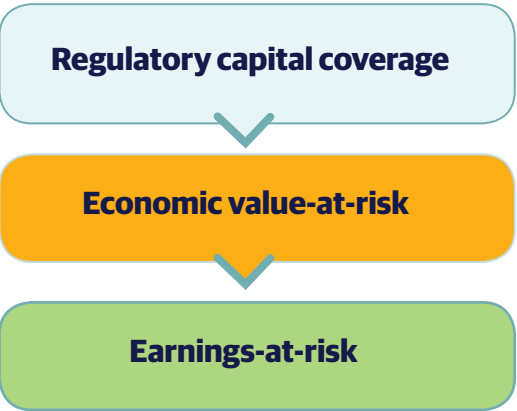
Risk appetite is quantified in terms of risk tolerance limits, which act as boundaries for decision-making. For each key decision, the question to ask is, "is this within our risk appetite? Tolerance limits are metrics that show the level of risk the organization is willing to accept/tolerate.

An organization's risk appetite is influenced by several factors, including expected returns, statutory/regulatory influence, stakeholder influence, etc and it must be approved by the Board.

Defining a risk appetite and monitoring to ensure that it is complied with, minimizes surprises/unexpected losses

At Liberty Life Assurance Uganda Limited, setting the level of risk appetite is based on stakeholder input and driven by the requirement to deliver high levels of financial security for clients through appropriate maintenance of the Company's ongoing solvency. The dual and, at times, conflicting objectives of creating shareholders' equity and minimising risks are controlled through these limits.

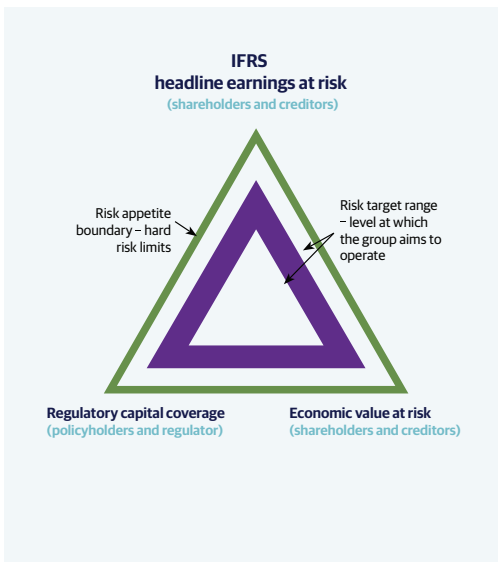
As part of formulating our quantitative risk appetite statement, the following three dimensions are considered appropriate for the purposes of measuring risk:



Regulatory capital coverage: Meeting regulatory capital requirements remains an important consideration for the business as it is the primary metric used in communicating financial strength. Management has found this to be particularly true both in attracting prospective clients and in demonstrating our ability to meet policyholder obligations. Further to this, it is assumed that LLAU would like to avoid regulatory intervention as well as the reputational damage that will accompany it.

This includes all risks to earnings and hence the risk metric is useful for monitoring and managing each risk type at different levels of the business and in preventing excessive risk-taking that could result in large earnings losses. Inclusion of this dimension will not place unnecessary constraints on the business in its pursuit of strategic opportunities but will still enable the business to monitor its risk exposures and prevent large exposures to risks that are not in line with the strategy.

The Company's risk appetite statement is regularly reviewed to ensure its appropriateness to business objectives.



The Company's qualitative risk appetite statement provides boundaries on what is acceptable and unacceptable in pursuit of business goals as it relates to conduct and reputation.

Risk identification, assessment, and measurement

Risk identification and assessment provide a link between the ongoing operational management of risk and longer-term business goals and strategies. Current and emerging risks that could threaten the business model, strategy and sustainability are identified and assessed through a top down process. In addition, risks identified through the business unit strategic planning processes provide a bottom-up view. Other regular risk identification exercises are conducted at an initiative/project, process, or product level.

Staff and managers perform an assessment of all risks faced on a subjective and qualitative basis considering the adequacy and effectiveness of controls that have been implemented. Risk events are rated on an expert judgement basis to allow for them to be prioritised for action, reporting or escalation. To enable group-wide aggregation and ranking of risks, risks identified are also categorised using a standardised approach.

Risk measurement is performed to enable the understanding, monitoring, management and reporting of risk. The business performs regular and robust risk quantifications to measure the risk profile at an aggregate level, per legal entity, per business unit and at a material risk type level to ensure that the business is being managed within risk limits and risk appetite and close to the risk target range. Both the current and expected future levels of risk are measured under base and stressed scenarios. The measurement of risk is particularly important where risk is actively being taken to generate returns.

Top risks

Top risks are elevated, material risks that may materialise within a relatively short time frame and that are currently on the minds of the board of directors and executives.

Emerging risks

Emerging risks are trends or conditions that could significantly impact the institution's financial strength, competitive position or reputation in the longer term (>five years). These involve a high degree of uncertainty

Risk management

Liberty has adopted an enterprise risk management (ERM) approach. Liberty's risk framework is substantially based on ERM principles and embodied in the Solvency Assessment and Management (SAM) framework.

The board is ultimately accountable for effective governance of risk management. The board delegates its oversight and responsibilities in terms of the three lines of defence risk governance model.

Once the level of risk Liberty is willing to take has been set by the Board, and risks ranked and prioritised, management (the first line of defence) is able to determine the mitigation strategy deemed to be most effective. Mitigants used depend on the risk type. The mitigants are subject to oversight by the second line of defence, and the controls are audited by the third line.

Combined assurance

A combined assurance model incorporates and optimises all assurance services and functions to enable an effective control environment and support the integrity of information used for management decision making. It is built on the adoption of a robust risk management process, in Liberty's case the enterprise risk management (ERM) process and the three lines of defence risk governance model. Combined assurance provides the Board with comfort that the ERM and risk governance model are operating efficiently and effectively to manage risk.

Liberty's combined assurance model is aligned to the roles and responsibilities as articulated in the three lines of defence risk governance model. There is regular communication between business unit management, heads of control functions as well as independent assurance providers, including internal and external audit.

Assurance on the management of the key risks is provided to the board on a regular basis, through the above assurance functions.

Liberty's combined assurance model is aligned to the roles and responsibilities as articulated in the three lines of defence risk governance model.

Control functions

- Actuarial and Compliance assurance across the group, including policy setting

Group risk

- Provide group wide assurance and assist in policy setting
- Contribute specialist skill in risk mitigation

Internal Audit

- Provide independent assurance to the board on the effective application of risk, management approach and framework.

Specialist Risk Owners

- Champion implementation of policy and provide assurance on policy implementation and specialist risk oversight

External Audit

Provide independent assurance to the audit and risk committee that the financial statements are free from material misstatement, including an assessment of related controls.

Management

Responsible for managing and risk on a day to day basis, designing and implementing controls

Management Assurance (eg QA)

- Provides resources and direction to ensure risk remains within appetite.
- Provides business wide assurance

Business Unit Risk Managers

- Review and assess risk and controls
- Help facilitate a consistent view of risks



Role players.



BU's

Oversight and monitoring of Independent assurance of risk management and internal governance, risk management control frameworks and policies, and internal control and over 1st line of defence

Risk culture

The Company aims to build a sound infrastructure to manage human errors and fraud by building a risk management culture in the entire entity. Our key risk management objective is to continue to develop, implement and entrench a sustainable risk ethic and philosophy throughout the organisation "Risk Culture".

The risk culture, which forms part of Liberty's overall culture, encompasses the tone at the top and a set of shared attitudes, values, behaviours, and practices that characterise how individuals at Liberty consider risk in their day-to-day activities.

We drive a culture where every individual takes accountability within their area of responsibility for ensuring that business is done in the right way and that our resources are managed responsibly. Learnings are taken from previous incidents to ensure continuous improvement in the management of risk.

All individuals must understand the importance of effective risk management and must ensure that risks associated with their role are appropriately understood, managed, and reported. Individuals at all levels communicate risk related insights in a timely, transparent, and honest manner.

This culture is driven from the top by the Board and executive management through how they communicate, make decisions, and incentivise the business. Managers and leaders ensure that in all their actions and behaviours they continually reinforce the culture that the effective management of risk is critical to our success and that every individual plays a role in the management of risk.

Reporting Risk

Effective internal risk reporting is a key component of the risk management system that ensures that Senior management and the Board receive relevant, accurate and timely information regarding the level of risk within the Risk management, Internal Audit and External Audit control functions

Management are required to report, and escalate as required, all risks deemed material and any material changes to the risk profile to the appropriate governance committees and oversight functions. Any limit breaches need to be reported to the committee which approved the limit in question. Progress on any management actions being taken to manage material risks and limit breaches must also be reported.

External risk reporting to stakeholders, such as shareholders, analysts, current and potential customers as well as the regulator is important. These reports provide evidence of effective management and present feedback on the business's performance.

Compliance

The Board delegates the responsibility of compliance management and monitors this through the compliance control function. Oversight of compliance risk management is delegated to the audit and risk committee, which approves the compliance mandate.

The risk and compliance manager provides a quarterly report on the status of the compliance risk management within the Company and significant areas of non-compliance as well as feedback on significant interactions with the regulators.

During the year 2020, Liberty Life Assurance Uganda Limited was compliant in all material aspects with the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda.

Compliance risk management process

The Head of Compliance provides guidance to business on how to discharge their responsibilities of complying with statutory, supervisory, and regulatory requirements. Compliance employees within LLAU ensure to promote a culture "Compliance Culture" that brings about awareness of managing compliance risks and exposures by applying the Compliance Risk Management Process.

The Compliance Risk Management Process consists of the identification, assessment, management, monitoring and reporting on compliance risks and exposures and this must be performed as part of their daily compliance activities.

Regulatory universe

We have developed a "regulatory universe" that guides us on all the relevant regulations that we must always comply with. This universe is always updated and approved by Board.

Compliance risk management plans (CRMPs)

Together with management, the Head of Compliance completes CRMPs for all material pieces of legislation. Regulatory risks are assessed in terms of

"impact" and "likelihood". Adequate and effective controls for the identified risks are designed and implemented. Statutory, supervisory, and regulatory requirements are embedded in all our business processes.

These CRMPs are reviewed at least annually or whenever there are legislative changes, to ensure that existing or updated controls remain adequate and effective for changes in regulation or business processes. CRMPs are used by the Head of Compliance as part of the monitoring process to test the adequacy and effectiveness of the implemented controls.

Compliance monitoring and reporting

The Head of Compliance conducts compliance monitoring reviews in accordance with the approved monitoring plans to provide assurance to the respective Boards and management (Exco) on the level of adherence to statutory, supervisory, and regulatory requirements.

Compliance mandatory training

The Head of Compliance must ensure that all employees know and understand the statutory, supervisory, and regulatory requirements applicable to Liberty Life Assurance Uganda Limited by completing a mandatory compliance training.

Compliance risk appetite

The Board has adopted a zero tolerance to knowingly breaching statutory, supervisory, and regulatory requirements as prescribed in the compliance risk appetite statement.

Compliance risk exposures.

Unforeseen breaches of statutory, supervisory, or regulatory requirements may occur from time to time however, remedial action must be taken immediately to mitigate such risks adequately and effectively. The exposure must also be appropriately investigated and resolved, and the respective controls must be assessed for adequacy and effectiveness to ensure that the breach is not repeated.



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Liberty is regulated by the insurance Regulatory Authority of Uganda

Our Operating Universe

Uganda's insurance market size was valued at \$295.5 million in 2021. The market is expected to grow at a CAGR of more than 12% from 2020 to 2025. The Coronavirus (COVID-19) pandemic significantly impacted various segments of the insurance market, including life insurance, liability insurance, property insurance, motor insurance, MAT insurance, and financial lines insurance. Sited by UIA, <https://uia.co.ug/2022/06/11/insurance-gross-written-premiums-hit-shs1-trillion/>

Clients and advisers

In 2021, we finalised an adviser segmentation exercise with a client overlay to validate our working assumptions and identify further opportunities.

Our clients are the primary reason for our existence and a significant source of capital that we apply and manage for their benefit and the creation of value for all our stakeholders. We seek to understand each client's unique needs in order to provide the products and services that enable them to achieve their life's purpose. Developing, preserving, and enhancing relationships between clients, advisers and Liberty is fundamental to our ability to deliver on our purpose, the attraction and retention of financial advisers and Liberty's financial success. Enabling our financial advisers to succeed in their role results in client and adviser value through the provision of advice and product sales.

There is a clear dependency between client, adviser, and Liberty's success. In this we see.

- Insurance products that meet clients' needs
- Investment returns
- Credit life policies that facilitate lending
- Enabling clients to leave a legacy for their families

The transformation of the group's sales channels is a foundational programme on our journey to deliver exceptional client and adviser experiences. Liberty sales channels are transforming from a sales-led approach to an advice-led approach, underpinned by our advice philosophy which places the client at the centre of what we do and empowers them through the delivery of a human, living and out comes oriented experience

Engagement and experience focus on transforming our existing channels and delivering smart digital tools and enablement as well as scaling the Salesforce-powered adviser workbench, while simultaneously laying the foundation for a digital engagement platform that will enable a true omnichannel client experience.

Client solutions focuses on the delivery of the end-to-end (E2E) risk, E2E investment and simplification programmes.

Our omnichannel strategy will drive three key objectives:

- Allow us the opportunity to expand our relationships with clients, bringing them closer to us and allowing us to further strengthen our relationship with them.
- Enhance our relationship with advisers, driving longer-term loyalty in our distribution network.
- Improve our coordination efforts internally to focus on delivering a consistent, client-centric, multi-channel experience.

The E2E risk programme is at an early stage in its life cycle relative to the other SA Retail programmes and will leverage these programmes to deliver incremental value. The programme aims to deliver compelling risk solutions that build human connections between our advisers and clients with the power of a scalable digital engagement platform. The E2E risk programme is a key component in our Evolve element of our strategic execution framework. . Sited from Liberty Holdings annual report 2021

Technology

The digital engagement platform programme is the key enabler of the platform business model to augment the power of the human-to-human engagement between our advisers and clients. The programme is a key component of the Transcend element of our strategic execution framework. The programme aims to implement a single digital engagement platform that enables clients, advisers, employees and solution partners to engage around the provision of solutions through digital interfaces enabled by

- A standard digital engagement layer that enables conversations between Liberty, clients, advisers and solution partners.
- A personalised digital experience grounded in a deeply human connection
- A common view of clients across the organisation and a deeper understanding of Liberty's clients
- Artificial intelligence (AI) and analytical components within the platform to enhance the overall experience for clients and advisers

It is not the technologies themselves but rather how they are designed, developed and implemented to serve clients and advisers – that will determine the success of client-centric service organisations.

The technologies will empower clients, advisers and employees, and will dominate the industry for many years to come.

Online and digital marketing processes are necessary to reach online buyers to sustain growth. Synergies have been created in terms of IT platforms and processes across all Liberty Life African operations. Sited from Liberty Holdings annual report 2021

Regulation

Insurance uptake has been boosted by innovations and the advent of Covid-19 that has acted as an eye-opener. The Insurance Regulatory Authority (IRA) has said Covid-19 has boosted sector written premiums, which now stand at Shs1 trillion.

While presiding over the insurance agent of the year awards in Kampala, Mr. Ibrahim Kaddunabi, the IRA chief executive officer, said during the year ended December 2021, life insurance, contributed 30 percent of sector written premiums, which signals improved affinity to a segment that had largely been ignored by a section of society.

However, there has been noticeable growth, especially in written premiums due to a number of innovations such as Bancassurance, which now contributes above 15 percent of gross written premiums. Insurance uptake has been boosted by innovations and the advent of Covid-19 that has acted as an eye-opener. Sited by UIA, <https://uia.co.ug/2022/06/11/insurance-gross-written-premiums-hit-shs1-trillion/>

IFRS 17 Insurance Contracts will be effective for reporting periods beginning on or after 01 January 2023 and will standardise the global insurance accounting landscape, improving risk management, transparency, and comparability of insurance contract information. The company is committed to ensuring continued regulatory compliance.

The Ugandan economy

Uganda's economy rebounded strongly as domestic economic conditions improved following the easing of mobility restrictions during the period October 2021–February 2022. The third wave of COVID-19 infections was also milder and is now over. With about 30 percent of the 22 million target population (aged 18+) fully vaccinated by late February, the objective

of fully vaccinating 49 percent of the population will likely be reached by June 2022. The war in Ukraine and resulting economic sanctions are mainly affecting Uganda through commodity prices, which were already on the rise. Real GDP growth could fall below the recovery path that had been expected, to average 4.7 percent in FY22.

Given a more positive COVID-19 and vaccine outlook, and the recent signing of the final investment decision in the oil sector, the economy was expected to continue gaining buoyancy. However, risks are tilted downwards. The worsening global environment, following Russia's invasion of Ukraine, may reduce Uganda's growth to below 6 percent in FY23 and FY24 because of trade disruptions, higher commodity prices, and increased risk aversion that

may slow investments. Sited by world bank- <https://www.worldbank.org/en/country/uganda/overview>

With Liberty's Mind My Money financial literacy program, which is a complimentary, personal financial management experience designed for ordinary individuals who require the skills and tools to navigate the world of finance and investment, the programme aims to provide valuable insights about financial concepts, products and services they can use to make informed decisions and achieve their financial goals. We have been able to reach out to over 500 employees




Managing director discussing the current market trends with BDMs



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Sustainability Report

Liberty's long-term strategy is to deliver our purpose of improving people's lives by making their financial freedom possible. A deeply held commitment to this purpose requires an understanding of our stakeholders, their impact on our operations and the sustainable value we can and should create for them.

Ms. Gloria Besigye
Head of Operations



The success of our business is inextricably linked to the prosperity and wellbeing of the societies in which we operate. In delivering on our purpose of improving people's lives by making their financial freedom possible, Liberty looks to maximize our positive SEE impacts while mitigating and managing potential negative impacts. Ultimately, we strive to deliver shared value.

The report illustrates how Liberty creates, delivers and safeguards value for all its stakeholders and how we deliver on our purpose of improving people's lives by making their financial freedom possible. It aims to communicate how we created shared value with regard to the issues that affect our sustainability and provides a holistic assessment of how Liberty creates value over time. Our focus is on the material issues that affect our stakeholders, and our ability to deliver on our purpose.

As part of the Standard Bank Group, we have adopted the SEE (Social Economic and Environmental) value proposition as we work to improve the realities of all our stakeholders by facilitating economic growth, social development and environmental stewardship in the areas in which we operate. We took into account the Global Reporting Initiative's (GRI) reporting principles

and material topics relevant to our business when writing this report. We recognize that we have a diverse set of stakeholders with different information needs.

We strive to maximise our positive social, economic, and environmental (SEE) impacts while mitigating and managing potential negative impacts. We aspire to deliver shared value by focusing on issues that matter to our employees, financial advisers, clients, stakeholders, and the broader community.

Our SEE strategy, which focuses on the value we create for society, is guided by the UN SDGs – a blueprint for peace and prosperity for people and the planet. The SDGs are an urgent call to action by all countries developed and developing to form a global partnership.

As an urgent call for countries, both developed and developing, the SDGs aim to create a global partnership where the focus is on ending poverty, reducing inequality, improving education and health, preserving our environment, and tackling climate change. The SDGs provide a roadmap for a shared global vision for the private sector and civil society, one that can be incorporated into national development plans and strategies.



Our **SEE strategy**, which focuses on the value we create for society, is guided by the UN SDGs – a blueprint for peace and prosperity for people and the planet. The SDGs are an urgent call to action by all countries developed and developing to form a global partnership.

Value Creation for all our stakeholders

Our stakeholder management mandate is aligned with the vision of building a superior image and reputation for Liberty in delivering financial freedom. Our vision is supported by the trust of our clients and advisers. Our legitimacy depends on demonstrating social relevance through creating and sharing value with all our stakeholders. This is achieved through a proactive approach to engaging with stakeholders

Liberty aims to create, manage societal value, and preserve the natural capital our business depends on. We understand that our success is linked to the prosperity and wellbeing of our society. Therefore, we focus on creating value for society by living our purpose of improving people's lives by enabling their financial freedom, along with our brand promise of being "In it with you".

Shared value means that as a responsible corporate citizen we leverage our resources to create solutions that will benefit society and build a more prosperous future for all. We nurture our relationships and skilfully navigate risks to deliver products that help our clients prepare for life's traumatic events and increase their wealth. At the same time, the value we create for our clients must benefit other stakeholder groups.

Our vision is supported by the trust of our clients and advisers. Our legitimacy depends on demonstrating social relevance through creating and sharing value with all our stakeholders.





CLIENT AND ADVISER

Our clients are the primary reason for our existence and a significant source of capital that we apply and manage for their benefit and the creation of value for all our stakeholders. We seek to understand each client's unique needs in order to provide the products and services that enable them to achieve their life's purpose.

Developing, preserving and enhancing relationships between clients, advisers and Liberty is fundamental to our ability to deliver on our purpose, the attraction and retention of financial advisers and Liberty's financial success.

Enabling our financial advisers to succeed in their role results in client and adviser value through the provision of advice and product sales. There is a clear dependency between client, adviser and Liberty's success.

Value is created and preserved by:

- Objective and impartial advice
- Insurance products that meet clients' needs
- Investment returns
- Credit life policies that facilitate lending
- Enabling clients to leave a legacy for their families



LLAU financial advisers awarded during the Uganda Insurance Association Agents Awards.





EMPLOYEES

As a critical stakeholder, our employees are vital to the sustainability of our business. They live the Liberty values every day and hold themselves accountable and responsible for their own and the business' performance.

Our employees have the necessary capacity, skills and expertise to enable us to attain our strategic goals. We aim to create an environment where our employees feel empowered and motivated. We want them to engage with our culture of excellence, humanity and loyalty so we can meet the needs of our communities, clients and other stakeholders.

Value is created and preserved by:

- Salaries
- Other employment benefits
- Workforce diversity
- Employee wellness programme
- Targeted training and development to meet career aspirations



Life at Liberty life Assurance Uganda limited





REGULATORS

All our stakeholders expect us to manage business risk and behave in an ethical manner that ensures compliance with the form and substance of laws, regulations, codes and standards.

Through our governance structures and processes we aim to anticipate, meet and exceed the requirements of the increasing regulation of our industry. We strive to conduct our business in a responsible manner from managing our environmental footprint to protecting our clients' and employees' personal information. Our goal is to manage our business in a safe, secure and profitable manner for the benefit of all stakeholders, build trust and enhance our reputation.

Value is created and preserved by:

- Building trust in Liberty and the industry
- Responding appropriately and transparently to complaints
- Minimising fines and penalties
- Fund rehabilitation



Managing director Joseph Almeida having a light moment with the IRA CEO, Alhaj Kaddunabbi Ibrahim Lubega.



INVESTORS

Investors provide capital to fund the company's operations and meet regulatory capital requirements, allowing business continuity and growth.

Value is created and preserved by:

- Governance practices that promote Liberty's long-term sustainability
- Maintaining adequate capital to fulfil our promises
- Sustainable financial returns
- Dividends



LLAU staff during a stakeholder engagement with Stanbic Bank



CIVIL SOCIETY

Liberty's long-term, sustainable development can only be achieved through the growth and success of the communities in which we operate. We are committed to strengthening these communities.

Value is created and preserved by:

- Death and disability claims paid
- Annuity payments
- Tracing beneficiaries and paying unclaimed benefits
- Financial literacy programmes
- Corporate social responsibility spend and activities
- Enterprise supplier development spend and activities
- Environmental protection spend and projects
- Taxes collected and paid

Managing value creation

We manage the value creation process through our governance and management structures. Governance structures are designed to ensure that Liberty, through its employees and financial advisers, meets clients' expectations, acts ethically, is effectively controlled, delivers sustainable financial performance and grows its brand and legitimacy.

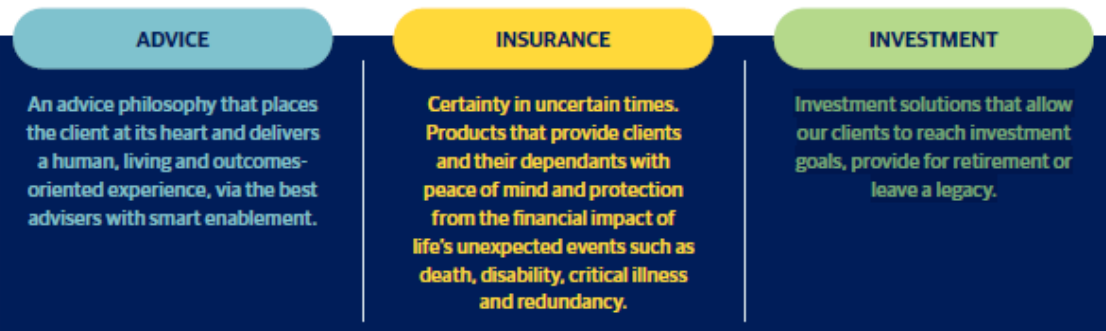
The Board is ultimately responsible for the continuous focus on provision of value over time for our stakeholders and the company's continued impact on economy, the social framework and the environment. At the board and committee meetings carried out during the year, the Managing Director keeps the Board of Directors updated on the activities we have undertaken across each of our focus areas, as well as how we are striving to create shared value for our stakeholders.

Management structures focus on our strategic value drivers and respond to identified material matters. Our governance structures and processes are fully aligned to the principles and practices of King IV Report on Corporate Governance (King IV™**).

Liberty's approach to remuneration is to promote the achievement of its client centric strategy, while considering the management of the risk, capital and liquidity of the group. It also encourages individual performance through the setting and administration of a group policy that articulates and gives effect to fair, responsible and transparent remuneration. Liberty's remuneration policy ensures as far as possible that employee and shareholder interests are aligned.

Our customer fairness principles are embedded in the business. Liberty's social, ethics and transformation committee ensures we prioritise client outcomes and customer fairness. The customer fairness committee makes decisions on customer fairness matters that have significant financial, operational, policy or stakeholder impacts on the business. The product approval committee ensures effective and efficient groupwide governance of decisions relating to new product development and alterations to existing products, considering related risks, return on capital and customer fairness.

Value creating activities and products



LLAU Exco discussing on how to create more value for its clients

Capital transformation and outcomes



Social and relationship capital
(Brand)

This capital includes relationships with key stakeholders, and the trust between the organisation and its stakeholders, including its brand reputation. Common values and behaviours underpin stakeholder relationships.

Human capital
(Employees and financial advisers)

Liberty's human capital includes:

Intellectual capital
(Knowledge)

Intellectual capital can include intangible assets purchased or developed by an organisation, such as patents, copyrights, software and licences. An organisation's ingrained knowledge, systems, processes and procedures are also considered as intellectual capital.

EMPLOYEES
40 (34 in 2020)
TIED FINANCIAL ADVISERS
35 (59 in 2020)

Financial capital
in the form of insurance premiums and investment cash flows

TRAINING & DEVELOPMENT SPEND
Ushs 42.8m
(Ushs 5.8m)

Financial capital is the funds available to the company and used to conduct its business. These funds can be generated externally, such as equity and debt, or internally through operations and investments.

Liberty's financial capital includes:

RETURN ON EQUITY
9%
(16% in 2020)

VALUE OF NEW BUSINESS
6.1%
(4.5% in 2020)

ASSETS UNDER MANAGEMENT
Ushs 548m
(Ushs 430 in 2020)

NET PROFIT
Ushs 7.5bn
(Ushs 2.6bn in 2020)

APPLIED TO



Products and clients



Shareholder investment portfolio



Human capital to develop employees and advisers



Reducing the impact on the natural environment and building social and relationship capital in our communities

Outcomes

01

Enhanced Liberty brand by delivering on our promises

02

Enhanced financial capital to be applied to growth initiatives or returned to shareholders

03

Enhanced social and relationship and intellectual capitals by attracting and retaining the best employees

04

Reduced operating costs and enhanced brand reputation

05

A positive social and environmental impact

Capital transformation and outcomes

Social and relationship capital-Brand

This capital includes relationships with key stakeholders, and the trust between the organisation and its stakeholders, including its brand reputation. Common values and behaviours underpin stakeholder relationships.

Our stakeholder management mandate is aligned with the vision of building a superior image and reputation for Liberty in delivering financial freedom. Our vision is supported by the trust of our clients and advisers. Our legitimacy depends on demonstrating social relevance through creating and sharing value with all our stakeholders. This is achieved through a proactive approach to engaging with stakeholders.

The principal relationships in our business are between client, financial adviser and Liberty.

A successful client/adviser relationship sees the client achieving financial freedom through advice and products that meet their needs. Liberty endeavours to empower the adviser to establish, build and sustain these relationships through product development, client and adviser service, and investment performance.

Human capital (Employees and financial advisers)
This capital is represented by the quantitative and qualitative resources provided by an enterprise's workforce. Absolute numbers, discrete skills and the experience of employees all play a role in delivering on an organisation's purpose. Leadership, motivation and a common sense of purpose underpin human capital

Intellectual capital (Knowledge)

Intellectual capital can include intangible assets purchased or developed by an organisation, such as patents, copyrights, software and licences. An organisation's ingrained knowledge, systems, processes and procedures are also considered as intellectual capital.

Liberty's intellectual capital includes our ability to manage insurance and other types of risk. Our skill in asset and liability matching underpins our ability to fulfil promises made to our clients, including whole life insurance benefits and embedded investment guarantees.

Financial capital in the form of insurance premiums and investment cash flows

Financial capital is the funds available to the company and used to conduct its business. These funds can be generated externally, such as equity and debt, or internally through operations and investments.

APPLIED TO

- Products and clients
- Shareholder investment portfolio
- Human capital to develop employees and advisers
- Reducing the impact on the natural environment and building social and relationship capital in our communities

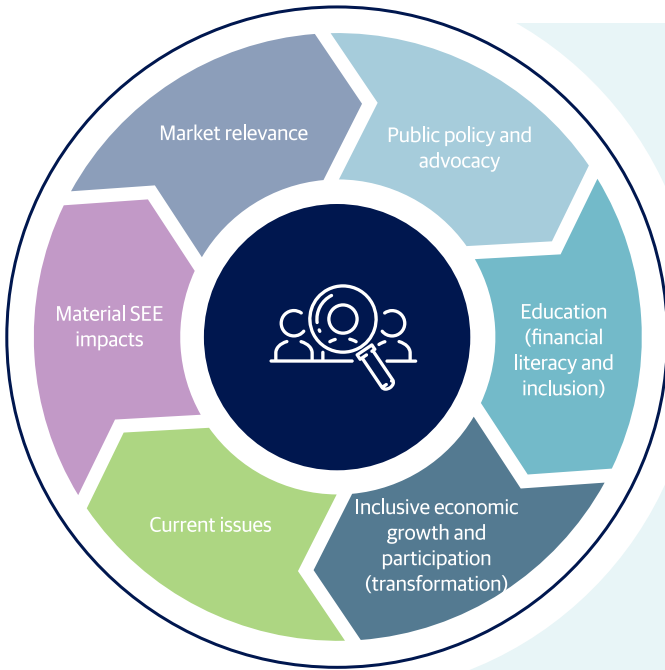
OUTCOMES

- Enhanced Liberty brand by delivering on our promises
- Enhanced financial capital to be applied to growth initiatives or returned to shareholders
- Enhanced social and relationship and intellectual capitals by attracting and retaining the best employees
- Reduced operating costs and enhanced brand reputation
- A positive social and environmental impact

Our SEE material matters	Management actions
Supporting the physical, emotional, social, and financial wellbeing of our employees, clients and society throughout the COVID-19 pandemic	<p>At Liberty, we strived to protect our employees, support government actions, and serve our clients and advisers, while also supporting them throughout the crisis.</p> <p>We developed and implemented several programmes to motivate and support our employees during the year. Furthermore, we assisted our clients with policies that helped them mitigate the traumatic effects of the pandemic, and contributed towards broader society through donations, employee volunteerism and other forms of relief measures.</p>
Enabling financial freedom, inclusion, and access to financial services	<p>As a responsible corporate citizen, we recognise the importance of leading the way in building a responsible financial services sector and thus enabling sustainable economic growth.</p> <p>We support economic inclusion and significant transformation by implementing several initiatives relating to, among others, employment equity, financial literacy and enterprise and supplier development (ESD).</p>
Promoting inclusive economic growth through quality education	<p>We believe that education is key to fostering meaningful economic development. We are therefore dedicated to investing in educational initiatives that will empower our communities, and thus enable sustainable inclusion and participation in the economy.</p> <p>We have prioritised three areas where we believe we can positively contribute:</p> <ul style="list-style-type: none"> • Increasing employment through faster economic growth • Improving the quality of education, skills development, and innovation • Partnering to build the capability of educational institutions
Responding to stakeholder expectations, with a focus on ESG principles and climate change	<p>We have an active approach to stakeholder engagement and continue to consider their needs and expectations to ensure we align our product offerings and services to address their concerns. Our stakeholders expect us to be leaders in matters of ESG, and with our commitment to excellent governance, quality education, environmental sustainability, financial and economic inclusion, we believe we are positively executing our strategy and creating long-term value.</p>
Managing and protecting our physical environment, as well as the health and safety of our employees	<p>We remain cognisant of our impact on the environment as well as our contribution to climate change, and we are committed to responsibly and transparently stewarding the natural resources that our business depends on. We therefore track specific targets to ensure we reduce our negative impacts.</p> <p>We are committed to protecting the health and safety of our employees and clients. While the COVID-19 pandemic and resultant lockdown meant that the majority of these stakeholders worked from home, we continued to ensure that we cultivated an environment that is conducive to excellent health and safety practices.</p>
Funding national infrastructure development and transitioning to a green, low-carbon economy	<p>We understand that we need to adapt to the constantly changing environment in which we operate. We therefore continue to invest significantly in innovation, technology, and infrastructure to prepare our business for the future, thereby ensuring we can create value for our stakeholders in the long term.</p> <p>This commitment is further supported by our centre for innovation and cross-collaboration through which we build a culture of innovation across our business.</p> <p>We constantly find ways to leverage technological advancements to create solutions that address client needs and business challenges</p>
Contributing to national economic and social transformation	<p>At Liberty, we embrace diversity and actively develop a culture of inclusion among our employees. Furthermore, we aim to contribute to the transformation of the financial sector to reflect the demographics of our country more accurately. We seek to play a meaningful role in society by strengthening our broader communities and contributing to the economy while creating sustainable value for our stakeholders. We support Uganda's National Development Plan to eliminate poverty and reduce inequality and have aligned our strategic SEE objectives with those of Uganda Vision 2040.</p>

Stakeholder engagement

In 2021, we found new ways of engaging with our stakeholders and revised our approach by considering various protocols. While establishing, developing, and maintaining relationships remotely was challenging to begin with, we managed the transition well and we continue to find innovative ways of working to support our business, clients, and financial advisers.



Proactive engagement areas (PEAs)

In line with our PEAs, we facilitated and participated in national, regional, and global dialogues concerning the socio-economic and political impact of COVID-19. We continued to ensure that we received regular insights and updates on business's response to COVID-19.

In line with our PEAs, we facilitated and participated in national, regional, and global dialogues concerning the socio-economic and political impact of COVID-19. We continued to ensure that we received regular insights and updates on business's response to COVID-19.

Employee experience (EE)

We embed the employee experience through continuous conversations, covering topics such as our employee value proposition, culture, conduct, ethics, and trust.

Our EE Plan

Our EE Plan sets out Liberty's commitment to EE targets as well as the actions we will take to prevent any discriminatory practices. We created interactive campaigns requesting employees' views on important topics including, among others, persons with disabilities, their working environment, the human capital minimum standards and guidelines, and inclusivity. Our collaborative efforts included engaging in dialogue around the concerns of employees, which we enacted once we received the results of the surveys.

Talent management and succession

Liberty needs to proactively engage, attract, and retain the best talent to fulfil our current and future business needs. We create long-term value by ensuring stakeholder satisfaction, cost efficiencies, overall culture management and meaningful transformation. Our talent management and succession planning are therefore an integrated, long-term proactive pursuit, in line with our strategy and human capital objectives.

Our employee experiences

Key to our success, our employees inspire us to deliver the right solutions for our clients. With 34 full-time employees and over 50 financial advisers, we truly believe in shaping a value-creating partnership with our people. Investing in our human capital is vital to the sustainability of our business. We ensure that our employees know how they individually contribute to our vision and how this aligns

with our purpose of improving people's lives by making their financial freedom possible.

We have an employee experience strategy in place, along with a powerful culture programme, to highlight and improve the areas that matter most to our employees. With a focus on optimising processes, systems, and human touchpoints, we aim to encourage excellence while facilitating skills development and ensuring our employees enjoy their time with Liberty.

We believe that for us all to thrive, we need to be doing our best work and living our best lives. To realise this, we use our employee experience vision and framework as the lens through which we create a culture where our employees can succeed by aligning their purpose to the Liberty purpose. Our employee experience framework continues to evolve and is based on the "moments that matter" to our employees. It incorporates six pillars that guide us in retaining our great people and helping them in both their personal and professional life journeys.

We have an employee experience strategy in place, along with a powerful culture programme, to highlight and improve the areas that matter most to our employees.



Six pillars of the employee experience framework

- 1. Living and doing-** Integrating our people's lives at work with their personal working circumstances and preferences, creating true work-life integration.
- 2. Growing and evolving-** Creating the platform for our people to take control of their career, role and learning evolution, encouraging non-linear and self-driven growth.
- 3. Realising and recognising-** Aligning, more deliberately, employee performance outcomes and Liberty's business outcomes, shifting the cultures and habits around performance management.
- 4. Inspiring and innovating-** Driving meaningful and inspirational work that aligns with our purpose and values, creating an engaged and motivated organisation.
- 5. Connecting and belonging-** Uniting our people across functions, levels, and backgrounds to create a cohesive organisation where everyone feels included and valued.
- 6. Moving in and moving on-** Enabling a seamless onboarding experience for our people while allowing them to move onto the next phase of their career with dignity, remaining connected to the organisation.

Culture and change – cultivating a growth mindset

On our journey to define our leadership principles and create a culture of adaptability, excellence, and creativity, we partnered with the NeuroLeadership Institute to leverage neuroscience to create more adaptive, resilient, and inclusive leaders within Liberty.

We defined our three most important concepts – the future we want to build, caring for our people and seeing the right results. By refining these concepts, we adopted the following leadership principles:

Our growth mindset programme enables Liberty's influencers (Early Adopters) to challenge and shift their own mindsets

Future:  **Imagine it's possible**

People:  **Act with *humanity***

Results  **Do what matters**

through continuous conversations, which ultimately shift beliefs, habits, and behaviour which, in turn, impacts the mindsets of others. We want Liberty to be a value-driven organisation, with our people at the heart of what we do.

Constantly monitoring our progress

We conducted a number of check-in surveys throughout 2020 to determine our employees' views on whether Liberty met their needs during the year. We were pleased with the results, and scores increased significantly from 2018 to 2020.

Most of our employees recommend Liberty as a good place to work, while commending their colleagues on internal collaboration and having positive working relationships. While Liberty employees feel they can be themselves at work, they acknowledge that working from home means

that work-life balance needs to be improved.

We also conducted surveys on the success of working remotely, with 66% of employees engaging and participating. It is important for Liberty to remain aware of our employees' wellbeing as well as how they are finding their working environment and any type of technological issues they may be facing. This allows us to address these issues as soon as possible and ensure that our employees are as comfortable and productive as possible while working from home.

Benefits provided to full-time employees

- **Medical Cover**
- **Disability cover**
- **21 days of annual leave**
- **Parental leave**
- **Pension**
- **Life insurance**
- **Educational Scholarships**

We continue to cultivate an environment where our employees can prosper through fair, performance-related remuneration, career development opportunities, comprehensive skills training and education, and the creation of an inclusive work environment. Remuneration packages are structured according to employees' functions and skills and includes an appropriate balance between guaranteed and variable pay. All employees have some level of variable pay as part of their compensation. The primary role of variable pay is to drive performance within risk appetite, retain key employees and ensure alignment between executives, shareholders, and clients.

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Liberty Team

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Early this year 2021 brought new uncertainties and challenges, and, like so many others, Liberty is equally challenged by the Russia- Ukraine war. We feel deeply for those suffering no matter where they are. All of us at Liberty are concerned about the dynamics of this war and its effects. Despite all the above, we strive to improve the lives of people in and out of our communities. This we have done through our continued engagement with communities and prioritization of those relationships that will generate future value for Liberty and society.

Corporate social Responsibility (CSR)

The world has continued to face the new challenges, and in addition to COVID -19 pandemic continuation, we are not losing sight of the importance of Liberty's corporate social investment (CSI) strategy as prioritizing education to create opportunities for future employment and contribute to the building of a thriving economy.

We understand the value of knowledge and its power to change realities. Despite the COVID-19 pandemic, we start to see a shift in the Education sector which will again have a positive impact on our economy with the new directive of the president allowing schools to reopen after two years of non-formal education.

Redirecting our focus after COVID -19 Pandemic

Our powering progress strategy after covid -19 is still the education sector, Liberty redesigned the education and financial literacy programs to adapt to the changing environment during the COVID-19 pandemic. We delivered financial education through various digital channels during the national lock downs and continue to enable younger learners through platforms like online portal, what's app messaging and websites where learners can access past papers and tutorial videos.

Liberty has also contributed to the Societal value and preserved the natural capital through good health and wellbeing of employees. It has contributed to the training program that create awareness around the post pandemic and it impacts on the employee both personally and

professionally. The employees still follow the protocols in place to ensure their safety.

Liberty has continually documented sustainability and climate change policies that guide us in contributing to the climate re-silient economy. Our extensive reporting create transparency and helps to mitigate our risks and impacts

Training our teachers is another focus on sustainability. Teachers are empowered on finances through financial knowledge and literacy, teachers are trained in various environments including business, school, and community forums. To date we have visited and trained t teachers in the following schools.

- St. Theresa Secondary School- Katende
- Cream Hill Nursery and Primary school Junior school
- Hillside Nursery and Primary school
- Mpigi Mixed School
- St. Paul Secondary school

Where we have trained them on becoming accustomed to their digital platforms, manage finances and save for the feature.

Participation in the 'Running Out of Trees' (ROOTS) Campaign

Liberty is always exploring new ways to contribute towards sustainability of the environment.

In commemoration of the National Day of Tree planting, we partnered with conservation enthusiasts from various organisations including Uganda Breweries, Total Uganda, Stanbic Bank in the ROOTS campaign. This was a campaign to raise awareness on the need for every Ugandan to take the lead in environmental conservation. The Campaign involved a marathon flagged off from Kampala to Gulu in a bit to plant over 10,000 trees along the route. The Roots campaign further set goals and commitments including planting 40 million trees and restoration of forests areas by 2030.

We contributed a total of Shs 7.5M to cover for ambulance services for the participants in the marathon during this campaign

Christmas in Butabika

LLAU Partnered with Soul Fitness foundation in a christmas bonza. The foundation was able to raise 7,725,000 from the tickets, individual & group contributions from the Soulies. Now patients at Butabika Hospital will have more fitness classes; Aerobics, Yoga, Zumba.The foundation is now able to provide to over 48 classes.





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LIBERTY

Liberty Life Assurance Uganda Limited

Registration number 75913

Incorporated on 06 September 2005

Financial Statements for the year ended 31 December 2021

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General Information

Country of incorporation and domicile

Uganda

Nature of business and principal activities

Long term insurance and medical

Directors as at 31 December 2021

Gerald Ssendaula*	(Chairman)	
Mayur M. Madhvani**	(Director)	
Anthony Katamba*	(Director)	-Resigned 18th February 2021
Samuel Fredrick Mwogeza*	(Director)	-Appointed 25th March 2021
Mike du Toit***	(Director)	
Muljibhai Madhvani & Company Limited*	(Director)	
Liberty Holdings Limited***	(Director)	
East African Holdings Ltd****	(Director)	
Patricia Adongo Ojangole*	(Director)	

*Ugandan **British ***South African **** Bermuda

Registered office and business address

2nd Floor, Madhvani Building
Plot 99 - 101, Buganda Road,
P.O Box 22938
Kampala, Uganda

Holding company

Liberty Holdings Limited
Incorporated in South Africa

Auditor

KPMG

Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A Nakasero Road
P.O. Box 35309
Kampala, Uganda

Bankers

Stanbic Bank Uganda Limited

P.O. Box 7113
Kampala, Uganda

Company secretary

Koduvayur Parasuraman Eswar

Corporate Office, Madhvani Group
Plot 96/98, 5th Street Industrial Area
Kampala, Uganda

Directors' Report

The directors of Liberty Life Assurance Uganda Limited ("the Company") have pleasure in presenting their report together with audited annual financial statements of the Company for the year ended 31 December 2021.

General review

The Company's main business is Long Term Insurance, Health and Group Risk Insurance services. The Company commenced business in April 2007 and is licensed by the Insurance Regulatory Authority of Uganda to carry on its business.

Financial results

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda. The accounting policies have been applied in consistency with those applied in prior years unless stated otherwise.

The results of the Company for the year are set out on page 9.

Share capital

Under section 6 of the Insurance Act, 2017 Laws of Uganda, the Company is required to have a minimum paid up capital of four billion five hundred million Uganda Shillings in the case of a Life (long-term) Insurance business. The issued share capital as at 31 December 2021 was Shs 4.5 billion (2020: Shs 3 billion).

Dividends

No dividend payment was proposed for the year 2021 (2020: nil).

Holding company

The Company is 51% owned by Liberty Holdings Limited (South Africa).

Auditor

The Company's auditor, KPMG, being eligible for reappointment, has expressed willingness to continue in office in accordance with section 167(2) of the Companies Act, 2012 Laws of Uganda and Section 51 of the Insurance Act, 2017 Laws of Uganda.

Directors

The directors that held office as at 31 December 2021 have been listed on [page 2](#).

Approval of financial statements

The financial statements were approved and authorized for issue at the Board of directors meeting held on 24th March 2022.

By order of the Board



Company Secretary
Date: 31st March, 2022

Statement of directors' responsibilities

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Liberty Life Assurance Uganda Limited 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, in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda.


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.

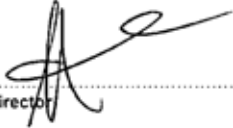
The directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of this statement.

The independent auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS and in the manner required by the Insurance Act, 2017 Laws of Uganda and Companies Act, 2012 Laws of Uganda.

Approval of the financial statements

The financial statements of Liberty Life Assurance Uganda Limited, as identified in the first paragraph, were approved by the Board of Directors on and authorised for issue on 24th March 2022.

.....

 Director

.....

 Director

Date: 31 March 2022

Independent auditor's report

TO THE MEMBERS OF LIBERTY LIFE ASSURANCE UGANDA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Liberty Life Assurance Uganda Limited ("the Company") set out on pages 9 to 64, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 Liberty Life Assurance Uganda Limited 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 the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further

described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

Insurance contract liabilities

Refer to Notes 4H and 22 of the Financial Statements	
Key audit matter	How the matter was addressed in our audit
<p>The Company has significant insurance contract liabilities representing 42% of its total liabilities. The Company uses actuarial models to determine insurance contract liabilities, some of which involve high levels of complexity, management judgement and estimation uncertainty. The key assumptions with the greatest uncertainty are those related to mortality, including the impact of the COVID-19 pandemic and lapse and other policyholder behaviour ("policyholder behaviour"). We determined insurance contract liabilities to be a key audit matter due to the significant judgements and assumptions applied in its valuation process .</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the processes, systems and applications used in the claims handling and reserve setting process of the Company as well as testing the design, implementation and operating effectiveness of the key controls around the determination of insurance contract liabilities; • Performing a search for any unrecorded insurance contract liabilities at the end of the year by evaluating claims received and claims paid after 31 December 2021 and checking if they were recorded in the correct accounting period; • Assessing reasonableness of claims reserves by obtaining a sample of claims reserves and comparing the estimated amount of the reserve to relevant documentation, such as reports from loss assessors; • Using our internal actuarial specialists to evaluate the reserving methodology including the liability adequacy test, judgements and economic as well as non-economic assumptions such as mortality which includes the assured lives morbidity, withdrawals and expense per policy applied using the data presented to the actuarial team by the Company's actuaries; and • Evaluating the adequacy of the Company's financial statements disclosures, including disclosures of key assumptions and judgements in accordance with IFRS 4 Insurance Contracts and IFRS 7 Financial Instruments - Disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the General Information, Directors' Report, Statement of Directors' responsibilities and Supplementary Information but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Annual Report 2019, which is expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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 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 the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of the 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 judgement 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.
- 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, then 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 Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda, we report to you, based on our audit, that: We have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purposes of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- The statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA Stephen Ineget – P0401

KPMG
Certified Public Accountants
3rd Floor, Rwenzori courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

Date: 31st March, .2022

CPA Stephen Ineget

Statement of comprehensive income for the year ended 31 December 2021


		2021	2020
	Note	Shs'000	Shs'000
Revenue			
Insurance premium revenue	6	42,549,715	40,194,981
Reinsurance premiums ceded	6	(15,009,576)	(14,270,526)
Net insurance premium revenue	6	27,540,139	25,924,455
Investment income on financial assets measured at amortised cost		1,817,433	1,865,496
Expected credit loss on financial assets		(1,746)	(5,401)
Net Investment income	7	1,815,687	1,860,095
Other income	8	26,792	27,242
Other finance costs	9	(202,199)	(86,412)
Total income		29,180,419	27,725,380
Claims and policyholders' benefits	10	(21,110,406)	(17,439,663)
Insurance claims recovered from re-insurers	10	13,265,665	12,879,421
Change in policyholder liabilities (net of reinsurance)		946,472	(139,091)
Commission expense		(5,700,560)	(5,545,265)
Commission income		247,876	268,259
General marketing and administration expenses	11	(14,559,508)	(14,046,584)
Profit before income tax	13	2,269,958	3,702,457
Income tax expense	14	(564,603)	(1,098,640)
Profit for the year		1,705,355	2,603,817
Other comprehensive income		-	-
Total comprehensive income for the year		1,705,355	2,603,817

The notes set out on pages 13 to 64 form an integral part of these financial statements.

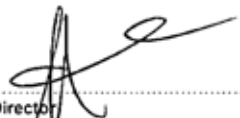
Statement of financial position as at 31 December 2021

	Note	2021 Shs'000	2020 Shs'000
Assets			
Cash and cash equivalents	15	2,984,943	3,704,418
Financial assets at amortised cost	16	16,253,395	15,464,003
Statutory security deposit	16	634,201	581,360
Financial assets at fair value	16	156,978	129,600
Unit Trust Investments	17	547,633	430,306
Prepayments, insurance and other receivables	18	8,657,348	7,491,967
Current income tax receivable	14	215,988	185,274
Property and equipment	20	429,901	500,494
Right-of-use asset	21	1,505,037	1,776,420
Intangible assets	19	-	28,434
Deferred income tax assets	28	1,107,886	1,368,120
Total Assets		32,493,310	31,660,396
Liabilities			
Policyholders' liabilities		5,937,049	6,674,999
Insurance contracts	22	5,812,598	6,498,058
Investment linked contracts (excluding discretionary participation features (DPF))	22	124,451	176,941
Insurance and other payables	23	1,590,734	1,519,761
Employee benefits	24	406,293	425,517
Lease liabilities	21	1,763,586	1,867,870
Amounts due to related parties	29	4,474,548	4,556,504
Total liabilities		14,172,210	15,044,651
Equity			
Share capital	25	4,500,000	3,000,000
Capital reserve	26	1,535,954	1,450,686
Contingency reserve	26	5,415,881	4,990,384
Retained earnings	27	6,869,265	7,174,675
Total Equity		18,321,100	16,615,745
Total Equity and Liabilities		32,493,310	31,660,396

The financial statements on pages 9 to 64 were approved and authorized for issue by the Board of Directors on 24th March 2022 and signed on its behalf by:

Director 

Date: 31 March 2022

Director 

Date: 31 March 2022

The accounting policies and notes on pages 13 to 64 form an integral part of these financial statements.




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Statement of changes in equity for the year ended 31 December 2021

	Note	Share capital Shs'000	Capital reserve Shs'000	Contingency reserve Shs'000	Retained earnings Shs'000	Total equity Shs'000
Year ended 31 December 2021						
At the start of the year		3,000,000	1,450,686	4,990,384	7,174,675	16,615,745
Comprehensive income:						
Profit for the year		-	-	-	1,705,355	1,705,355
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	1,705,355	1,705,355
Transfer to contingency reserve	26	-	-	425,497	(425,497)	-
Transaction with owners:						
Additional capital transferred from retained earnings		1,500,000			(1,500,000)	-
Transfer to capital reserve	26	-	85,268	-	(85,268)	-
Transactions with Owners		1,500,000	85,268	-	(1,585,268)	-
At end of year		4,500,000	1,535,954	5,415,881	6,869,265	18,321,100
Year ended 31 December 2020						
At the start of the year		3,000,000	1,320,495	4,588,434	5,102,999	14,011,928
Comprehensive income:						
Profit for the year		-	-	-	2,603,817	2,603,817
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	2,603,817	2,603,817
Transfer to contingency reserve	26	-	-	401,950	(401,950)	-
Transaction with owners:						
Transfer to capital reserve	26	-	130,191	-	(130,191)	-
Transactions with Owners		-	130,191	-	(130,191)	-
At end of year		3,000,000	1,450,686	4,990,384	7,174,675	16,615,745

The notes set out on pages 13 to 64 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2021

	Note	2021 Shs'000	2020 Shs'000
Cash flows from operating activities			
Cash generated from operations	30	954,459	1,602,674
Other finance costs – interest on leases paid	21(d)	(149,644)	(80,629)
Income tax paid	14	(335,083)	(708,165)
Net cash from operating activities		469,732	813,880
Cash flows from investing activities			
Purchase of property and equipment	20	(91,204)	(143,286)
Financial assets at amortised cost	16	(844,980)	(1,876,549)
Financial assets at fair value	16	(27,378)	(25,400)
Unit trust investment	17	(117,327)	(130,010)
Net cash from investing activities		(1,080,889)	(2,175,245)
Cash flows from financing activities			
Payment for lease liability	21(d)	(86,340)	(264,722)
Total cash movement for the year		(697,497)	(1,626,087)
Cash at start of year		3,704,418	5,336,016
Effects of exchange rate variations on bank balances		(21,978)	(5,511)
Total cash at end of year	15	2,984,943	3,704,418

The notes set out on pages 13 to 64 form an integral part of these financial statements.

Notes

1. Reporting entity

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

Liberty Life Assurance Uganda Limited
2nd Floor, Madhvani Building
Plot 99-101, Buganda Road
P. O. Box 22938
Kampala, Uganda

For the Companies Act, 2012 Laws of Uganda reporting purposes, the balance sheet and the profit and loss account are represented by the statement of financial position and the statement of comprehensive income respectively in these financial statements.

2. Basis of preparation

The 2021 financial statements of Liberty Life Assurance Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required required by the Companies Act, 2012 Laws of Uganda and the Insurance Act, 2017 Laws of Uganda..

All amounts are shown in Uganda Shillings rounded off to the nearest thousand (Shs'000), unless stated otherwise. The comparative figures represent amounts in respect of the year ended 31 December 2020.

IFRS comprise International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

The financial statements have been prepared in compliance with the applicable standards and interpretations for year-ends commencing on or after 1 January 2021 and has been consistently applied to all periods presented unless stated otherwise.

The financial statements have been prepared on a

historical cost basis, except for financial assets that are carried at fair value and policyholder insurance contract liabilities which are measured as set out in the accounting policies.

3. Changes in significant accounting policies

There are no changes in significant accounting policies applied by the Company in the preparation of these financial statements.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, these accounting policies have been applied consistently throughout the year.

A. Property and equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

Maintenance and repairs, which neither add to the value of assets nor appreciably prolong their useful lives, are recognised in the profit and loss account. Gains or losses on disposals are included within general marketing and administration expenses in the profit and loss account.

The carrying amount of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment (calculated as the net difference between the net disposal proceeds and the carrying amount of the item) is recognised in the profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is recognised in the statement of comprehensive income on the straight-line basis at rates appropriate to the expected useful life of the assets. Depreciation is calculated on the cost less any impairment and expected residual value. The estimated useful life applied is as follows:

Item	Average useful life
Fixtures, furniture and fittings	8 years
Motor vehicles	5 years
Office equipment and office machines	8 years
Computer equipment	5 years

There has been no change in useful lives from those applied in the previous year. The residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

B. Intangible assets

Software intangible

Software intangible is measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset only if the Company can demonstrate technical feasibility to complete the development of the software, its intention and the availability of resources to complete the development and to use the software and its ability to use the software in a manner that will generate probable future economic benefits and measure the expenditure reliably.

Subsequent expenditure on internally developed software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as it is incurred.

Customer relationships and contracts

Customer relationships and contracts that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

These assets include portfolios of life insurance contracts acquired, access to distribution networks and customer lists and management service rights for investment contracts acquired.

The estimated life is re-evaluated on at the end at each reporting date and adjusted if appropriate.

Amortisation of intangibles

Amortisation of intangibles is charged to profit or loss. Goodwill is not amortised. The expected useful lives are as follows:

Item	Useful life
Customer relationships and contracts	15 years
Computer software	5 years

C. Impairment

Financial assets carried at amortised cost

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial asset is impaired.

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

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

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held to maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement

of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price less cost to sell.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed in the statement of comprehensive income.

Impairment of other non-financial assets

Intangible assets and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income immediately when incurred for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

D. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

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

Subsequent measurement

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

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

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

Financial Instruments

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has no debt instruments at fair value through OCI as at 31 December 2021.

Financial Assets at Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a

reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired; or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-

through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company's holding in financial liabilities represents mainly insurance contract liabilities, payable under investment contracts with discretionary participation features (DPF), creditors arising from reinsurance arrangements and other liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are

designated as effective hedging instruments. The Company has not held for trading financial liabilities as at end of 31 December 2021.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs.

E. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise balances with bankers, highly liquid short-term funds on deposit and cash on hand but do not include money market securities held for investment. Balances included in this category are those with original maturity dates of three months or less from the date of acquisition.

These balances are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of their short-term commitments. Bank overdrafts that are payable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the cashflows.

F. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds of the equity issue. Under section 37 of the Insurance Act, 2017 Laws of Uganda, the Company is required to have a minimum paid up capital of four billion five hundred million Uganda Shillings in the case of a life (long-term) insurance business. The issued share capital as at 31 December 2021 was Shs 4.5 billion (2020: Shs 3 billion).

G. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's directors.

H. Policyholder insurance contracts

In terms of IFRS 4, defined insurance liabilities are measured under existing local practice at the date of adoption of IFRS 4. Given that Liberty Life Assurance Uganda Limited is part of the Liberty Holdings (based in South Africa), the Company has adopted the South African Practice Guidance Notes (PGN's) issued by the Actuarial Society of South Africa to determine the liability in respect of insurance contracts issued in Uganda.

Insurance and investment contract classification

The Company issues contracts that transfer insurance risk or financial risk or, in some cases, both.

An insurance contract is a contract under which the Company (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk. The Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

An investment contract is a contract that transfers financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instruments price, foreign exchange rate, or credit rating.

In respect of group life business, no discounting of future cash flows is performed. However a provision will be held if the expected guaranteed premiums under the current basis and investment returns in the short term are not sufficient to meet expected future claims and expenses.

In line with the nature of the business currently being sold, the actuarial liabilities have been determined as the unearned portion of the premiums received after allowing for initial general marketing and administration expenses and acquisition costs. In addition we hold a reserve for claims incurred but not reported (IBNR).

Incurred but not reported claims

Provision is made in the policyholders' liabilities under insurance contracts for the estimated cost of claims outstanding at the end of the year; including those incurred but not reported (IBNR) at that date. IBNR provisions are calculated using run-off techniques or as a multiple, based on the average historical reporting delay, of the claims reported in the month following the valuation date but where the claims event occurred prior to the valuation date. These liabilities are not discounted due to the short-term nature of outstanding claims. Outstanding claims and benefit payments are stated gross of reinsurance.

Liability adequacy test

At each reporting date the adequacy of the insurance liability is assessed. If that assessment shows that the carrying amount of its insurance liabilities (as measured under the FSV basis) is inadequate in light of the estimated future cash flows (based on the best estimate basis underlying the FSV basis), the deficiency is recognised in profit or loss.

Premium income

Premiums on insurance contracts are recognised when due in terms of the contract. Premiums receivable in respect of corporate schemes are recognised when there is reasonable assurance of collection in terms of the policy contract. Premium income on insurance contracts is shown gross of reinsurance where applicable. Premiums are shown before deduction of commission. Premium income received in advance is included in insurance and other payables.

Reinsurance income

Reinsurance premiums are recognised when due in terms of the contract in accordance with the terms of each reinsurance contract.

Claims

Claims on insurance contracts, which include death, disability and surrender are charged to income when notified of a claim based on the estimated liability for compensation owed to policyholders.

They also include claims that arise from death and disability events that have occurred up to the statement of financial position date even if they have not been reported to the Company. Unpaid disability claims are estimated using the input of assessors for individual cases reported to the Company and statistical analyses for the claims incurred but not reported. Outstanding claims are recognized in premium and other payables. Reinsurance recoveries are accounted for in the same period as the related claim.

Acquisition costs

Acquisition costs for insurance contracts represent commission and other costs, including bonuses payable that relate to the securing of new contracts and the renewing of existing contracts. These costs are deferred over the life of the contract.

I. Receivables and payables related to insurance contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers, reinsurers and policyholders. They are initially recognised net of transaction cost, then subsequently at amortised cost.

J. Offsetting

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

K. Investment income

Investment income for the Company comprises interest and dividend income. Interest income and expenses for all interest-bearing financial instruments, are recognised within investment income and finance costs in profit and loss using the effective interest rate method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Dividends are included in income when the Company becomes legally entitled to them.

L. Employee benefits leave pay

The company recognises a liability for the amount of accumulated leave if the company has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Incentive schemes

Incentive scheme bonuses are recognised as expenses as incurred when the Company has a present legal or constructive obligation and the amount can be reliably measured.

M. Current and deferred taxation

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Uganda Income Tax Act. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

N. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

O. Leases

a) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

i. As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

-- fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets in 'equipment' and lease liabilities in 'other payables and accruals' in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessee

The Company did not have any finance leases. Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

P. Critical accounting estimates, judgements and errors

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Life fund

The nature of the products sold dictates a simplistic valuation method. The published liabilities are calculated on different bases for insurance and investment contracts, as determined under IFRS 4;

Insurance contract liabilities are determined on the statutory valuation method (SVM) basis. The minimum capital requirement met is Shs 4.5 billion.

Group Risk Business

This includes group life, decreasing term, funeral and critical illness business. For the banc assurance products the Company holds an unearned premium reserve (UPR), being the outstanding premium in respect of single and annual premium products. This is determined as proportionate outstanding premium after allowance for commission and initial expenses. In addition we made provision for future renewal expenses and a contingency margin. Initial and renewal expenses are assumed to be split equally.

Group Deposit Administration

The group deposit administration liabilities are calculated as the amount of the funds at the valuation date, being the accumulated premiums plus investment returns.

Profit Share

Allowance has been made in respect of the profit share agreement relating to the group life policy in place with MTN Uganda and Stanbic Whole Life. They were calculated in line with the agreements in the profit share documents. The published assets are taken at market value. Published assets and liabilities are shown gross of reinsurance.

Data contingency reserve

Owing to the uncertainty surrounding the data, and any potential unknowns that may emerge from the business, it is prudent to set aside a contingency reserve. We have arbitrarily set this to be Shs 300 million (2020: Shs 300 million).

We will review the need for this reserve as data quality and experience in respect of the business improves. The reserve amount is included in the total life fund balance of Shs 5,937 million (2020: Shs 6,675 million).

Unexpired risk reserve (Covid-19 reserve)

The COVID-19 coronavirus poses a significant threat to global health and in March 2020, the World Health Organisation declared it a pandemic. The company has

assessed the potential impact of this on its financial statements by reviewing the expected mortality rates based on the Wuhan mortality rate, assessment of the retrenchment and disability risk as well as policy lapse risk because of the effect of the virus. An unexpired risk reserve of Shs 196 million has been set to cover for this risk and is included in the total life fund balance of Shs 5,937 million.

Property, and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment. The rates used are set out in the Accounting policy (1.2).

Premium receivables

The Company reviews its receivables to assess impairment at least on annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors.

Management uses estimates based on historical loss experience for receivables with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The Company further uses days past due to determine the appropriate impairment losses from premium receivables. All receivables that are past due by more than 180 days are deemed fully impaired.

Financial assets at amortised cost

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, derived as a product of Exposure at Default, Probability of Default and the Loss Given Default (LGD).

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

required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Q. New and amended standards adopted by the Company

The following new standards are effective for the first time for the financial reporting year on or after 1 January 2021:

New standard or amendments	Effective for annual periods beginning on or after
COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1-April-21
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16)	1-Jan-21

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions
- updated recognition criteria for assets and liabilities;
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty

in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction. The revised Conceptual Framework will form the basis of new IFRS standards set by the IASB as well as future amendments to existing IFRS standards.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The adoption of these amendments did not have a significant impact on the financial statements of the Company.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments

due on or before 30 June 2021; and

- no other substantive changes have been made to the terms of the lease.
- Lessees applying the practical expedient are required to disclose:
- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognized in profit or loss for the reporting period arising from application of the practical expedient.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Amendments to IFRS 4 Insurance contracts - deferral of IFRS 9

IFRS 9 addresses the accounting for financial instruments and is effective for annual reporting periods beginning on or after 1 January 2018. However, for insurers meeting the eligibility criteria, IFRS 4 provides a temporary exemption which permits them to continue to apply IAS 39 Financial Instruments: Recognition and Measurement rather than implement IFRS 9. This temporary exemption was applicable to annual periods beginning before 1 January 2021.

In June 2020 the IASB published an amendment to IFRS 4 to extend the temporary exemption from applying IFRS 9 until annual periods beginning before 1 January 2023. This amendment maintains the alignment of the effective dates of IFRS 9 and IFRS 17.

The amendment did not have any significant impact on the financial statements of the Company.

R. New and amended standards and interpretations in issue but not yet adopted by the company

The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending 31 December 2021:

IFRS 17 Insurance Contracts (effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The directors are currently assessing the impact that this will have on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full.

Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have a significant impact on the financial statements of the Company.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

These amendments are not expected to have a significant impact on the financial statements of the Company.

Other standards/amendments not applicable to the Company include:

Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment;

Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture.

The standards are effective 1 January 2022 and are not expected to have a significant impact on the financial statements of the company.

5. Risk management

i. Introduction

Liberty Life Assurance Uganda Limited's main objective is to provide value to shareholders through a long-term sustainable real return on capital as a result of taking business risks within an appropriate risk framework. The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies, and ensuring sufficient capital is held to support taking of risk.

The Company continually updates its vision, strategy, values and business objectives and the requirement for a robust risk management process is critical in ensuring the sustainability of the business model. The directors of the Company unanimously support the long-term creation and protection of the wealth of its policyholders and shareholders.

The Company's main activity from a risk-taking perspective is to provide long term insurance risk cover to individual, corporate and group schemes. The Company's core competency is to understand the life and long-term insurance risk needs of individuals and design sustainable products that provide financial security to policyholders and their families in times of sickness, death and disability. The key elements of risk management are:

- Maintaining sufficient economic capital and liquidity to withstand most risk events;
- Understanding the significant economic and non-economic variables in product design;
- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the Company;
- Influencing the business environment by being active participants in the relevant regulatory and business forums;
- Keeping abreast of technology and consumer trends and investing capital and resources where required; and
- Establishing an appropriate risk framework of authority that management with the risk parameters acceptable to the board of directors.

One of our key risk management objectives is to continue to develop, implement and entrench a sustainable risk ethic and philosophy throughout the organisation. Risk management is performed by the Company's management under the oversight of the Board.

The risk management principles and policies applied are consistent with those applied in the wider Liberty Group as approved by the Liberty Holdings (South Africa) Group Risk Committee (GRC), and the Group Audit and Actuarial Committee (GAAC).

The sections are structured as follows:	Section
Enterprise-wide risk management (ERM)	ii
Risk appetite and capital management	iii
Risk categories:	
Strategic	iv
Insurance	v
Financial Market	vi
Credit	vii
Liquidity	viii
Operational	ix
Reputational	x
Concentration	xi

ii. Enterprise-wide risk management (ERM)

The company offers a comprehensive range of financial products and services to both the individual and corporate markets, distributing tailored risk and insurance products. It is through the prudent taking and management of the risks inherent in the production, distribution and maintenance of these products and services that the business generates returns to shareholders.

These risks are defined in section 3.1.4 ('Risk taxonomy'). Solvency risk is considered to be of primary importance, even though it arises from risk events that occur in other risk classes defined in the group's risk taxonomy and is therefore considered to be a "consequential" risk. It is defined as the risk that the group does not have sufficient assets to cover its liabilities and capital requirements.

The Company's approach to ERM therefore has as its objective the managing of solvency risk whilst earning sustainable, acceptable shareholder returns. This framework includes the following components:

- Governance and clearly defined roles and responsibilities;
- Risk appetite and capital management to shape and support risk in the business;
- A risk taxonomy to define risks inherent in the group's businesses; and
- Frameworks and supporting processes to manage each risk class.

a) Risk governance structures, roles and responsibilities

Recognising that clear accountabilities for the management of risk are fundamental to the success of any risk framework, the group has an ERM governance structure which is complemented by governance processes. The Board of Liberty Life Uganda as well as the Group, through its Liberty Africa Insurance division ensures that sufficient oversight and governance structures are put in place with respect to Liberty Life Uganda. These oversight and governance structures play a key role in assisting the Board of Liberty Life Uganda with mitigating regulatory, liquidity, solvency and market risks.

Governance and the 'three lines of defence' model

The Company has adopted a 'three lines of defence' model for managing risk. This model defines the roles, responsibilities and accountabilities for managing, reporting and escalating risks and issues throughout the company. The model incorporates the oversight, management and assurance of risk management, essentially giving three independent views of risk in the organisation.

The implementation of this model ensures that risk management is embedded in the culture of the organization and provides assurance to the board and senior management that risk management is effective.

Roles and responsibilities within the governance model

The roles, responsibilities and accountabilities for managing, reporting and escalating risks and issues differ throughout the Company's 'three lines of defence'. These have been defined as follows:

Oversight

Board of directors and key sub-committees

The Board of Directors has direct oversight of the Company's operations and risk management activities. It is assisted in this regard by the Investment Committee as well as the Audit and Risk Committee.

Three lines of defence

The "three lines of defence" that support Risk Management objectives are as follows:

First line — Business Unit Management

Business unit management are responsible for:

- Managing day-to-day risk exposures by using appropriate procedures and internal controls.
- The effectiveness of risk management and risk outcomes and for allocating resources to execute risk management activities.
- Tracking risk events and losses, identifying issues and implementing remedial actions to address these issues.
- Reporting and escalating material risks and issues to the Board or other governance bodies.

They have the authority to manage capital and market risk within their approved mandates and may also recommend the taking of risk beyond their mandate for the approval of the Board.

Second line - Statutory Actuaries and the Risk function

The statutory actuaries have a duty under the Insurance Statute of 1996 to carry out actuarial investigations and to report on those investigations.

It is also their duty to ensure that they have satisfied themselves that each legal entity remains solvent and able to meet liabilities at all times; they report on the solvency of these legal entities to the board and independent auditor, to whom they have unrestricted access.

From a risk management point of view, the statutory actuaries identify and monitor the risks faced by the Company which could have a material impact on the Company's ability to meet policyholder liabilities, and advise management if they believe that the policyholder

liabilities are not being or will not be met.

Risk Function

The risk function of Liberty Life Uganda is responsible for assisting senior management and the board to meet their obligations in terms of managing risk. The risk function develops the risk framework, policies, processes, systems and limits. The risk function provides independent oversight of risk management, reporting and escalating material risks and issues to the Board committees and sub-committees as necessary.

Third line – Assurance

The third line of defence comprises the group's assurance functions who provide an independent, accurate and balanced view of risk from each of the three lines of defence to the governance bodies within the organisation.

Group Internal Audit Services (GIAS)

Liberty Life Uganda does not have its own internal audit function. Internal audit services are provided by GIAS. GIAS is responsible for providing independent and objective assurance to management and the board on the adequacy and effectiveness of the group's risk management, governance, business processes and controls.

GIAS is responsible for validating compliance to the group's overall risk framework and risk governance structures and for providing independent assurance to management and

the board on the effectiveness of the first and second lines of defence. Internal audits are based on an assessment of risk areas, as well as on issues highlighted by GAAC and management. GIAS maintain a formal "Findings Tracking System" to ensure that all audit findings raised are addressed through clear action plans in a timely manner.

External Auditor

The external auditor has a statutory duty to report their independent opinion to the shareholders on the Company's financial statements. They also report to the Board of Liberty Life Uganda on any weaknesses in accounting and operational controls, which come to their attention during their audits.

b) Risk taxonomy

The board has approved the risk categories that reflect the diverse nature of the business' activities. These risk categories form the group's risk taxonomy and cover the range of risks to which the business is exposed to. The risk taxonomy allows management and the Board of Liberty Life Uganda to develop specific frameworks and policies covering the management of each risk as well as to obtain accurate, reliable and expeditious information with which to measure and monitor risks.

The Company integrated risk framework has been built around the following clearly defined risk categories:

1	2	3	4	5	6
Strategic and business risk	Insurance risk	Market risk	Credit risk	Liquidity risk	Operational risk
Solvency Risk					
Reputation Impact					

These risks are discussed in detail in the various section that follow in this report.

iii. Risk appetite and capital management

a. Risk appetite

Risk appetite is defined as the amount of risk taking that is acceptable to an organisation. Risk appetite refers to the organisation's attitude towards risk taking and whether it is

willing and able to tolerate a high or low level of exposure to specific risks or risk groups.

Within the Company, the risk appetite decision is fundamentally driven by the dual, but at times conflicting, objectives of creating shareholder value through risk taking, while providing financial security for the interests of

policyholders and clients through the Company's ongoing solvency.

The level of financial security provided to policyholders and clients has been determined as being the Company's target minimum capital adequacy requirement. While excessive amounts of capital will effectively guarantee the interest of policyholders and clients, this will not deliver efficient returns to shareholders.

An internal target of 3.0 times the minimum statutory capital adequacy requirement has been considered, by the board, as adequate from a solvency perspective. An absolute floor of 1.5 times the statutory capital adequacy requirement has also been set, which the group would prefer not to breach at any stage. Should the capital adequacy cover be at risk of moving below this level, a cut in dividend (and potentially other management actions) would be considered. This allows for a significant buffer against adverse market conditions to protect the group's solvency, but at the same time allows for efficient returns to shareholders. At present the business has achieved a level of 74% surplus (2020: 107%) for the capital adequacy ratio.

Thus, the risks accepted by the Company, as reflected in its strategic plans, are assessed in terms of their potential impact on shareholder returns and capital adequacy, particularly during the annual budgeting and planning process.

b. Capital management

Introduction

As explained above, capital adequacy is a key component in the Company's ERM, to:

- Support its risk-taking activities.
- Protect policyholders and clients by ensuring adequate assets are available to meet their

entitlements.

- Fund working capital and strategic requirements.
- Maintain its operating life licences.

The amount of capital the Company holds is an important measure used by the Industry Regulator and the market to assess the financial strength of the Company. Essentially capital management focuses on the capital needed, based on the Company's risk appetite, and how that capital is funded. The funding allocation impacts the Company's cost of capital.

Capital requirements

Under the Insurance Act of Uganda, the Insurance Regulatory Authority of Uganda ("IRA") is mandated to use Risk Based Supervision (RBS) as a supervisory approach of regulating licensees for both insurance companies and HMOs on a risk sensitive basis. In 2019, IRA introduced a framework for risk-based supervision ("RBS") of licensed companies to be implemented in a phased manner between 2019 and 2024.

Capital adequacy under the RBS framework is measured based on requirements adapted from the Solvency 2 framework of the European Union which are enshrined in the Insurance (Capital Adequacy and Prudential Requirements) Regulations 2020. The regulations require insurance companies to maintain capital resources for various risks including credit risk, market risk, operational risk, concentration risk, liquidity risk, and insurance risk which are determined based on specifications set out in the regulations.

As at 31 December 2021, the Company had a capital surplus of 77% (2020: 107%) as shown below:

	Note	2021 Shs'000	2020 Shs'000
Capital available	a)	15,840,219	13,800,882
Capital required	b)	5,718,328	4,500,000
Capital Adequacy Ratio		277%	307%
Prescribed Capital Adequacy Ratio		200%	200%
Capital surplus (%)		77%	107%
Capital surplus		10,121,891	9,300,882

In view of the phased adoption of the newly introduced RBS framework, the company is deemed to have complied with capital requirements as at 31 December 2021.

a) Capital Available

Capital available under the risk-based supervision ("RBS") framework is computed as the sum of the total equity for the period less deductions as follows:

	2021	2020
	Shs'000	Shs'000
Tier 1 Capital		
Share capital	4,500,000	3,000,000
Retained earnings	6,869,265	7,174,675
Statutory reserves	6,951,835	6,441,070
	18,321,100	16,615,745
Tier 2	-	-
Total equity	18,321,100	16,615,745
Less deductions		
Deferred Tax Asset	(1,107,886)	(1,368,120)
Deferred Acquisition Cost	-	-
Current Tax Recoverable	(215,988)	(185,274)
Prepaid expenses	(663,266)	(705,637)
Sundry debtors	(149,215)	(119,528)
Intangible assets	-	(28,434)
Encumbrances	31,287	28,988
Motor vehicle	-	(25,664)
Computer Equipment	(135,189)	(121,560)
Furniture, Fittings and Office equipment	(240,624)	(289,634)
Total deductions	(2,480,881)	(2,814,863)
Available capital (Tier 1 Capital+(Min of tier 1 capital and tier 2 capital) - deductions)	15,840,219	13,800,882

b) Capital Required

Capital required under the risk-based supervision ("RBS") framework is maximum of the Total Risk Based Capital (computed as the square root of the sum of the squares of market risk, credit risk, insurance risk and operational risk) and the absolute minimum capital required.

	2021	2020
	Shs'000	Shs'000
Capital required	5,718,328	4,500,000

iv. Strategic risk

Strategic risk is the risk of adverse outcomes resulting from a weak competitive position or from a poor choice of strategy, markets, products, activities or structures. Major potential sources of strategic risk include revenue and cost volatility owing to factors such as macroeconomic conditions, changes in regulation, inflexible cost structures, reputation or brand, uncompetitive products or pricing and structural inefficiencies.

a) Accountability for strategic risk

The risk is primarily mitigated through the development and implementation of an effective strategic plan. The board is responsible for agreeing the Company's objectives and the strategies and plans for achieving those objectives. The board approves any subsequent material changes in strategic direction, as well as significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the company or its subsidiaries. The Chief Executive officer is responsible for the development of the strategic plan and implementing the approved strategic plan at a company level.

b) Risk identification

The Company's management continually review the strategy of the Company, with a formal annual review and refresh, taking into account the business, legal and regulatory environments in which the company and the wider group operates. Executive management identifies and assesses strategic and business opportunities and addresses the associated risks throughout the strategic planning process.

c) Risk management

Management monitor the external business environment (industry trends, regulations, customer behaviour, competitors) and report on risks and opportunities through the Company's risk reporting structure. The Board reviews the performance of the Company regularly and ensures that management takes corrective action to address potential strategic and business risks.

v. Insurance risk

a. Introduction

Insurance risk is the risk that future experience will differ from expectations only in respect of: underwriting, customer behavior, expense, tax and new business factors. This risk relates specifically to the expectations employed in determining expected financial outcomes; limited to pricing, provisioning, risk measures and value measures. The assumptions that have the greatest effect on the Statement of Financial Position and Statement of Comprehensive Income due to a higher likelihood of variation from estimates made are described below.

Mortality risk is the risk of loss arising due to actual policyholder death experience on life assurance policies being higher than expected.

Morbidity risk is the risk of loss arising due to policyholder health related claims being higher than expected.

Policyholder behavior risk is the risk of loss arising due to policyholder's behavior in discontinuing, reducing contributions or withdrawing benefits prior to the expiry of the contract being worse than expected.

Expense risk is the risk of loss arising due to the expenses incurred in administering policies being worse than expected.

Other risks which are not expected to have a material impact on the results in the short term include catastrophe risk, tax assumptions and the expected inflation of expenses.

The reinsurance treaties set in place will protect the company's solvency from large individual claims and cumulative claims from catastrophic events.

The statutory actuary reports annually on the actuarial soundness of the premium rates in use for new business and the profitability of the business taking into consideration the reasonable benefit expectations of policyholders and the expected impact of the insurance and market risks.

The Company's expense ratios are progressively coming down due to growth in premium income with expense growth remaining under control. This is generating expense profits and with increased management focus on expense control, this should continue to be important source of future profits.

The health condition and medical history of applicants are assessed at inception of new contracts as part of the underwriting process and premiums and terms and conditions are varied accordingly. Special risks, such as hazardous pursuits and unusual medical conditions, are also assessed at underwriting stage. In addition, financial underwriting is used where necessary to determine insurable interest.

All applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. Specific testing for HIV is

carried out in all cases where the applications for risk cover exceed set limits depending on the risk classification of the applicants.

Policyholders have the option to discontinue or reduce contributions. As a result policyholder behaviour contributes to insurance risk.

An estimate of expenses necessary to administer the recurring contract periods of in-force policies are provided for in the determination of the policyholder liability.

The amounts provided are based on actual experience adjusted for non-recurring expenses and known variations to the future expense base.

The expense risk is that actual expenses over time exceed the charges obtained from the premium income.

Concentration of insurance risk

The concentration of insurance risk before and after reinsurance to the type of risk accepted is summarized below, with reference to the insurance contract liabilities.

Type of Risk	2021		2020	
	Gross amount Shs'000	Net of reinsurance amount Shs'000	Gross amount Shs'000	Net of reinsurance amount Shs'000
Decreasing Term	1,688,373	1,648,874	3,063,179	3,009,681
Group Funeral	33,569	21,645	16,679	16,679
Group Life	710,452	672,146	199,410	186,860
Group Critical Illness	-	-	96,176	90,337
Group Income Disability	-	-	13,499	13,499
Group Risk Medical	2,026,914	101,346	1,936,901	96,845
Education Saver	556,891	556,891	381,688	381,688
Retail	-	-	3,708	3,708
Data Contingency Reserve	300,000	300,000	300,000	300,000
PHI Claims in Payment	300,869	176,434	45,083	25,817
Pure investment	124,451	124,451	176,941	176,941
Covid Reserve	195,530	195,530	441,735	441,735
Total risk	5,937,049	3,797,317	6,674,999	4,743,790

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate insurance liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

31 December 2021	Change in assumptions	Increase/ (decrease) on gross liabilities Shs'000	Increase/ (decrease) on net liabilities Shs'000	Increase/ (decrease) on profit after tax Shs'000
Expense per policy	+5%	2,600	2,600	(1,820)
Interest rate yield curve	+12%	(21,184)	(13,111)	9,177
Expense per policy	-5%	(2,600)	(2,600)	1,820
Interest rate yield curve	-12%	24,784	15,430	(10,801)

31 December 2020	Change in assumptions	Increase/ (decrease) on gross liabilities Shs'000	Increase/ (decrease) on net liabilities Shs'000	Increase/ (decrease) on profit after tax Shs'000
Expense per policy	+5%	564	564	(395)
Interest rate yield curve	+12%	(2,592)	(1,695)	41,998
Equity prices	+15%	--	-	5,250
Expense per policy	-5%	(564)	(564)	395
Interest rate yield curve	-12%	331	217	(40,415)
Equity prices	-15%	-	-	(5,250)

vi. Financial Market risk

a) Introduction

Financial markets risk refers to credit, market and liquidity risk collectively.

In particular the Company is exposed to market risk where the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance contracts. This risk is termed as the policyholder asset-liability mismatched risk. The Company manages these positions within an asset liability management (ALM) framework that aims to match assets to the liabilities arising from insurance contracts by nature and term. For each distinct category of liabilities in terms of the ALM framework, a separate asset profile is maintained. For most categories of business, the ALM framework determines an asset class allocation. The Liberty Life Uganda Investment Committee determines Investment mandates under the direction of the Board in line with the ALM framework.

b) Market risk

The risk of an unexpected change in the actual or effective market value of an instrument, its future cash flows or earnings caused by adverse moves in market variables such as equity, bond, currency exchange rates, interest rates, properties, credit spreads, correlations and implied volatilities.

Policyholder liabilities – Liabilities in which the determination of the amount owing is not referenced entirely to specific assets. Liberty Life Uganda shareholders effectively are exposed to the market risks depending on the extent of the asset liability mismatch.

Ordinary shareholders — Assets that are specifically held to support the Company's capital base. The Company's shareholders assume the entire market risk related to these assets.

The table below summarises the Company's net exposure to insurance and financial assets. This exposure has been attributed to the effective "holders" of the risk defined as follows:

	Total per Statement of financial position	
	2021 Ushs'000	2020 Ushs'000
Financial assets at amortised cost and at fair value	16,410,373	15,593,603
Prepayment and insurance receivables (excluding prepayments)	7,994,082	6,786,330
Statutory Security Deposit	634,201	581,360
Cash and cash equivalents	2,984,943	3,704,418
Unit trust investments	547,633	430,306
Total Financial and Insurance assets	28,571,232	27,096,017

a) Interest rate risk

Interest rate risk is the risk arising from the yield curve deviating from the expected yield curve in both absolute value and the shape of the curve.

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk. The Company's fixed interest rate financial instruments are government securities and deposits with financial institutions.

Investment contracts with fixed and guaranteed terms, government securities and deposits with financial institutions held to maturity that are accounted for at amortised cost are not sensitive to changes in the level of interest rates.

Sensitivity analysis

The table below summarises the company's exposure to interest rate risk as at 31 December 2021 and 31 December 2020;

	Average interest rate	31-Dec-21	31-Dec-20
		Shs'000	Shs'000
Unit trust investment balance	11%	547,633	430,306
		547,633	430,306

A +/-2 movement in the interest rates would have an impact of +/- Shs 9M on the profit of the company.

b). Currency risk

In the ordinary course of business, the Company enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. This is managed by matching/ tagging the liabilities with similar currency denominated liabilities.

The company had the following significant foreign currency positions (all amounts expressed in Uganda Shillings):

	2021			2020		
	ZAR	USD	Total	ZAR	USD	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Amount due to Group companies	447,561	-	447,561	(530,697)	-	(530,697)
Cash and cash equivalents	9,009	45,246	54,255	211,807	191,797	403,604
	456,570	45,246	501,816	(318,890)	191,797	(127,093)

At December 31, 2021, if the currency had weakened / strengthened by 5% against the South African Rand and the USD with all other variables held constant, post-tax profit for the year would have been Shs 16million and Shs 10million higher or (lower) respectively, mainly as a result of foreign exchange gains / (losses) on translation of Rand and USD denominated related party transactions

	ZAR	USD
+5% movement	(21,927)	2,262
- 5% movement	21,927	(2,262)

vii. Credit risk

The risk of adverse financial impact due to changes in the credit quality of obligations and/or the market pricing of credit risk. Credit risk can be sub-divided into credit default risk, spread risk and credit concentration risk.

a. Introduction

Key areas where the Company is exposed to credit risk are:

Cash and cash equivalents;

Assets invested in the Money Market fund;

Certain accounts within prepayments, insurance and other receivables; and

b. Financial assets

The Company's investment and associated financial instruments that support policyholder liabilities were managed in-house by the Company's management.

c. Credit exposure

The Company has significant concentration of credit risk in terms of insurance and other receivables due to the relative significance of the total value of debtors with Stanbic bank (78%). Cash transactions are at present conducted significantly through Stanbic Bank (Uganda) Limited, a fellow Group company. If a policyholder ceases to pay their premiums, as contractually required, any insurance risk would lapse.

The following table provides information regarding the aggregated credit risk exposure for the Company, for debt instruments categorised by credit ratings (if available) and insurance assets, at 31 December 2021.

	AAA	AA	A	B+	Not rated	Total Carrying value
At December 31 2021	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at amortised cost and at fair value	14,592,556	-	-	1,660,839	156,978	16,410,373
Insurance and other receivables (excluding prepayments)	-	-	-	-	7,994,082	7,994,082
Statutory security deposit	634,201	-	-	-	-	634,201
Unit trust investments	-	-	-	547,633	-	547,633
Cash at bank	-	-	-	-	2,984,943	2,984,943
Total assets bearing credit risk	15,226,757	-	-	2,208,472	11,136,003	28,571,232
At December 31 2020						
Financial assets at amortised cost and at fair value	13,069,365	-	-	2,394,638	129,600	15,593,603
Insurance and other receivables (excluding prepayments)	-	-	-	-	6,786,330	6,786,330
Statutory security deposit	581,360	-	-	-	-	581,360
Unit trust investments	-	-	-	430,306	-	430,306
Cash at bank	-	-	-	-	3,704,418	3,704,418
Total assets bearing credit risk	13,650,725	-	-	2,824,944	10,620,348	27,096,017

The assets above are analysed according to internal credit ratings benchmarked to external rating agencies such as Fitch and Standard and Poor's.

The rating scales are linked to long-term investment horizons as the Company cannot accurately determine the maturity of these assets due to volatility of the markets and policyholder behaviour, and have the following broad definitions:

Investment grade

AAA - Obligations are judged to be of the highest quality, with minimal credit risk and indicate the best quality companies that are reliable and stable.

AA - Obligations are judged to be of high quality and are subject to very low credit risk and indicate quality companies, although riskier than AAA.

A - Obligations are considered upper-medium grade and are subject to low credit risk although certain economic situations can more readily affect the companies' finance adversely than those rated AAA or AA.

B+ - Obligations are subject to moderate credit risk and indicate medium class companies, which are currently satisfactory.

Not rated - The group considers and reviews credit risk on all financial instrument exposures, however in the case of certain instruments a formal investment grade is not assessed.

Stages of credit quality and expected credit loss measurement

The Company evaluates financial instruments based on their credit characteristics and assesses any changes in credit risk since origination before grouping them into stages. The groupings are reviewed and updated on a regular basis. The table below shows the staging criteria applied across financial assets.

Stage 1	Stage 2	Stage 3
Performing	Underperforming	Non-Performing
No significant change in credit risk since initial recognition.	Significant increase in Credit risk since initiation. No objective evidence of impairment	Financial instruments that have deteriorated significantly in credit quality since initial recognition. Credit impairment evident

Credit risk profile based on provision matrix

i) Financial assets at amortised costs

	2021	2020
	Ugx'000	Ugx'000
Stage 1	16,289,665	15,497,516
Total financial assets at amortised cost	16,289,665	15,497,516
Less: Expected credit losses	(36,270)	(33,513)
Net carrying amount	16,253,395	15,464,003

ii) Statutory security deposit

	2021	2020
	Ugx'000	Ugx'000
Stage 1	635,494	582,663
Stage 2	-	-
Stage 3	-	-
Total statutory security deposit	635,494	582,663
Less: Expected credit losses	(1,293)	(1,303)
Net carrying amount	634,201	581,360

iii) Cash and cash equivalents

	2021 Ugx'000	2020 Ugx'000
Stage 1	2,987,567	3,708,043
Stage 2	-	-
Stage 3	-	-
Total cash and cash equivalents	2,987,567	3,708,043
Less: Expected credit losses	(2,624)	(3,625)
Net carrying amount	2,984,943	3,704,418

d. Standard Bank Limited credit risk concentration

Standard Bank Limited is Liberty Group Limited's ultimate holding company. However normal credit processes are followed before any asset exposure is entered into with Standard Bank or its subsidiaries.

Standard Bank Group Limited (Standard Bank) credit risk concentration	Overall Company investment Shs'000	Exposure to Standard Bank Shs'000	%
2021			
Equity instruments-Uganda re	156,978	-	-
Financial instruments	16,253,395	-	-
Statutory Security Deposit	634,201	-	-
Unit trust investment	547,633	-	-
Cash and cash equivalents	2,984,913	623,510	20.9
Total exposure to Standard Bank	20,577,120	623,510	3.0
2020			
Equity instruments-Uganda re	129,600	-	-
Financial instruments	15,464,003	-	-
Statutory Security Deposit	581,360	-	-
Unit trust investment	430,306	-	-
Cash and cash equivalents	3,704,418	1,293,228	34.9
Total exposure to Standard Bank	20,309,687	1,293,228	6.4

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 finalisation of any contract.

	2021	2020
	Shs'000	Shs'000
Past due but not impaired:		
- by up to 30 days	825,993	290,766
- by 31 to 60 days	-	-
Total past due but not impaired	825,993	290,766
Impaired-past due by >60 days	1,538,109	1,961,620
Total	2,364,102	2,252,386

No collateral is held for any of the above assets. All receivables that are either past due or impaired are within their approved credit limits and no receivables have had their terms renegotiated. All receivables past due by more than 60 days are considered to be impaired and are carried at their estimated recoverable value.

viii. Liquidity risk

This represents the risk that a legal entity cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due (funding liquidity risk), or can only do so at materially disadvantageous terms (market liquidity risk).

Introduction

Long term insurance companies are registered financial institutions and are required to hold minimum capital liquid assets to reduce policyholder exposure to the entity's liquidity risk.

Maturity profile

The table below summarises the maturity profile of the insurance liabilities and financial liabilities of the company based on the remaining undiscounted contractual obligations.

2021

	0-3 months	Less than 1 year	1 year to 5 years	Over 5 years	Contractual cashflow	carrying value
Liabilities	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance contracts	-	5,522,000	272,971	17,627	5,812,598	5,812,598
Investment linked contracts (excluding discretionary participation features (DPF))	-	124,451	-	-	124,451	124,451
Insurance and other payables	1,186,007	404,727	-	-	1,590,734	1,590,734
Employee benefits	406,293	-	-	-	406,293	406,293
Lease liability	-	319,409	1,394,270	705,335	2,419,014	1,763,586
Amounts due to related parties	-	4,474,548	-	-	4,474,548	4,474,548
Total Liabilities	1,592,300	10,845,135	1,667,241	722,962	14,827,638	14,172,210

2020

	0-3 months	Less than 1 year	1 year to 5 years	Over 5 years	Contractual cashflow	carrying value
Liabilities	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Insurance contracts	-	5,849,913	608,830	39,315	6,498,058	6,498,058
Investment linked contracts (excluding discretionary participation features (DPF))	-	176,941	-	-	176,941	176,941
Insurance and other payables	873,265	646,496	-	-	1,519,761	1,519,761
Employee benefits	425,517	-	-	-	425,517	425,517
Lease liability	-	339,609	1,765,819	716,294	2,821,722	1,867,870
Amounts due to related parties	-	4,556,504	-	-	4,556,504	4,556,504
Total Liabilities	1,298,782	11,569,463	2,374,649	755,609	15,998,503	15,044,651

a. Liquidity profile of financial assets

The Company's financial assets are very liquid as illustrated in the table below;

Financial asset liquidity	2021	2020
Liquid assets	10%	13%
Medium assets	90%	87%
	100%	100%

- Liquid assets are those that are considered to be realisable within one month (e.g. cash, listed equities, term deposits).
- Medium assets are those that are considered to be realisable within six months (e.g. Insurance and other debtors)

Liquidity risks arising out of obligations to policyholders

The following tables give an indication of liquidity needs in respect of cash flows required to meet obligations arising under insurance contracts.

A liability is held with respect to the IBNR and UPR portion associated with annually renewable contracts, and these cash flows are included in the table below.

2021	Investment contracts excluding Discretionary features	Insurance contracts	Total Policyholder Liabilities
	Shs'000	Shs'000	Shs'000
Total policyholder liabilities			
Within 1 year	124,451	5,522,000	5,646,451
2 - 5 years	-	272,971	272,971
6 - 10 years	-	10,344	10,344
11 - 20 years	-	12,930	12,930
Over 20 years	-	(5,647)	(5,647)
Total liabilities	124,451	5,812,598	5,937,049

The following table shows the cash value for policyholders' liabilities:

2021	Carrying value Shs'000	Surrender Value Shs'000
Insurance contracts	5,812,598	1,943,724
Investment contracts excluding DPF	124,451	115,769
Total policyholder liabilities	5,937,049	2,059,493

2020	Investment contracts excluding Discretionary features	Insurance contracts	Total Policyholder Liabilities
	Shs'000	Shs'000	Shs'000
Total policyholder liabilities			
Within 1 year	176,941	5,849,913	6,026,854
2 - 5 years	-	608,830	608,830
6 - 10 years	-	23,071	23,071
11 - 20 years	-	28,839	28,839
Over 20 years	-	(12,595)	(12,595)
Total liabilities	176,941	6,498,058	6,674,999

The following table shows the cash value for policyholders' liabilities:

2020	Carrying value	Surrender value
	Shs'000	Shs'000
Insurance contracts	6,498,058	2,151,444
Investment contracts with excluding DPF	176,941	164,596
Total Policy holder liabilities	6,674,999	2,316,040

a. Introduction

Operational risk is the risk of loss caused by inadequate or failed internal processes, people and systems, or from external events. Operational risk is therefore pervasive across all financial institutions. As a typical financial institution, we have identified that the operational risks the Company is exposed to could relate to failures around:

- Implementation of new and emerging regulations
- Compliance with regulation
- Customer service
- Information technology
- Human resources
- Internal controls resulting in internal and external fraud
- Project management
- Outsourcing of activities
- Crisis and disaster management
- Introducing new products

b. Ownership and accountability

Ownership of and accountability for operational risk management is of primary importance. As indicated by the 'three lines of defence' model of risk management adopted within the Company, the first line of defence (management and staff at every level of the business) is accountable for the day-to-day identification, management and monitoring of operational risks. It is also management's responsibility to report any material operational risks, risk events and issues identified to senior management following certain pre-defined escalation procedures.

c. Risk identification, assessment and measurement

The group uses two methods to identify exposures to operational risk:

- A top-down senior management risk self-assessment of the key operational issues facing the Company.
- A bottom-up self-assessment approach of all operational risks.

The two approaches ensure that a comprehensive and complete view of the Company's operational risk profile is compiled.

As noted in the introduction to this section, the Company has identified the areas in which operational risk arise. The process of operational risk management starts with this. Consideration is then given to the need for a business unit policy to define the approach to mitigating this risk. Risk and compliance policies are developed, where necessary, to:

- Ensure compliance with internal principles and with legal and regulatory requirements.
- Address associated risks in the business, define roles, responsibilities and expectations at all levels.
- Guide staff at all levels on how to conduct our business.
- Ensure that staff work in a consistent way throughout the Company.
- Help management to develop operating processes.

Once this policy has been approved at the appropriate governance level, it is implemented. A project-based approach is used to introduce and implement risk and compliance changes to the organisation, which typically result in changes to processes and roles.

d. Risk management

Policy compliance is the subject of ongoing monitoring. The group's policy framework is constantly reviewed and approved where necessary.

Risk management activities in relation to operational risks include but are not limited, to:

- **Regulatory risk:** The regulatory environment is monitored closely to ensure that the Company implements new or amended legislation requirements promptly to ensure compliance and avoid unnecessary fines and penalties or the revocation of our licence.
- **Compliance risk:** The risk of regulatory sanctions, financial loss or damage to reputation as a result of not complying with legislation, regulation or internal policies is managed through the established compliance functions within the Company and a compliance policy.
- The policy ensures that compliance requirements are identified and implemented through the development of appropriate policies and procedures and that regular monitoring and reporting of breaches is carried out by the businesses and at the centre to provide the board with assurance on the status of compliance within the organisation.
- **Taxation risk:** The risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or the impact of new taxation legislation on existing products, is managed through the Company's tax policy. The policy ensures that the Company fulfils its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, indirect taxes and tax administration.
- The group tax function assists the Board and Management of Liberty Life Uganda to identify and manage tax risk through the application of a formulated tax risk approach which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the Company is exposed and in the context of the various types of activities the Company conducts.
- **Internal and external fraud:** The group has a zero-tolerance policy to fraud. Group Forensic Services (GFS) investigates all reported incidents and

proactively identifies incidents which, if established as being fraudulent, may result in dismissals, recoveries or prosecutions.

- The Group's anti-fraud policy clearly states that management (i.e. the first line of defence) is responsible for ensuring that controls at all stages of a business process are adequate for the prevention and detection of fraud.
- An employee who suspects or knows of an actual fraud follows the reporting process described in the policy. In addition, the group's whistle-blowing policy encourages employees to be more vigilant and proactive in contributing to a fraud-free environment.
- **Business continuity management (BCM):** This risk of not continuing normal business activities should a crisis occur, has become a focus for the group and dedicated resources are in place at group level to assist the business review and improve BCM activities.

A further range of continuity risks have been identified through a risk assessment and scenario analysis cycle. These risks are proactively managed under the umbrella of a holistic BCM programme and comprising amongst other things the implementation of appropriate reactions and recovery structures and plans, which is subject to testing on a cyclical basis.

- **Other:** The exposure to risks around new product development, physical security measures, outsourcing and key suppliers, business acquisitions and alliances, financial, and model risk controls, are also monitored.
- **Internal controls:** The internal controls implemented around high-risk processes e.g. the payment of death and disability claims, are reviewed regularly by management for effectiveness. GIAS provide additional assurance on the adequacy and effectiveness of internal controls by conducting independent risk-based reviews. Any control weaknesses are reported to management and corrective measures are initiated.

Monitoring controls around the operational risks confirms that the business is operating within its operational risk appetite and ensures the prompt identification of new operational risks and issues. Monitoring is performed by business unit management (and their compliance teams) business unit risk managers and by Group Risk (including Group Forensic Services and Group Compliance Services).

The approach to ensuring compliance is typically included in more detail in individual policies. The extent and frequency of monitoring and oversight is influenced by the level of risk of particular business activities.

e. Reporting

The preparation of monthly and quarterly risk reports forms an integral part of monitoring the company and its subsidiaries overall operational risk profile. This is prepared by each business unit and is presented to the relevant management for review and discussion.

The reports include information relating to:

- Critical operational risks the company and its subsidiaries faces, or are potentially facing.
- Risk events losses and issues (together with intended mitigating actions and progress thereon).
- The effectiveness of mitigation plans and progress made from reporting cycle to reporting cycle.
- Trends in relation to fraud and security incidents, litigation, customer complaints.
- Actual losses and control failures experienced.

f. Assurance

Group Internal Audit Services (the third line of defence) provide independent assurance on the effectiveness of operational risk management processes to the board and other stakeholders.

x. Reputational risk

This is defined as the potential or actual damage to the organisation's image and trustworthiness of business which may impair the profitability and/or sustainability of its business. Such damage may result from a breakdown of trust, confidence or business relationships on the part of customers, counterparties, shareholders, investors or regulators that can adversely affect the group's ability to maintain existing or generate new business relationships and continued access to sources of funding.

The Company is committed to making risk disclosures which assist its shareholders and analysts in gaining a full understanding of its business.

Reputation damage is usually a consequence of failed risk management and is, therefore, managed by having effective risk management processes in place and by effectively dealing with the impact of any significant risk event. The Company's approach to risk management has been described in this section. Should a risk event occur, the Company's crisis management processes are designed to minimise the reputation impact of the event.

Reputation risk can also arise through business practices being considered inappropriate, given changes in the social and economic environment. The group's risk identification processes include the early identification of environmental changes and their potential impact.

The Company's leadership emphasises the importance of the customer, as well as fairness, sincerity and transparency in all its dealings. The Company monitors complaints from customers and other stakeholders and ensures that management takes the necessary action to address problem areas in a prompt and efficient manner.

Concentration risk Introduction

Concentration risk is the risk that the company is exposed to financial loss which if incurred would be significant due to the aggregate (concentration) exposure the company has to a particular asset, counterparty, customer or service provider.

Asset management

The Company's assets are managed internally by management.

6. Premiums

	2021 Shs'000	2020 Shs'000
Insurance premiums from insurance contracts	42,549,715	40,194,981
Reinsurance premiums	(15,009,576)	(14,270,526)
Net insurance premium revenue	27,540,139	25,924,455
Comprising:		
Recurring	34,517,482	32,793,502
Group risk	4,311,070	4,066,758
Single premium	3,721,163	3,334,721
	42,549,715	40,194,981
Less: Premium ceded to reinsurers	(15,009,576)	(14,270,526)
Net premium income from insurance contracts	27,540,139	25,924,455

7. Investment income

	2021 Shs'000	2020 Shs'000
Financial assets held at amortized cost		
Investment income	1,699,524	1,766,236
Interest income on current accounts	117,909	99,260
Net impairment loss on financial assets (note 11b)	(1,746)	(5,401)
Total investment income	1,815,687	1,860,095

8. Other income

	2021 Shs'000	2020 Shs'000
Sundry income	26,792	27,242
Total other income	26,792	27,242

9. Other finance costs

	2021 Shs'000	2020 Shs'000
Interest on finance lease	197,045	80,629
Foreign exchange losses	5,154	5,783
	202,199	86,412

10. Claims and policyholders' benefits

	2021 Shs'000	2020 Shs'000
Death and physical health claims	21,110,406	17,439,663
Insurance claims recovered from re-insurers	(13,265,665)	(12,879,421)
Net insurance benefits and claims	7,844,741	4,560,242

11. General marketing and administration expenses

General marketing and administration expenses include the following:

	2021 Shs'000	2020 Shs'000
Staff costs	3,325,931	2,941,799
Subscriptions	4,262,904	4,416,928
Fees paid for administration services	554,900	295,000
Advertising	406,041	404,549
Other expenses	943,694	909,785
Amortisation (note 19)	28,434	28,434
Travel – local	13,091	11,296
Directors' fees	117,611	120,926
External audit fees	134,176	130,715
Internal audit fees	125,672	144,101
Low value lease expense	76,252	131,046
Insurance	39,434	38,215
Other staff costs	161,341	128,454
Training	42,884	5,880
Depreciation (note 20)	161,797	190,800
Depreciation- Right of use asset (note 21)	233,951	305,213
Repairs and maintenance expense	19,798	3,807
Reversal of expected credit losses provision (note 11a)	(5,690)	(186,171)
Profit share expenses	3,917,287	4,025,807
	14,559,508	14,046,584

11 (a) Expected credit loss reconciliation

The movement in expected loss provision for premiums debtors and financial assets is analysed as below:
2021

	Bank balances Shs'000	Statutory deposit Shs'000	Government securities and fixed deposits Shs'000	Total ECL other financial assets	Premiums debtors Shs'000	Total Shs'000
At 1 January	3,625	1,303	33,513	38,441	15,349	53,790
Charge for the year	(1,001)	(10)	2,757	1,746	(5,690)	(3,944)
Bad debts write-off	-	-	-	-	(1,605)	(1,605)
At 31 December	2,624	1,293	36,270	40,187	8,054	48,241

2020

	Bank balances Shs'000	Statutory deposit Shs'000	Government securities and fixed deposits Shs'000	Total ECL other financial assets	Premiums debtors Shs'000	Total Shs'000
At 1 January	3,516	1,269	28,255	33,040	208,284	241,324
Charge for the year	109	34	5,258	5,401	(186,171)	(180,770)
Bad debts write-off	-	-	-	-	(6,764)	(6,764)
At 31 December	3,625	1,303	33,513	38,441	15,349	53,790

12. Staff costs

	2021 Shs'000	2020 Shs'000
Staff salaries	2,919,638	2,516,282
Provision for Bonus	406,293	425,517
	3,325,931	2,941,799

The average number of employees of the company during the year was 40 (2020:34)

13. Profit before tax

Profit after tax is stated after charging

	2021 Shs'000	2020 Shs'000
Auditor's remuneration (Note 11)	134,176	130,715
Amortization of intangible assets (Note 19)	28,434	28,434
Depreciation (Note 20)	161,797	190,800
Right-of-Use depreciation (Note 21)	233,951	305,213
Wages and salaries (Note 12)	3,325,931	2,941,799

14. Income tax expense

	2021 Shs'000	2020 Shs'000
Current income tax	-	704,094
WHT on government securities	304,369	284,868
Deferred income tax	260,234	45,140
Unsupported WHT	-	19,919
Prior year current income tax adjustment	-	44,619
Income tax expense	564,603	1,098,640

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

	Effective tax rate %	2021 Shs'000	Effective tax rate %	2020 Shs'000
Profit before income tax		2,269,958		3,702,457
Tax calculated at the statutory income tax rate of 30%	30%	680,987	30%	1,110,737
Tax effects of:				
Income taxable at 20% as a final tax	13.4%	304,369	7.69%	284,868
Expenses not deductible for tax purposes	(18.95%)	(430,227)	(10.51%)	(388,980)
Prior year deferred tax adjustment	0.417%	9,474	0.74%	27,477
Prior year current income tax adjustment and Unsupported WHT		-	1.74%	64,538
Income tax expense for the year	24.87%	564,603	29.67%	1,098,640

	2021 Shs'000	2020 Shs'000
Tax payable at start of year	(185,274)	(530,608)
Current income tax charge	-	704,094
WHT on government securities	304,369	284,868
Tax paid	(335,083)	(708,165)
Prior year current income tax adjustment	-	44,619
Unsupported WHT write off	-	19,918
Tax receivable at end of year	(215,988)	(185,274)

15. Cash and cash equivalents

	2021 Shs'000	2020 Shs'000
Cash and cash equivalents	2,987,567	3,708,043
Expected credit loss provision on cash at bank (note 11(b))	(2,624)	(3,625)
	2,984,943	3,704,418

The carrying value of cash and cash equivalents is approximately equal to the fair value.

16. Debt and equity instruments

	2021 Shs'000	2020 Shs'000
Debt instruments at amortised cost		
Government securities	14,628,177	13,097,050
Fixed deposits	1,661,488	2,400,466
Expected credit loss on Government securities and FDs (note 11b)	(36,270)	(33,513)
	16,253,395	15,464,003
Statutory Security Deposit	635,494	582,663
Expected credit loss on statutory security deposit (note 11b)	(1,293)	(1,303)
	634,201	581,360
Total carrying amount	16,887,596	16,045,363

	2021 Shs'000	2020 Shs'000
Maturity profile of government securities and fixed deposits - gross:		
Less than 1 year	15,995,287	15,188,104
1 – 5 years	294,378	309,412
Total	16,289,665	15,497,516

The weighted average effective interest rate on debt and equity instruments as at 31 December 2021 was 10.87% (2020: 11.71%).

	2021 Shs'000	2020 Shs'000
Equity instruments at fair value through profit or loss (FVTPL)		
Unlisted equity securities - investment in Uganda Re	156,978	129,600
Total	156,978	129,600

Movement in financial assets at fair value through profit or loss during the year was as follows;

17. Unit trust investments

	2021 Shs'000	2020 Shs'000
Unit trust investment balance	547,633	430,306
	547,633	430,306
Movement in unit trust investment during the year was as follows;		
At start of year	430,306	300,296
Deposits	177,201	183,478
Interest earned	44,411	32,818
Withdrawals	(104,285)	(86,286)
At end of year	547,633	430,306

18. Prepayments, insurance and other receivables

	2021 Shs'000	2020 Shs'000
Outstanding premium receivables	3,349,087	2,498,556
Expected credit loss provision on premium debtors (note 11b)	(8,054)	(15,349)
Reinsurance recoveries	2,364,102	2,252,386
Reinsurers' share of insurance contract liabilities (note 22)	2,139,732	1,931,209
Prepayments	663,266	705,637
Other debtors	149,215	119,528
Total prepayments, insurance and other receivables	8,657,348	7,491,967

Prepayments, insurance and other receivables are settled no more than 12 months after the reporting date. All balances are non-interest bearing. The carrying value of prepayments, insurances and other receivables is approximately equal to the fair value.

19. Intangible assets

	2021			2020		
	Cost Valuation Shs'000	Accumulated amortisation Shs'000	Carrying value Shs'000	Cost Valuation Shs'000	Accumulated amortisation Shs'000	Carrying value Shs'000
Value of in-force business	690,000	(690,000)	-	690,000	(661,566)	28,434
Total	690,000	(690,000)	-	690,000	(661,566)	28,434

Value of in-force business relates to insurance contracts acquired from East African Underwriters Limited, at the time of inception of the Company, and are recognised on the basis of the fair value of estimated cash flows expected to be generated from the contracts. The customer contracts are amortised over 15 years.

Year ended 31 December 2021	At start of year	Amortisation	At end of year
Carrying value	Shs'000	Shs'000	Shs'000
Computer software	-	-	-
Value of In-Force Business	28,434	(28,434)	-
	28,434	(28,434)	-

Year ended 31 December 2020	At start of year	Amortisation	At end of year
Carrying value	Shs'000	Shs'000	Shs'000
Computer software	-	-	-
Value of In-Force Business	56,868	(28,434)	28,434
	56,868	(28,434)	28,434

20. Property and equipment

	Computer equipment	Furniture fixtures and fittings	Office equipment	Motor vehicles	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
At 1 January 2020	399,051	390,283	181,501	307,970	1,278,805
Additions	84,848	37,516	20,922	-	143,286
At 31 December 2020	483,899	427,799	202,423	307,970	1,422,091
At 1 January 2021	483,899	427,799	202,423	307,970	1,422,091
Additions	72,118	3,226	15,860	-	91,204
At 31 December 2021	556,017	431,025	218,283	307,970	1,513,295
Depreciation					
At 1 January 2020	236,917	189,560	83,608	220,712	730,797
Charge for the year	61,786	47,524	19,896	61,594	190,800
At 31 December 2020	298,703	237,084	103,504	282,306	921,597
At 1 January 2021	298,703	237,084	103,504	282,306	921,597
Charge for the year	68,028	47,047	21,058	25,664	161,797
At 31 December 2021	366,731	284,131	124,562	307,970	1,083,394
Net book value					
At 31 December 2020	185,196	190,715	98,919	25,644	500,494
At 31 December 2021	189,286	146,894	93,721	-	429,901

21. Leases

a. Right of Use asset

Right-of-use assets relates to leased office premises that are presented as Right of Use asset in the statement of financial position.

Cost	2021 Shs'000	2020 Shs'000
At the start of the year	2,381,432	1,353,982
Opening balance adjustment	-	(6,623)
Additions to right of use assets	-	1,034,073
Derecognition of right-of-use assets	(37,432)	-
At the end of the year	2,344,000	2,381,432
Depreciation		
At the start of the year	(605,012)	(299,799)
Charge for the year	(233,951)	(305,213)
At the end of the year	(838,963)	(605,012)
Net book value	1,505,037	1,776,420

b. Lease Liabilities

Cost	2021 Shs'000	2020 Shs'000
At the start of the year	1,867,870	1,121,828
Opening balance adjustment	-	(6,623)
Additions to right of use assets	-	1,034,073
Interest expense	197,045	80,629
Interest paid in the year	(149,644)	(80,629)
Principal paid in the year	(86,340)	(264,722)
Derecognition of right-of-use assets	(38,496)	-
Effect of foreign exchange movements	(26,849)	(16,686)
At the end of the year	1,763,586	1,867,870

The maturity analysis of these lease liabilities are disclosed below;

Analysed as:	2021 Shs'000	2020 Shs'000
Current	212,704	139,657
Non-current	1,550,882	1,728,213
Total	1,763,586	1,867,870

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 January 2021. The weighted average rate applied is 12%.

At 31 December 2021, the future minimum lease payments under non-cancellable operating leases were payable as follows.

c. Amounts recognized in profit or loss

	2021 Shs'000	2020 Shs'000
Interest on lease liabilities	197,045	80,629
Depreciation on Right of Use Asset	233,951	305,213
	76,252	43,123
Expenses relating to low value lease expense		
Effect of foreign exchange movements	(26,849)	(16,686)
Gain on lease termination	(1,064)	-
Total	479,335	412,279

d. Amounts recognized in the statement of cash flows

	2021 Shs'000	2020 Shs'000
Payment of lease liabilities	86,340	264,722
Interest expense on lease payment	149,644	80,629
Total cash outflow for leases	235,984	345,351

e. The Company's leasing activities and how these are accounted for

The Company has one lease agreement, ending 31 August 2023 (Madhvani building). The lease agreement on Africourts building was terminated during the year effective 30 April 2021.

The lease agreement terms have extension an option. The lease term is negotiated on an individual basis and contains

a wide range of different terms and conditions.

The lease contains neither variable lease payments nor residual value guarantees.

In determination of the implicit rate of the lease (Discount rate), the Company obtained an indicative borrowing rate of funds with similar term structure as the lease from dfcu Bank and used this incremental borrowing rate as the discount rate. The incremental borrowing rate given by dfcu Bank was 12%.

Policyholders' liabilities under insurance contracts

	Insurance contracts Shs'000	Investments contracts without DPF Shs'000	Reinsurance share of in- surance contract liabilities (Note 18 and 23) Shs'000	Total Shs'000
At 31 December 2021				
At start of year	6,498,058	176,941	(1,931,209)	4,743,790
Movement in actuarial re- serves (charged to P&L)	(685,460)	(52,490)	(208,523)	(946,473)
At end of year	5,812,598	124,451	(2,139,732)	3,797,317
At 31 December 2020				
At start of year	7,021,983	176,304	(2,593,588)	4,604,699
Movement in actuarial re- serves (charged to P&L)	(523,925)	637	662,379	139,091
At end of year	6,498,058	176,941	(1,931,209)	4,743,790

Insurance contract liabilities

	Insurance contracts	Investment contracts with DPF	Reinsurance share of insurance contract liabilities (note 18 and 23)
Year Ended 31 December 2021	Shs'000	Shs '000	Shs '000
At start of year	6,498,058	-	(1,931,209)
Inflows	44,917,230	-	(15,553,326)
Insurance premiums	42,549,715	-	(15,009,576)
Investment returns - other	2,367,515	-	(543,750)
Unwinding of discount rate	35,984	-	14,882
Investments	2,331,531	-	(558,632)
Policyholders' liabilities under insurance contracts (continued)			
22. Policyholders' liabilities under insurance contracts (continued)			
Outflows	(42,507,171)	-	13,951,964
Claims and policyholders' benefits under insurance contracts	(21,045,288)	-	13,265,666
Acquisition costs associated with insurance contracts	(5,452,685)	-	-
Taxation	(1,250,900)	-	686,298
General marketing and administration expenses	(10,841,011)	-	-
Profit share allocations	(3,917,287)	-	-
Switches between investment with DPF and investment without DPF	-	-	-
Net (income) from insurance operations	(3,095,519)	-	1,392,839
At end of year	5,812,598	-	(2,139,732)

Policyholders' liabilities under insurance contracts (continued)

Year Ended 31 December 2020	Insurance contracts	Investment contracts with DPF	Reinsurance share of insurance contract liabilities (note 18 and 23)
	Shs'000	Shs '000	Shs '000
At start of year	7,021,983	-	(2,593,588)
Inflows	42,736,141	-	(14,957,828)
Insurance premiums	40,194,981	-	(14,270,526)
Investment returns - other	2,541,160	-	(687,302)
Unwinding of discount rate	815,131	-	(305,715)
Investments	1,726,029	-	(381,587)
Outflows	(41,061,477)	-	16,014,715
Claims and policyholders' benefits under insurance contracts	(17,424,897)	-	12,879,421
Acquisition costs associated with insurance contracts	(5,277,006)	-	-
Taxation	(638,712)	-	(452,952)
General marketing and administration expenses	(13,695,055)	-	3,588,246
Profit share allocations	(4,025,807)	-	-
Switches between investment with DPF and investment without DPF	-	-	-
Net (income) from insurance operations	(2,198,589)	-	(394,508)
At the end of the year	6,498,058		(1,931,209)

The carrying value of insurance contract liabilities is approximately equal to the fair value.

Policyholders' liabilities under investment contracts without DPF

	2021 Shs'000	2020 Shs'000
At start of year	176,941	176,304
Fund inflows from investment contracts (excluding switches)	15,304	18,919
Net fair value adjustment	-	-
Funds outflows from investment contracts (excluding switches)	(65,119)	(14,766)
Switches between investments with DPF and investments without DPF	-	-
Service fee income	(2,675)	(3,516)
At the end of the year	124,451	176,941

The claims ratio assumptions for the new retail risk products were based on the Pricing basis.

Product	Assumption	Experience	Assumption
	31 December 2020	31 December 2021	31 December 2021
Centenary Bank Credit Life	25%	25%	25%
Personal Loan Protection	25%	25%	25%
Group Life Assurance	30%	30%	30%
Group Funeral	30%	30%	30%
Group Credit Life	30%	30%	30%
Health	70%	70%	70%
Home Loan Protection	25%	25%	25%
Vehicle Loan Protection	80%	80%	80%
Credit Card Protection	20%	20%	20%
Permanent & Total Disability	30%	30%	30%
Permanent Health Insurance	30%	30%	30%
Education Protector	35%	35%	35%
Personal Accident	80%	80%	80%
Retail Funeral	65%	65%	65%
Personal Accident	80%	80%	80%
Critical Illness Benefit	35%	35%	35%
Simple Life	35%	35%	35%
Business Owner's Life Insurance (BOLI)	65%	65%	65%
SME Life Insurance (Stanbic bank)	65%	65%	65%

Persistency (withdrawal rates)

	31 December 2021			
	First year	Second year	Third year	Subsequent years
Personal Loan Protection	44.00%	44.00%	44.00%	44.00%
Health	10.00%	10.00%	10.00%	10.00%
Home Loan Protection	5.00%	5.00%	5.00%	5.00%
Single Premium Credit Life	0.00%	0.00%	0.00%	0.00%
Funeral Plan (Embedded And Voluntary)	30.00%	30.00%	30.00%	30.00%
Credit Card Protection	2.75%	2.75%	2.75%	2.75%
Group Life Assurance	13.48%	13.48%	13.48%	13.48%
Group Funeral	13.48%	13.48%	13.48%	13.48%
Other Recurring premium Credit Life (Group & Retail)	13.48%	13.48%	13.48%	13.48%
Grouped Retail Funeral	13.48%	13.48%	13.48%	13.48%
Retail Funeral	20.00%	20.00%	20.00%	20.00%
Personal Accident	20.00%	20.00%	20.00%	20.00%
Critical Illness Benefit	30.00%	20.00%	10.00%	10.00%
Simple Life	30.00%	20.00%	10.00%	10.00%
Permanent & Total Disability	13.48%	13.48%	13.48%	13.48%
Permanent Health Insurance	13.48%	13.48%	13.48%	13.48%
Education Protector	30.00%	20.00%	10.00%	10.00%
Education Saver	30.00%	25.00%	12.50%	7.50%

22. Policyholders' liabilities under insurance contracts (continued)

Economic Assumptions

The main economic assumptions used in the Embedded Value calculations were as shown below:

Economic Basis	31 December 2021 per annum	31 December 2020 per annum
Risk Free Rate of Return	9.89%	9.16%
Risk Discount Rate	12.69%	11.96%
Expense Inflation Rate	8.14%	7.41%

The economic assumptions have been made equal to those of Liberty Life SA due to lack of sufficient data to set Uganda specific economic assumptions.

The Risk Discount Rate is calculated as:

Risk Free Rate of Return + (Beta x Equity Risk premium)
where Beta = 0.8 and Equity Risk premium = 3.5%

Basis for the Valuation of Liabilities

The nature of the products sold dictates a simplistic valuation method.

The value of the liabilities was calculated on a retrospective basis as the sum of the Unearned Premium Reserves (UPR) and the Incurred But Not Reported (IBNR) claims. No Additional Unexpired Risk Reserves (AURR) were deemed necessary.

Group Risk Business

This includes Group Life, Group Funeral and Group

Critical Illness business.

For the bancassurance products LLAU holds an unearned premium reserve (UPR) being the outstanding premium in respect of single and annual premium products. This is determined as the proportionate outstanding premium after allowance for commission and initial expenses. In addition, we made a provision for future renewal

expenses and a contingency margin. Initial and renewal expenses are assumed to be split equally. This may be represented mathematically as follows:

$$UPR = \text{Premium} * (1 - c - r + m) * ((n - t) / n)$$

Where

n = original term;

t = duration in force;

c = commission rate;

r = initial expense allowance of 6.90%; and,

m = contingency margin allowance of 7.5%.

The Company also holds a reserve for claims Incurred But Not Reported (IBNR). The formula for the IBNR reserve is given below for products where there is a reliable claims history:

$$IBNR = \text{Average_monthly_claims} * IBNR \text{ Factor} * (1 + m) * f$$

Where:

m = compulsory margin of 7.5%.

f = expense handling factor of 1.037

The average monthly claims is calculated in reference to the previous 3 years and the period considered is long due to scanty data.

22. Policyholders' liabilities under insurance contracts (continued)

The formula for the IBNR reserve is given below for new products and products where there is no reliable claims history:

$$IBNR = \text{Monthly Premium} * IBNR \text{ Factor} * \text{Claims Ratio} * (1 - c - r) * (1 + m) * f$$

Where:

c = commission rate;

r = expense allowance of 15%; and,

m = compulsory margin of 7.5%.

f = expense handling factor of 1.037

Pure Investment business

The Pure Investment business with no guarantees liabilities are calculated as the amount of the funds at the valuation date, being the accumulated contributions net of withdrawals plus the actual investment income earned on the funds.



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Data Contingency Reserve

Owing to the uncertainty surrounding the data, and any potential unknowns that may emerge from the business, it is prudent to set aside a contingency reserve. The data reserve of Shs0.2 billion set at the end of 2007 was reduced at the 31 December 2009 valuation to Shs0.1 billion. It was decided to strengthen this data reserve to Shs0.3 billion for the 2012 financial year and to leave this unchanged for the 2013 to 2021 valuations until outstanding data issues are resolved. We recommend that the data contingency reserve is reviewed at the next valuation should the data quality and experience in respect of the business improve or further deteriorate. This review should be based on the Board approved LLAU Data Reserving Policy.

Insurance and other payables

	2021 Shs'000	2020 Shs'000
Outstanding claims	108,641	212,649
Reinsurance payables	404,727	646,496
Commission expense payable	487,511	330,212
Accruals, provisions and other liabilities	589,855	330,404
	1,590,734	1,519,761

The carrying value of insurance and other payables is approximately equal to the fair value.

Insurance contract liabilities

	2021 Shs'000	2020 Shs'000
Payable under deposits administration contracts	124,451	176,941
Life - fund contract liabilities (note 22)	5,812,598	6,498,058
Reinsurer's share of insurance contract liabilities (note 18 and 22)	(2,139,732)	(1,931,209)
	3,797,317	4,743,790

Insurance and other payables (Continued)

Amounts payable under deposit administration contracts

Deposit administration contracts are recorded at amortised cost as determined by the actuarial valuations. Movements in amounts payable under deposit administration contracts during the year were as shown below.

	2021 Shs'000	2020 Shs'000
At 1 January	176,941	176,304
Claims and surrenders	(65,119)	(14,766)
Net movement in actuarial reserves	12,629	15,403
	124,451	176,941

Employee benefits

Incentive scheme	2021 Shs'000	2020 Shs '000
Short-term employee benefits		
At start of year	425,517	392,414
Additional provision raised	287,252	388,738
Utilised during the year	(306,476)	(355,635)
At end of year	406,293	425,517

All outflows in economic benefits in respect of short-term employee benefits are expected to occur within one year. The carrying value of employee benefits is approximately equal to the fair value.

Leave pay and incentive scheme

In terms of the group policy, employees are entitled to accumulate a maximum of 20 days compulsory leave. Compulsory leave has to be taken within 12 months of earning it. In terms of the Company policy, selected employees at the discretion of directors receive an incentive bonus which is payable every year. The incentive bonus relates to employee, corporate and divisional performance and is approved by the Managing Director. The carrying value of employee benefits is approximately equal to the fair value.

Share capital

	2021 Shs'000	2020 Shs'000
Share capital		
Authorised and paid up		
45,000 ordinary shares of a par value of Shs 100,000 each	4,500,000	3,000,000
Reconciliation of number of shares issued:		
Reported as at January 01, 2021	3,000,000	3,000,000
Additional shares issued	1,500,000	-
Reported as at December 31, 2021	4,500,000	3,000,000

Pursuant to IRA's directive for all companies conducting Life insurance business to have a minimum paid up capital of Shs 4.5 billion, the Company issued additional 15,000 shares of Shs 100,000 each in October 2021, to the existing shareholders in proportion to their respective shareholding as bonus shares for consideration other than cash. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Reserves

	2021 Shs'000	2020 Shs'000
Statutory reserves		
Contingency reserve		
At 1 January	4,990,384	4,588,434
Additional transfer	425,497	401,950
At 31 December	5,415,881	4,990,384

The contingency reserve is set up under Section 47(3) (b) of the Insurance Act, 2017 Laws of Uganda. In the current year, the Company has complied with this requirement through the transfer to the contingency reserves representing 1% of gross written premiums for the year.

	2021 Shs'000	2020 Shs'000
Capital reserve		
At 1 January	1,450,686	1,320,495
Additional transfer	85,268	130,191
At 31 December	1,535,954	1,450,686

Capital base reserve is set up as a requirement under the Insurance Act, 2017 Laws of Uganda, by which every insurer should transfer from its profits each year, before any dividend is declared and after tax provision, 5% of profits to the capital base growth fund which subsequently will be transferred to the paid up capital to facilitate capital growth. An annual transfer to capital reserves of Shs 85 million (2020: Shs 130million) representing 5% of the profit for the year has been reserved.

Retained earnings

Retained earnings comprises prior year brought forward earning plus current year profit less any dividends paid and proposed and transfers to statutory reserves. As at 31 December 2021, retained earnings amounted to Shs 6.9 billion (2020: Shs 7.1 billion). The movement is shown in the statement of changes in equity.

Deferred income tax

	At start of the year	SCI Charge	At end of the year
Year ended 31 December 2021	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities			
Accelerated depreciation	11,235	(60,943)	(49,708)
Total deferred income tax liabilities	11,235	(60,943)	(49,708)
Deferred income tax assets			
Short term timing differences			
Movement in reserves and provisions	(1,379,355)	372,665	(1,006,690)
Trading losses	-	(51,488)	(51,488)
Total deferred income tax assets	(1,379,355)	321,177	(1,058,178)
Net deferred income tax (asset)/ Liability	(1,368,120)	260,234	(1,107,886)

Deferred income tax (continued)

	At start of the year	SCI Charge	At end of the year
Year ended 31 December 2020	Shs'000	Shs'000	Shs'000
Deferred income tax liabilities			
Accelerated depreciation	21,506	(10,271)	11,235
Total deferred income tax liabilities	21,506	(10,271)	11,235
Deferred income tax assets			
Short term timing differences	(1,434,766)	55,411	(1,379,355)
Movement in reserves and provisions	(1,434,766)	55,411	(1,379,355)
Trading losses	-	-	-
Total deferred income tax assets	(1,434,766)	55,411	(1,379,355)
Net deferred income tax (asset)/ Liability	1,413,260	45,140	1,368,120

Related party disclosures

The Company is controlled by Liberty Holdings Limited, an entity incorporated in South Africa, which owns 51% of the Company's shares. The 49% of the Company's shares is owned by Muljibhai Madhvani & Company Limited (formerly Madhvani Group Limited).

The ultimate controlling Company is Standard Bank Group Limited, an entity incorporated in South Africa. There are other companies that are considered related parties by virtue of common shareholdings and directorships.

Summary of related party transactions:

Related party transactions with subsidiaries of the Ultimate Holding Company

The Company provides/ incurs the following transactions with Stanbic Bank Uganda Limited (SBUL), a subsidiary of Standard Bank South Africa.

Provision of group credit, group risk and medical insurance services. This involves receipt of premiums for the services provided, payment of commissions to Stanbic Bank Uganda Limited and payment of claims.

Joint venture profit commission sharing agreement where the Company and Stanbic Bank Uganda Limited share in the profits earned on the embedded insurance business between the two companies.
Use of banking facilities provided by Stanbic Bank Uganda Limited.
Use of IT and HR support services from Stanbic Bank Uganda Limited
Payment of board fees/ directors' fees

Amounts incurred during the year are set out below;

Item	2021 Shs'000	2020 Shs'000
Insurance premium revenue	14,112,349	12,486,275
Net commission expense	2,719,691	2,432,752
Net claims paid	3,154,744	1,785,164
Joint venture profit commission	3,917,287	4,025,807
Cash held at Stanbic Bank Uganda Limited	623,510	1,293,228
Director's fees	11,500	12,500
Bank Charges	19,150	16,262
IT and HR support services	23,510	22,391
Total	24,581,741	22,074,379

Related party disclosures (continued)

Related party transactions with shareholding companies

The Company provides/ incurs the following transactions with its shareholders; Liberty Holdings Limited (51% shareholder) and Muljibhai Madhvani & Company Limited (formerly Madhvani Group Limited) (49%).

Provision of group risk insurance services to Muljibhai Madhvani & Company Limited

Administration and management support from Liberty Holdings Limited in South Africa and Muljibhai Madhvani & Company Limited for which charges/ fees are levied.

Rent for office premises from Muljibhai Madhvani & Company Limited

Board/ directors' fees to both Companies

Dividends paid to both companies

Details of transactions incurred during the year are set out below;

Muljibhai Madhvani & Company Limited (formerly Madhvani Group Limited)

Item	2021 Shs'000	2020 Shs'000
Insurance premium revenue	19,264	25,378
Management fees for administration services	110,000	-
Rent for office premises	293,967	300,625
Directors' fees	97,000	100,500
Total	520,231	426,503

Liberty Holdings Limited

Management fees for administration services	390,000	250,000
Directors' fees	40,500	40,500
Dividends	-	-
Total	430,500	290,500

Related party transactions with subsidiaries of the shareholding Companies

The Company provides/ incurs the following transactions with various subsidiaries of the share holding companies as below;

Provision of group risk and medical insurance services to Liberty General Insurance Company Uganda Limited.

Use of facultative reinsurance services from Liberty General Insurance Company Uganda Limited. This involves payment of ceded premiums, receipt of commissions and recovery of claims incurred.

Administration support on the health business from Liberty Health South Africa (Pty) Limited.

Use of group internal audit services from Liberty Life Assurance Kenya Limited.

Payment of board/ directors' fees to Liberty Holdings Kenya Limited.

Details of transactions incurred during the year are set out as below;

Liberty General Insurance Uganda Limited

	2021 Shs'000	2020 Shs'000
Insurance premium revenue	164,607	149,664
Reinsurance premiums ceded	484,799	454,246
Commission income	112,963	119,892
Reinsurance claims recovered	187,914	615,496
Reinsurance profit commission	-	-
Total	950,283	1,339,298

Related party disclosures (continued)

Liberty Health South Africa (PTY) Limited

	2021 Shs'000	2020 Shs'000
Administration fees as per the health reinsurance treaty	1,794,969	1,867,821

Liberty Life Assurance Kenya Limited

	2021 Shs'000	2020 Shs'000
Internal audit fees	109,700	102,500

Liberty Holdings Kenya Limited

	2021 Shs'000	2020 Shs'000
Board/ Directors' fees	30,000	30,000

The outstanding balances payable as at year end were as shown below;

Due to related parties:

	2021 Shs'000	2020 Shs'000
Liberty Holdings limited (South Africa)	447,561	530,697
Liberty Life Assurance Kenya Ltd	109,700	-
Stanbic Bank Uganda Limited	3,917,287	4,025,807
	4,474,548	4,556,504

The carrying value of due to related parties is approximately equal to the fair value.

Directors' emoluments

Executive	2021 Shs'000	2020 Shs'000
Directors' fees	231,500	229,000

Key management compensation

Salaries and wages	788,061	800,706
Gratuity	146,201	187,253
Other staff costs	132,993	115,987
National Social Security Fund Contributions	78,806	80,071
	1,146,061	1,184,017

Cash generated from operations

	2021 Shs'000	2020 Shs'000
Profit before income tax	2,269,958	3,702,457
Adjustments for:		
Depreciation on PPE (Note 20)	161,797	190,800
Amortisation of intangible assets (Note 19)	28,434	28,434
Depreciation of ROU (Note 21)	233,951	305,213
Interest expense on the lease liability (Note 9)	197,045	80,629
Reversal of IFRS 9 expected credit losses provision (Note 11b)	2,747	5,401
Effect of foreign exchange movement on leases (Note 21)	(26,849)	(16,685)
Effect of foreign exchange movements on bank balances	21,978	5,511
Gain on lease termination	(1,064)	-
Operating profit before working capital changes	2,887,997	4,301,760
Working capital changes:		
Prepayments, insurance and other receivables	(1,165,381)	(607,532)
Policyholders' liabilities	(737,950)	(523,288)
Employee benefits	(19,224)	33,103
Amount due to related parties	(81,956)	(1,046,493)
Insurance and other payables	70,973	(554,876)
Cash flows generated from operations	954,459	1,602,674

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurements in level 2 of the fair value hierarchy;

	2021 Shs'000	2020 Shs'000
At 1 January	129,600	104,200
Issue of additional shares	8,262	9,600
Fair value gain	19,116	15,800
At 31 December	156,978	129,600

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total	Total Carrying
	Shs'000	Shs'000	Shs'000	Fair value Shs'000	Amount Shs'000
At 31 December 2021					
Assets					
Cash and cash equivalents	2,987,567	-	-	2,987,567	2,984,943
Statutory Security Deposit	-	635,494	-	635,494	634,201
Government securities at amortised cost	-	14,628,177	-	14,628,177	14,598,183
Fixed deposits at amortised cost	-	1,661,488	-	1,661,488	1,655,212
Unit trust investment	-	547,633	-	547,633	547,633

32. Fair value of financial instruments (Continued)

	Level 1	Level 2	Level 3	Total	Total Carrying
	Shs'000	Shs'000	Shs'000	Fair value Shs'000	Amount Shs'000
At 31 December 2020					
Assets					
Cash and cash equivalents	3,708,043	-	-	3,708,043	3,704,418
Statutory Security Deposit	-	582,663	-	582,663	581,360
Government securities at amortised cost	-	13,097,050	-	13,097,050	13,069,365
Fixed deposits at amortised cost	-	2,400,466	-	2,400,466	2,394,638
Unit trust investment	-	430,306	-	430,306	430,306

Contingencies and commitments

Legal matters

The Company is involved in a number of cases which arise from day to day operations. The outcome of these cases cannot be readily ascertained as at the date of this report and the directors are of the opinion, based on the independent professional legal advice, that the outcome of these matters will not give rise to material legal costs to the Company. Accordingly, no provisions have been recognised in these financial statements.

Commitments under non-cancellable leases

Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Fair value of financial instruments (Continued)

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category

includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Financial instruments measured at fair value - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

The following are the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

2021	Hierarchy			Total
	Level 1	Level 2	Level 3	
	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair Value				
Equity investment in Uganda Re	-	156,978	-	156,978

2020	Hierarchy			Total
	Level 1	Level 2	Level 3	
	Shs'000	Shs'000	Shs'000	Shs'000
Financial assets at fair value				
Equity investment in Uganda Re	-	129,600	-	129,600

The Company holds 57 shares in Uganda Re valued at a share price of Shs 2,754,000 each (2020: 54 shares) valued at a share

price of Shs 2,400,000 each. The share price above was determined based on net assets and total number of shares in Uganda Re as at 31 December 2020 and 2019 respectively.

During the year, Uganda Re paid dividends amounting to Shs 8,262,000 which were converted to shares at a share price of Shs 2,754,000 each.

There were no movements between levels during the year.

Emerging risks involve a high degree of uncertainty (i.e. time frame and severity). Liberty is in the process of investigating the potential risks and opportunities associated with these risks to inform the appropriate actions.

33. Emerging risks

The following emerging risks have been identified as relevant to Liberty's business and pose both risks and present opportunities;

Climate Change: The direct physical impact of climate change as well as the second order impact of transitioning to a low carbon economy presents risks and opportunities to Liberty. Changing stakeholder demands including ESG related issues are considered as a part of a group wide approach to managing climate change risk.

Deglobalisation: Geopolitical shifts and the COVID-19 pandemic may result in a shift from globalization to nationalism and protectionism.

Events after reporting date

No material events or circumstances have arisen between the accounting date and the date of the report which would cause the Company to adjust its financial statements

Liberty Life Assurance Uganda Limited Revenue Account for the year ended 31 December 2021

	Individual Life	Group Life	Group credit	Health	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross premium	473,592	4,311,070	17,359,921	20,405,132	42,549,715
Premiums ceded	-	(537,704)	(1,476,239)	(12,995,633)	(15,009,576)
Net premium	473,592	3,773,366	15,883,682	7,409,499	27,540,139
Investment Income	38,628	351,629	1,415,947	9,483	1,815,687
Other income	(3,751)	(34,148)	(137,508)	-	(175,407)
Commission received on reinsurance	-	73,507	174,369	-	247,876
Total contributions	508,469	4,164,354	17,336,490	7,418,982	29,428,295
Claims incurred	(159,962)	(3,028,542)	(5,236,763)	(12,685,139)	(21,110,406)
Claims recoverable	-	539,822	674,961	12,050,882	13,265,665
Net claims paid	(159,962)	(2,488,720)	(4,561,802)	(634,257)	(7,844,741)
Commission paid	(100,126)	(1,045,296)	(3,471,951)	(1,083,187)	(5,700,560)
Management expenses	(503,759)	(2,636,171)	(6,698,111)	(4,721,467)	(14,559,508)
Net claims & Expenses	(763,847)	(6,170,187)	(14,731,864)	(6,438,911)	(28,104,808)
Change in actuarial reserves	-	418,256	532,717	(4,501)	946,472
Profit before tax	(255,378)	(1,587,577)	3,137,343	975,570	2,269,958
Income tax expense	-	-	(273,406)	(291,197)	(564,603)
Profit after tax	(255,378)	(1,587,577)	2,863,937	684,373	1,705,355
Transfer to Contingency Reserve	4,736	43,111	173,599	204,051	425,497

Liberty Life Assurance Uganda Limited

Revenue Account for the year ended 31 December 2020

	Individual Life	Group Life	Group credit	Health	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross Premium	417,020	4,066,758	15,403,976	20,307,227	40,194,981
Premiums ceded	-	(605,892)	(1,104,692)	(12,559,942)	(14,270,526)
Net Premium	417,020	3,460,866	14,299,284	7,747,285	25,924,455
Investment Income	38,160	372,138	1,409,577	40,220	1,860,095
Other income	(1,241)	(12,099)	(45,830)	-	(59,170)
Commission received on reinsurance	-	95,656	172,603	-	268,259
Total Contributions	453,939	3,916,561	15,835,634	7,787,505	27,993,639
Claims incurred	(91,437)	(1,476,922)	(3,399,588)	(12,471,716)	(17,439,663)
Claims Recoverable	-	680,000	746,805	11,452,616	12,879,421
Net claims paid	(91,437)	(796,922)	(2,652,783)	(1,019,100)	(4,560,242)
Commission paid	(74,803)	(940,741)	(3,137,734)	(1,391,987)	(5,545,265)
Management expenses	(463,400)	(2,719,829)	(6,276,302)	(4,587,053)	(14,046,584)
Net claims & Expenses	(629,640)	(4,457,492)	(12,066,819)	(6,998,140)	(24,152,091)
Change in actuarial reserves	6	26,466	(346,853)	181,290	(139,091)
Profit before tax	(175,695)	(514,465)	3,421,962	970,655	3,702,457
Income tax expense	-	-	(807,443)	(291,197)	(1,098,640)
Profit after tax	(175,992)	(517,365)	2,614,519	679,458	2,603,817
Transfer to Contingency Reserve	4,170	40,668	154,040	203,072	401,950

We are always in it with you.



Due to the prevailing situation, and in order to keep everyone safe, our online channels are open, and the personnel below remain available for you.



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Lillian ASEMO



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LIBERTY

In it with you

**From Ugx 42,000 a month,
you can cover yourself,
immediate family**

(1 spouse and up to children, parents and
parents-in-law)



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