LIBERTY
In it with you

Integrated Annual Report 2022

"Integrating ESG factors into our brand vision to deliver sustainable returns"

Kabale Hills, Uganda"

ADVICE INSURE INVEST HEALTH

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 2022.

The theme for this year's annual report is

"Integrating ESG factors into our brand vision to deliver sustainable returns"

Liberty is in it with you

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.

IN IT

IN IT-We have **15 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

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

We have your back, every step of the way.

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

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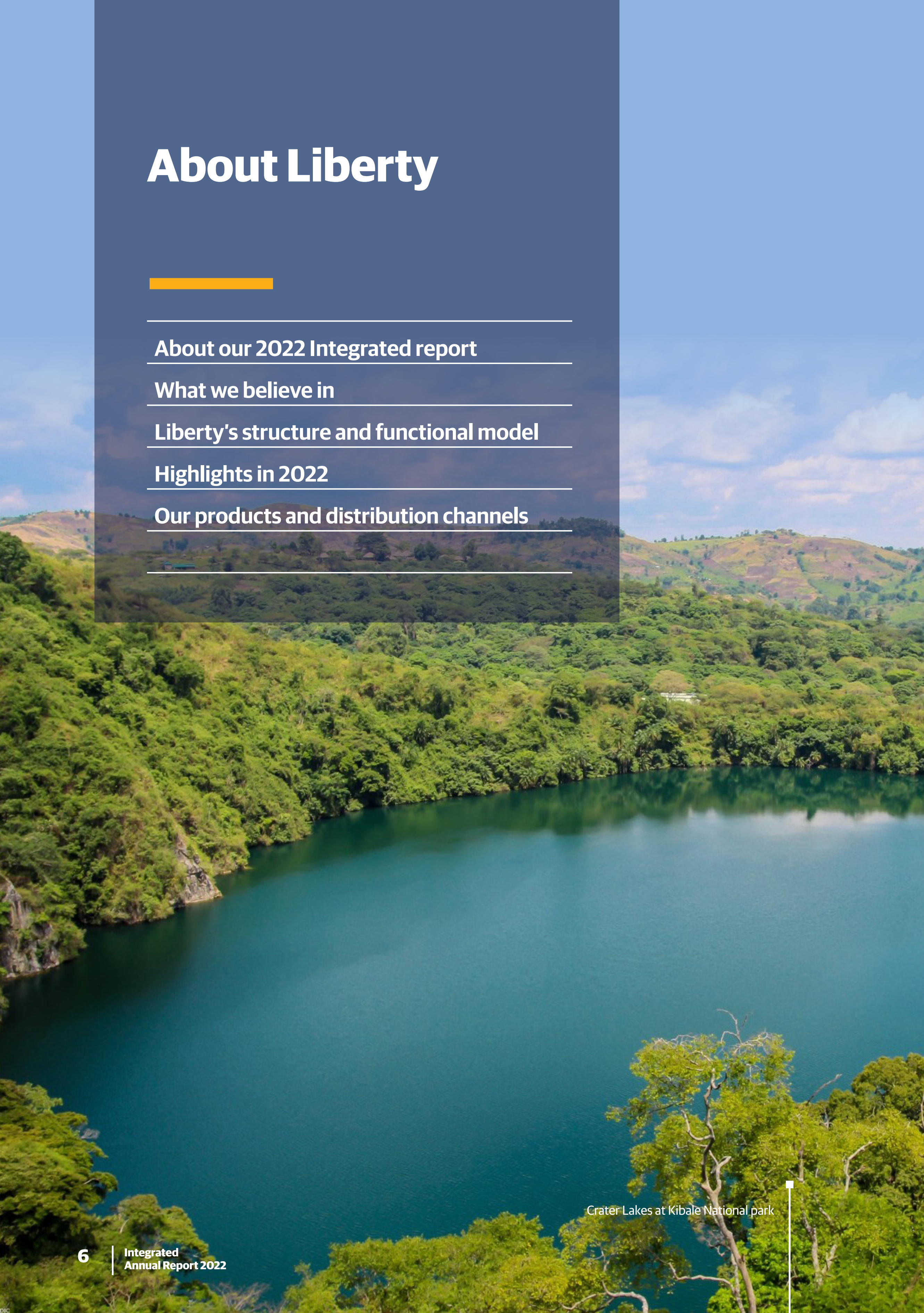
About Liberty



Crater Lakes at Kibale National park

About our 2022 integrated report

Liberty aspires to create shared value by living our brand promise – *"Liberty is in it with you."* Our purpose is to improve people's lives by making their financial freedom possible.

This integrated report provides material information our shareholders, as the providers of financial capital need to assess the opportunities and risks influencing our ability to create sustainable value but also contains 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.

Our 2022 Integrated Annual Report provides a deeper insight into the Environmental, Social, and Governance (ESG) impacts that support our promise, purpose, and long-term sustainability.

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 2022.

Scope and boundary

This integrated report covers the performance of Liberty Life Assurance Uganda Limited for the year ended 31 December 2022. Any material events up to the date of board approval date of 29th March 2023 are included. The report covers the Company's operations in Uganda as that is where it has a presence.

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.

Materiality

Our Integrated report is informed by our materiality process and provides more information on our material ESG impacts. Material matters are critical to Liberty's sustainability and growth of operations and could have a bearing on our ability to deliver on our purpose. We identify our material matters through detailed assessments, during which we consider our strategy, stakeholder concerns and expectations, ethics and governance matters, risks and opportunities. This process guides the topics we report on and informs our ESG strategy and targets.

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 in this report and were informed by those matters discussed by the board and its committees during the year from their review of the company strategy, financial statements, internal and external audit reports, risk and compliance report and the industry report, and the legitimate concerns of our key stakeholders.

Materiality determination process

Identify boundaries and material stakeholders

Conduct a sustainability risk assessment workshop to determine a comprehensive list of potential material factors

Engage with key management and key stakeholder groups

Rank material factors using a matrix for prioritisation of topics

Link material factors to material impact areas (SDGs), strategic value drivers and key performance indicators (KPIs)

Frameworks and other reports

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.

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.

> 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).

Assurance

The board in conjunction with the audit and risk committee, is ultimately responsible for Liberty's internal control. We have a series of internal policies, procedures, and controls in place to ensure that accurate data is provided. The Audit and Risk committee provides oversight of this report.

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 2022 have been included in this report.

Forward-looking statements

This report contains certain information about Liberty that are, or may be deemed to be, forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect or incomplete, then actual future performance and achievements may be materially different from those expressed or implied by such statements. The directors advise readers to use caution when interpreting any forward-looking. These include factors that could adversely affect our business and financial performance.

Gerald Ssendaula
Chairman

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.

The board unanimously approved this report and authorised its release on 29th March 2023.

Joseph Almeida
Managing Director

What we believe in.

Drawing on the belief that all people should have the opportunity to grow and leave a legacy for their family, Donald Gordon founded Liberty in 1957, with our name and flame reflecting this ethos of freedom and opportunity.

Liberty Life Assurance Uganda Limited (LLAU) was established in 2006 and offers an extensive range of products and services to help clients build and protect their wealth and lifestyle.

Our Purpose

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

Our Vision

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

Our brand promise

Liberty is In it with you

"We have a proud heritage of pioneering solutions and remembering the humanity in everything we do"

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:

CLIENT AND ADVISER	+	EMPLOYEE ENGAGEMENT	+	RISK AND CONDUCT	=	FINANCIAL OUTCOME	+	SEE IMPACT
Placing the client at the heart of our business and understanding the critical role that our financial advisers play		Providing an environment for our people to thrive		Enhancing our reputation and building trust		Delivering competitive sustainable returns		Creating societal value and preserving our natural capital

What we do

We create products and services based on real human needs and insights, building on our founding goal of enabling financial freedom. We offer our clients responsible savings, investment and protection, and provide risk advice through our financial adviser force.

Who we are and how we deliver

Our ethos and culture are central to who we are. They shape how we use our legacy to build our future through our daily actions.

Liberty's structure and functional model

Liberty Holdings

Liberty Holdings Limited	Madhvani Group Limited
51%	49%

Liberty Holdings

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:

MANUFACTURED CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL

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.

LibFin is a centre of excellence for the management of market, credit and liquidity risk, in addition to managing the performance of the shareholder investment portfolio in the life insurance business.

The CAE team is focused on driving our efforts to embed an advice centric and client needs-driven culture through a progressive advice philosophy, a client and adviserworkbench, and the transformation of advice channels

Operations are responsible for client and adviser interactions, from onboarding to claims processing, through the execution of the connected experience concept, and deploying human capital and technology to fulfil client and adviser expectations

ECM is dedicated to building on the opportunities for long-term retail insurance products offered to the middle market through appropriate channels, including direct channels.

Business development provides insurance and investment solutions to corporate clients and retirement funds. Specific areas include Liberty Corporate and Liberty Health

Retail solutions designs, develops and launches retail insurance and investment products

ICEA provides asset management capabilities for our unit trust fund investments.

Supported by corporate functions

INTERNAL AUDIT	RISK AND ACTUARIAL	LEGAL AND COMPLIANCE	INFORMATION TECHNOLOGY	HUMAN CAPITAL	MARKETING 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.

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

Our digital engagement platform vision

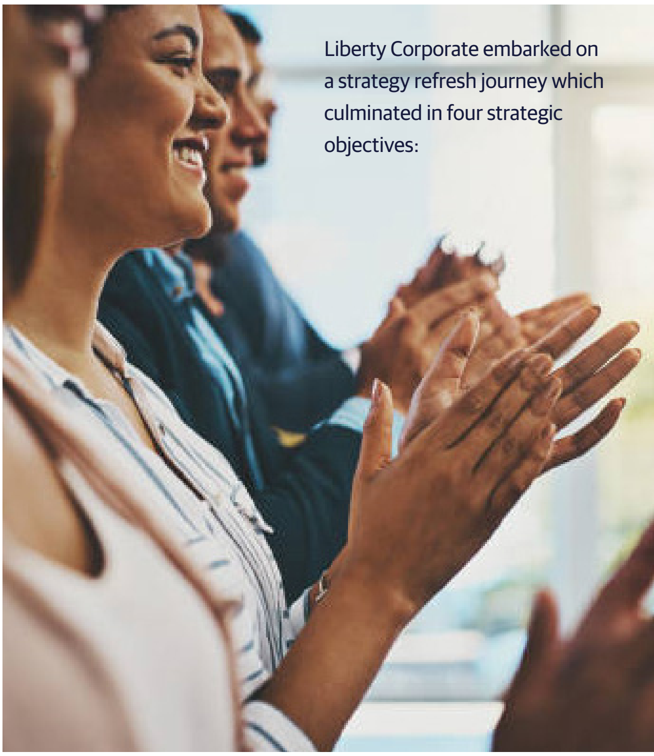
Our omnichannel strategy is dependent on the ability to gather and leverage data across all client touch-points. Aspects to be considered when developing our digital engagement platform include:

Client centricity - the client is at the heart of the platform

"Life journey" driven - gathering data within the platform will be done in the context of understanding the various life journeys and life transition points that clients go through as they "live life"

Continuous connection facilitated by the pandemic - Salesforce has been chosen as the technology partner to enable the digital engagement platform

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

Highlights 2022

Capital Adequacy Ratio
283%
Above minimum prescribed Capital Adequacy Ratio of 200%
(2021: 277%)

Total assets
Shs 39.4 billion
(2021: Shs 32.4 billion)

Paid out to policyholders in death and disability claims
Shs 3.4 billion
(2021: Shs 7.2 billion)

in employee training and development
Shs 103 million
(2021: Shs 43 Million)

Covered under our various policies
1.1 million lives
(2021: 3.1 million lives)

Environmental impact Paper usage
2.2Kgs
2021:2.5kgs

Retained earnings
Shs 10 billion
(2021: Shs 6.8 billion)

Water consumption
253 Units
2021: 287 Units

Expense ratio
29.6%
(2021: 30.8%)

Energy Consumption
48,470 Units
2021: 53,424 Units


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

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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

Shs 67.5M

LOCALLY

UP TO

Shs 3.3 5B

INTERNATIONALLY PER INSURED LIFE

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

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 Shs 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 **Shs 910,000 – Shs 3.5 Million** per person

OPTICAL/ OPTOMETRY CARE:

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

Ranges from **Shs 500,000** up to **Shs 1.65M** 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 **Shs 35M - Shs 350M** 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;

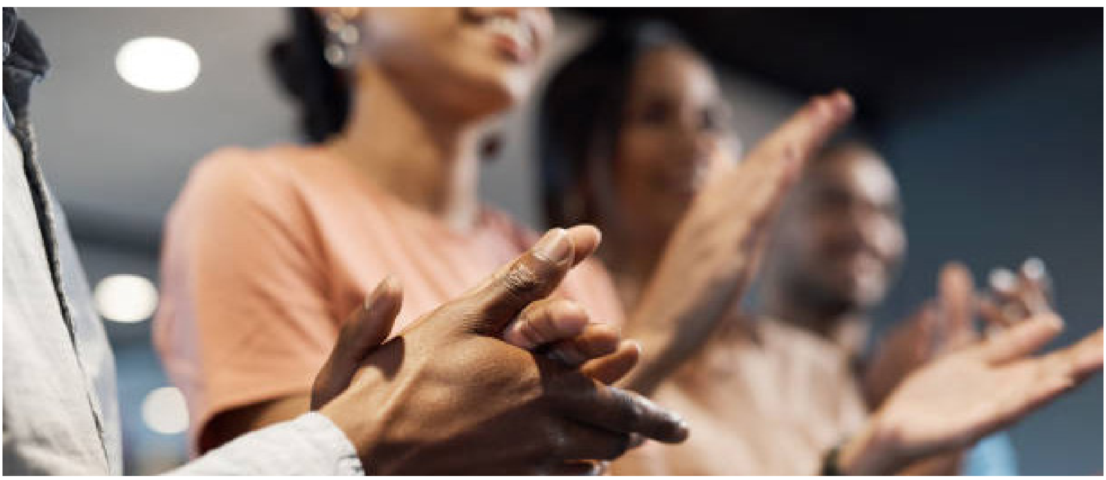
- International emergency medical evacuations
- Critical Care (Dependant on selected international plan)
- Travel and accommodation costs per event
- Repatriation of mortal remains
- Elective roaming

How to access the cover

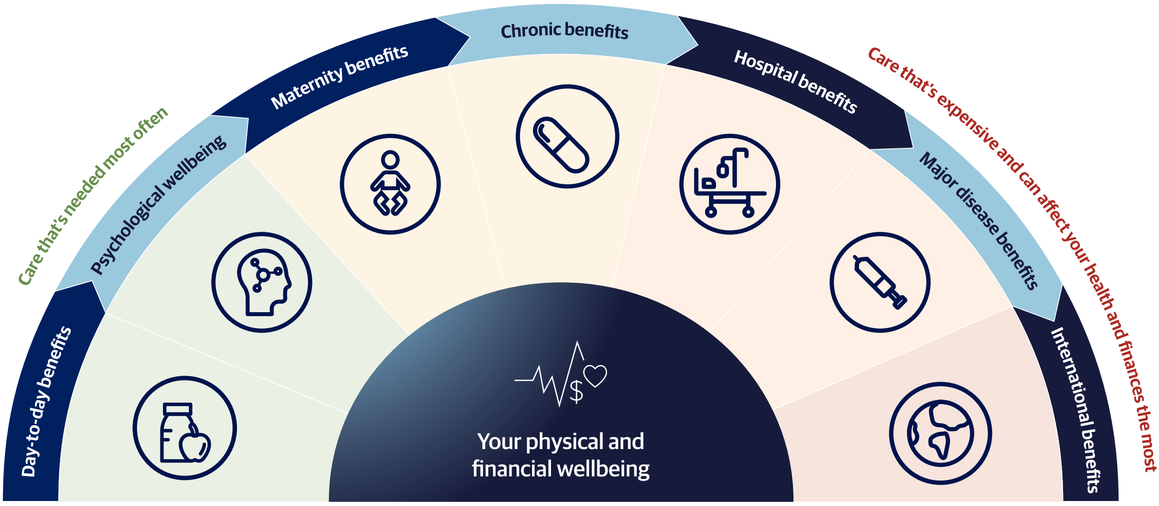
Your membership card gives you access to comprehensive cover at our network of contracted health providers

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:



Liberty Wellbeing, digital tools and extensive customer support

DAY TO DAY BENEFITS	MATERNITY BENEFITS	HOSPITAL BENEFITS	INTERNATIONAL BENEFITS
Take care of your everyday medical needs such as GP consultations, medication, dental and optical care	Access all the care you and your baby need during and after your pregnancy	Get comprehensive cover for the care, services and facilities you need, whether for emergencies or planned hospital admissions	Access international benefits on select plans with choice in location of care, life-saving critical care and emergency medical evacuation when necessary
PSYCHOLOGICAL WELLBEING	**CHRONIC BENEFITS**	**MAJOR DISEASE BENEFITS**	
Take care of your everyday medical needs such as GP consultations, medication, dental and optical care	Get the necessary treatment to manage your mental health and to live life optimally	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

Pre-authorisation required

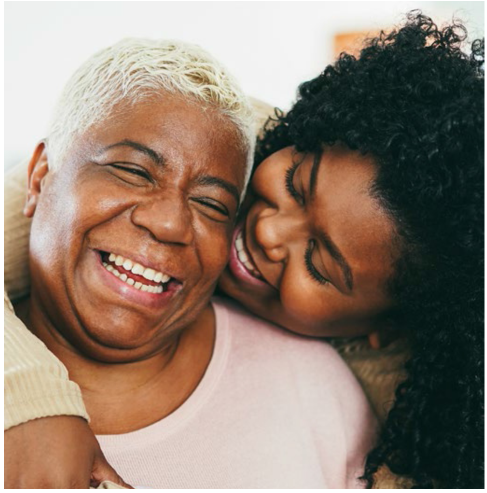
Have peace of mind that you will receive the most appropriate and cost-effective treatment

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

Our Products - Continued



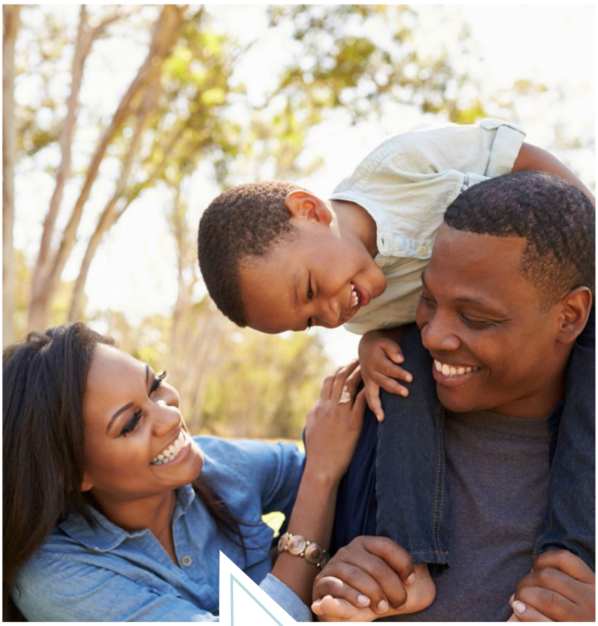
Hospital treatments and services.

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.



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)

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

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 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.

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.**

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.

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.

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

Shs. 1,500,000	Shs. 3,000,000	Shs. 6,000,000	Shs. 9,000,000

The plan has **6 months waiting period** for natural causes.

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.**

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.

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 Shs 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.

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 Impairement 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:

PRODUCTS

Bancassurance
Distribution of our products through financial institutions mainly banks and micro deposit taking institutions (MDIs) e.g Stanbic Bank.

Corporate Agents
Through licenced corporate entities that distribute our products to various companies.

Direct Sales Agents
Through licenced individual Agents employed by the company and deployed in various branches across the country e.g Mbarara, Kampala and Jinja.

Brokers
Sale of our products through licenced insurance brokers e.g Minet Uganda.

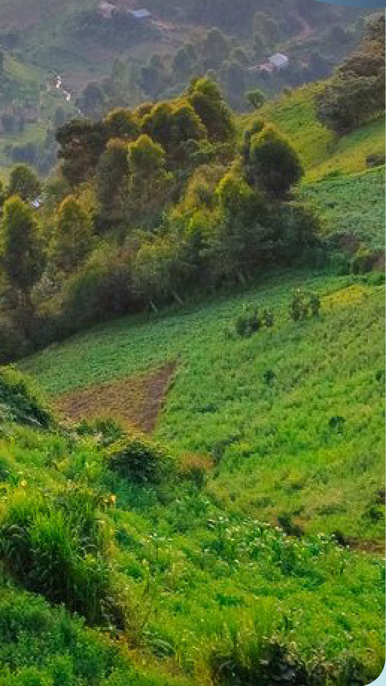
Worksites
Distribution of our products to employees of various employer groups. e.g Kakira Sugar works Ltd

Direct Clients
Through walk in clients .

Affinity Partners
Distribution of our products to clients through partnerships with various organisations e.g sale of our funeral cover through Uganda Funeral Services.

Our Governance and Leadership

KIsoro Uganda with a beautiful sunset.



A Letter from the Chairman and Managing Director

Gerald Ssendaula
Board Chairman

Increasingly, investors and broader stakeholder groups have come to recognise that the success of a company cannot be understood by only its financial performance. At Liberty, we have long realised that sustainability and business resilience go hand in hand. The board will continue to encourage and support the executive team on the journey to modernise and transform our business, while remaining alert to the ESG issues that Liberty faces every day.

Almeida Joseph
Managing Director

ESG issues are top of the global agenda, and Liberty is no exception. We are committed to listening to diverse views, understanding competing priorities, and working together with stakeholders to create relationships based on trust, mutual respect and shared value creation

Overview

In a world still recovering from the economic and social damage wrought by the COVID 19 pandemic, facing the existential crisis of climate change such as prolonged drought season, and navigating greatly heightened geopolitical tension mainly from the Russia-Ukraine conflict, it's more important than ever for businesses to understand exactly what they can do to make life better, easier and less uncertain for the communities in which they operate, and to direct their efforts to do exactly that.

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 by helping individuals, businesses, governments, and other entities to save, invest and insure. We help to facilitate productive economic activity, create jobs, enable infrastructure development and support the delivery of essential public services, including education and health. We continue to represent our values and operate on our six value-driver model. Our humanity, as expressed through our leadership principles, is the compelling differentiator within the company's collective offering to our clients.

Performance

Investors will have reason to be pleased with our 2022 financial outcomes. Our gross written premiums for the year grew by 18% and crossed the Shs 50 billion mark to Shs 50.1 billion verses Shs 42.5 billion in 2021. Our profit after tax grew by 125% to Shs 3.8 billion from Shs 1.7 billion in 2021. Cost to income ratio was 54% better than 53% in 2021. The balance sheet also remains strong with capital adequacy ratio at 283% well above the regulatory minimum of 200% and sufficient to meet our future growth aspirations. A detailed review of our performance and the underlying driver are included in the financial review on page 55

Our investors will have reason to be pleased with our 2022 financial outcomes.

Liberty's earnings were

Shs 3.8 billion,

125% higher than prior year.

GWP was 50.1 billion,

18% higher than prior year.

Our environmental social and governance drivers

Sustainability is central to our strategy. This is evidenced by our strategic value drivers, our financial commitments, and how we measure our impact and progress. Effective ESG risk management is crucial to enable us to achieve our purpose and objectives. We have incorporated robust ESG risk management into our policies, processes, and governance structures, to ensure that we are able to drive sustainable growth. Liberty participated in the National tree planting initiative under the theme "One million trees planting" with the aim of combating the climate changes experienced in Uganda.

Humanity is our core principle, and we care about the future that our clients, employees and stakeholders will retire into one day. One of the drivers in our "drive sustainable growth and value" strategic pillar includes our social, environmental, and economic (SEE) impact and how we can create value for society by living our purpose. Our social and environmental programmes uplift societies and reduce our environmental impact.

Details of our various stakeholder engagements are included in our sustainability report on page 79.

We support our people by promoting healthy lives and minds in a hybrid and flexible working model. Our annual Employee Check-in survey was successful, with participation 100% employees across Liberty, Liberty life and Liberty Health, who shared their views and experiences across the business. The overall sentiment was positive, and we are analysing the results by business area to identify actions that can be taken to enhance employees' experiences and address areas of concern for 2023.

RTS
Refer to our people philosophy and working at Liberty, pages 85 to 88

Regulatory Environment

Liberty operates in a highly regulated industry and is monitored by the Insurance Regulatory of Uganda. During the year the regulator continued to emphasise compliance to the Risk Based supervisory requirement with each company required to maintain a minimum CAR of 200%. The company was compliant with this requirement.

The new insurance contract standard IFRS 17 also became effective on 1st January 2023. The assessment of the expected impact on the company is included in the financial statement on page 111.

The insurance penetration slightly improved by 0.085% from 0.8% in 2021 to 0.885% in 2022.

For the year 2022, the insurance industry remained on a growth trajectory, with 21.7% growth in the total gross written premiums to Shs 1,441 billion in 2022 as compared to Shs 1,183 billion in 2021.This growth is evidence of recovery of business activity form the effects of COVID 19 pandemic. Of these, the Life insurance business contributed 35% (Shs 501.6 billion) representing a 26.3% growth year on year (2021: Shs 397 billion). Liberty Life Assurance Uganda Limited's market share for 2022 was 9.99% representative of the gross written premiums for the year 2022 of Shs 50.1 billion as a percentage of the life insurance industry total. (Source; 2022 Insurance Industry Market Report).

Our strategy

We are committed to ensuring that our strategy is consistent with and contributes to society's needs and priorities, as expressed by the United Nations Sustainable Development Goals (UN SDGs).Our strategy involves several channels, including creating a diverse and inclusive advice culture, talent acquisition and onboarding, an advice partnership model, and a female advisers' growth and retention.

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

Platform business models allow enterprises to set up powerful industry-focused, cloud-based ecosystems for value exchange and innovation among participants. A digital platform model represents a strategy whereby the company allows two or more disparate groups to interact over a platform to co-create value.

Our five strategic value drivers will continue to anchor our strategic themes and initiatives in 2023. Details of these are included on page 11 of this report.

Looking ahead

We continue to make progress in extending affordable financial services to previously under-served individuals through innovative digital solutions, and to small and micro-enterprises through platforms such as Mind my money financial literacy program. Our long-term strategic partnership with various banks, micro finance institutions, hospitals and brokers continues to support provision of insurance cover to various groups of people. Our teams are dedicated and doing everything we can to make trading as simple, painless and reliable as possible.

We continue to invest in our people and are delighted by the enthusiasm and commitment with which they have embraced our skills development program.

In the near-term, we intend to transform the experience of our clients and advisers through our engagement platform, which empowers meaningful engagement with clients.

Which brings us back to our brand promise “Liberty is in it with you”. Our people are passionate about putting our clients at the centre of our business and making their lives better. We strive to be transparent and accountable for our impacts. As always, we welcome your feedback.

> 2022 was a very busy year for the board. **We are thankful to our board colleagues for their insight, foresight and dedication,** all of which have made major contributions to the company’s excellent progress in 2022.

Appreciation

On behalf of the board and the exco team, We wish to express our sincere appreciation to the employees for their significant contribution to the Liberty over many years, including successfully navigating the profound challenges of the pandemic years.

Finally, we are deeply grateful to the company’s executives for the pleasing outcomes achieved for 2022 as we emerged from the damage and distress of the pandemic. Even more importantly, their hard work and dedication enable us to look forward with the confidence to meet our 2025 financial and strategic objectives, to reach our longer-term goals and growth ambitions, and to fulfil our purpose: Africa is our home, we drive her growth.

We would also like to thank our clients, investors, suppliers, and the communities in which we operate for their continued support. Together, we are stronger, and we will continue to deliver on our promises to clients and advisers while remaining a beacon of hope and support for all within our community.

Gerald Ssendaula
Chairman

Almeida Joseph
Managing Director

Board of Directors Profiles

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

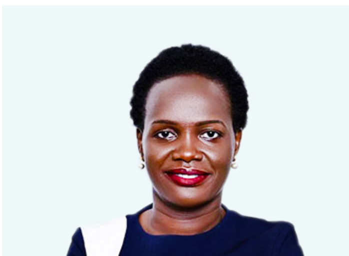
Master of Business Administration: Edinburgh Business School.
Certified Public Accountants Uganda (CPA – Uganda)
Bachelor of Commerce degree with major in Accounting from Makerere University.

Appointed: 28th January, 2021
Resigned: 28th December, 2022
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

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 Mwondha
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

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

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

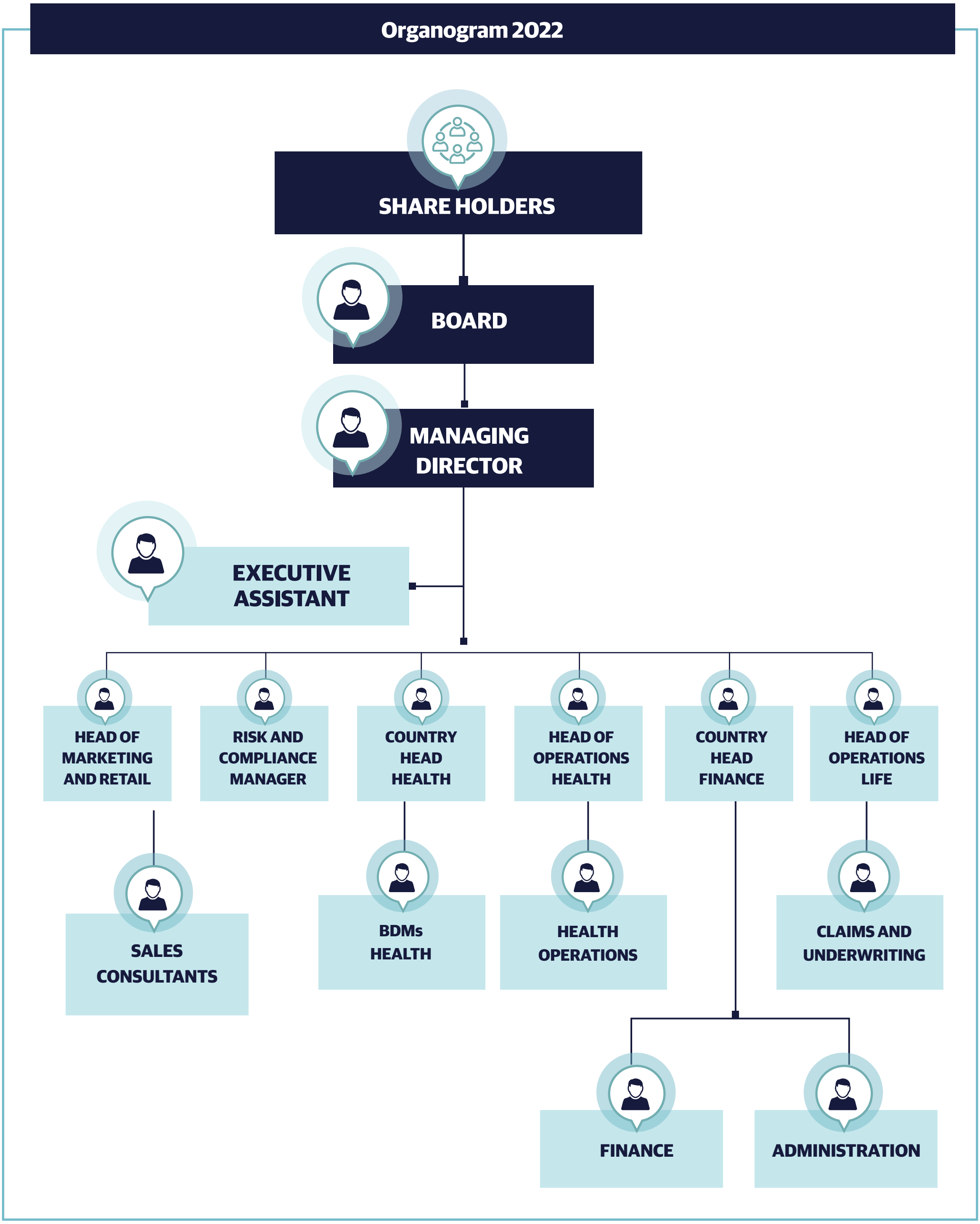
Ms. Cissy Nanfuka
Head Corporate Sales

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

Ms. Gloria Besigye
Head of Operations

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

Liberty Life Assurance Uganda Limited



Awards 2022

Insurance innovation awards 2022

Winner - Most innovative insurance solution

Judge's special award

Liberty recognized for the best data with most improved employee net score and most improved risk and compliance culture

Recognision on the 4th IBAU annual conference

5 TIMES WINNER!

Financial Reporting Award (FiRe)

2018 | 2019 | 2020 | 2021 | 2022

Corporate Governance Report

Our transparent governance process demonstrates our commitment to ethical corporate governance. Beyond ensuring compliance and creating value for our stakeholders, we do it because it is the right thing to do.

The year 2022 came with a sense of cautious optimism, as the world began to return to normal after the two-year long pandemic. As Uganda recovered from the Covid-19 pandemic, emerged the war in Ukraine that sparked off inflation, tighter financial constraints, droughts, and growing debt burdens that continued to strain a barely recovering economy.

The board remained steadfast in providing oversight as the company assisted its clients to navigate through these tumultuous times. The resilience and robustness of our governance framework, its structures and processes remained firmly intact. The board continued to uphold the highest corporate governance standards and in all its deliberations considered an integrated approach, which considered the impact of our operations on the natural environment and on the societies and economies in which we operate.

Corporate Structure

Liberty Life Assurance Uganda Limited is a specialist life insurance company that was incorporated in 2006. As at 31 December 2022, the Company had two shareholders; Liberty Holdings Limited (51% shareholding), and Madhvani Group Limited (49% shareholding), one of Uganda's largest and esteemed private enterprise groups. The Company is 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. Details on who we are included on page 10 to 15.

Regulatory and governance framework

The Company's corporate governance approach is guided 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.

Commitment to excellent leadership, ethics, and governance

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, the public and private environments in which we operate.

At Liberty, our board of directors are accountable for decision-making and ethical actions, thereby providing effective leadership. This responsibility is cascaded throughout our organisation, and we expect our employees and representatives to act in a way that reflects our values, cultivates trust, and inspires confidence in our brand.

The purpose of the Code of Ethics is as below:

- To define our company's ethical standards and to inform employees and other stakeholders about what this implies and entails.
- To provide guidance for employee behaviour in pursuit of maximising the alignment of workplace behaviour with the organisation's values.
- To provide all parties contemplating contact with our company with the relevant information about our attitude to conducting business ethically.
- To underpin our company's initiatives to manage ethics effectively.
- To support the creation of an ethical culture in terms of which ethical conduct is the norm within our company and relative to all stakeholders.

Our governance framework guides us to ensure the effective and efficient management of our business. These guidelines establish sound and prudent management and oversight of Liberty's business. We are also guided by specific frameworks relating to risk management, financial capital management and human capital. This robust framework enables the Board to effectively fulfil it's mandate, as evidenced by the numerous accolades and recognitions received for good governance at a company and an individual non-executive director level.

Liberty's compliance with legislation, applicable standards and adherence to its own policies is monitored through the management and compliance committee (a management committee). The Audit and Risk committee of the board monitors the overall responsible corporate citizenship performance and ethical culture of the company.

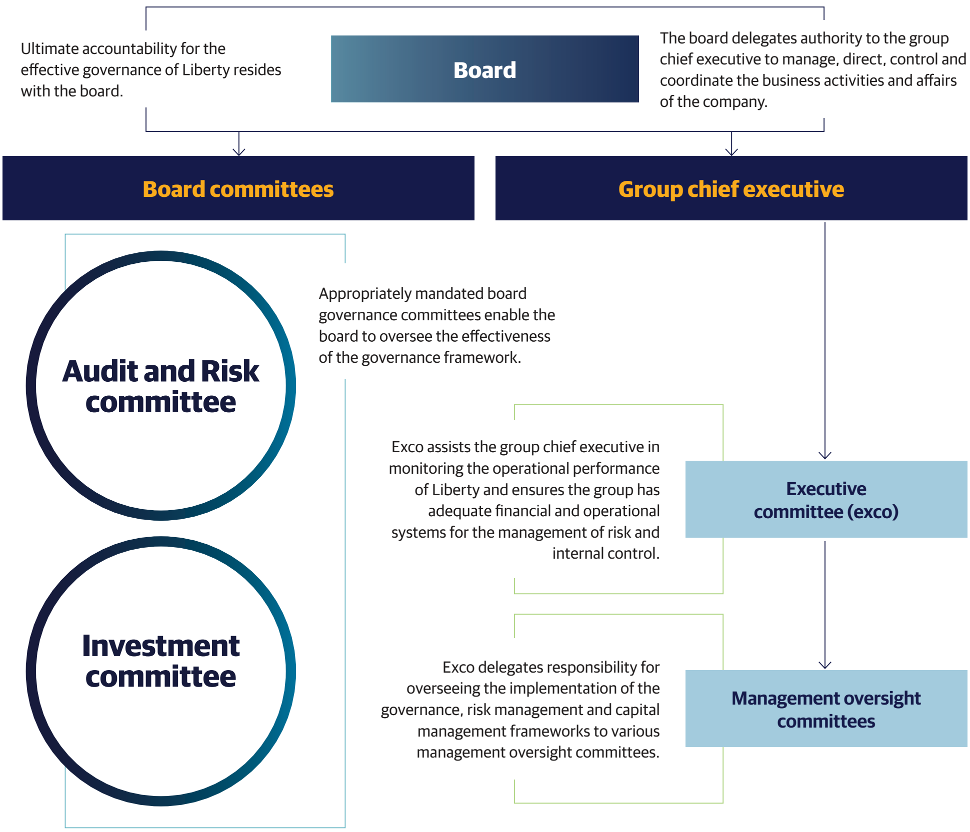
Governing structure, function, and delegation

As the overall custodian of corporate governance and to ensure clear segregation of duties, our board delegates roles and responsibilities to appropriate individuals, functions, or committees. Our Managing Director and senior management are responsible for Liberty's day-to-day management. By doing this, we can create a transparent and accountable organisational culture across all levels of our business.

Our governance framework is designed to facilitate the effective and efficient management of the business. The adoption and implementation of this framework ensures sound and prudent management and oversight of Liberty's business adequately recognising and protecting the interests of all its stakeholders. The governance framework is supplemented by specific frameworks including among others, risk management, financial capital management and human capital frameworks.

Liberty's governance 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.



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 **283%**
- Value of new business (VoNB) **margin 3.8%**
- Return on Equity **17%**

Performance is assessed against targets which incorporate assessments of risk established through the strategic planning process. Details of the 2022 performance assessment against the above metrics are included in the financial review on page 55.

Regarding the 2022 performance targets, Liberty Life Assurance Uganda Limited's market share for 2022 was 9.99% representative of the gross written premiums for the year 2022 of Shs 50.1 billion as a percentage of the life insurance industry total. *(Source; 2022 Insurance Industry Market Report)*

There is an assessment of the constraints likely to impact the achievement of the Company's objectives. These are risks are mainly categorised into.

- Strategic and business Risk
- Fraud and Insurance Risk
- Market Risk
- Credit Risk
- Information and Cyber Security Risk
- People Risk

Details of the impact of the above risks and the measures taken to address them are included in the Risk management and control report on page 68.

The board tracks the preparation of the quarterly and annual financial reports that are publicly available ensuring they present material information in an integrated 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.

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.

The dividend policy allows for a dividend to be declared when the Company's capital adequacy ratio (CAR) is above the regulatory minimum of 200%. Although the Company achieved a CAR of 283% as at 31 December 2022, there was no dividend declared/paid for the year. This was in line with the IRA Uganda directives for Insurance companies to hold dividend payments in light with the impact of COVID-19 on the insurance companies and their ability to meet their obligations mainly to the policy holders.

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 soundness of governance practices has been brought to the forefront during past crisis.

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.

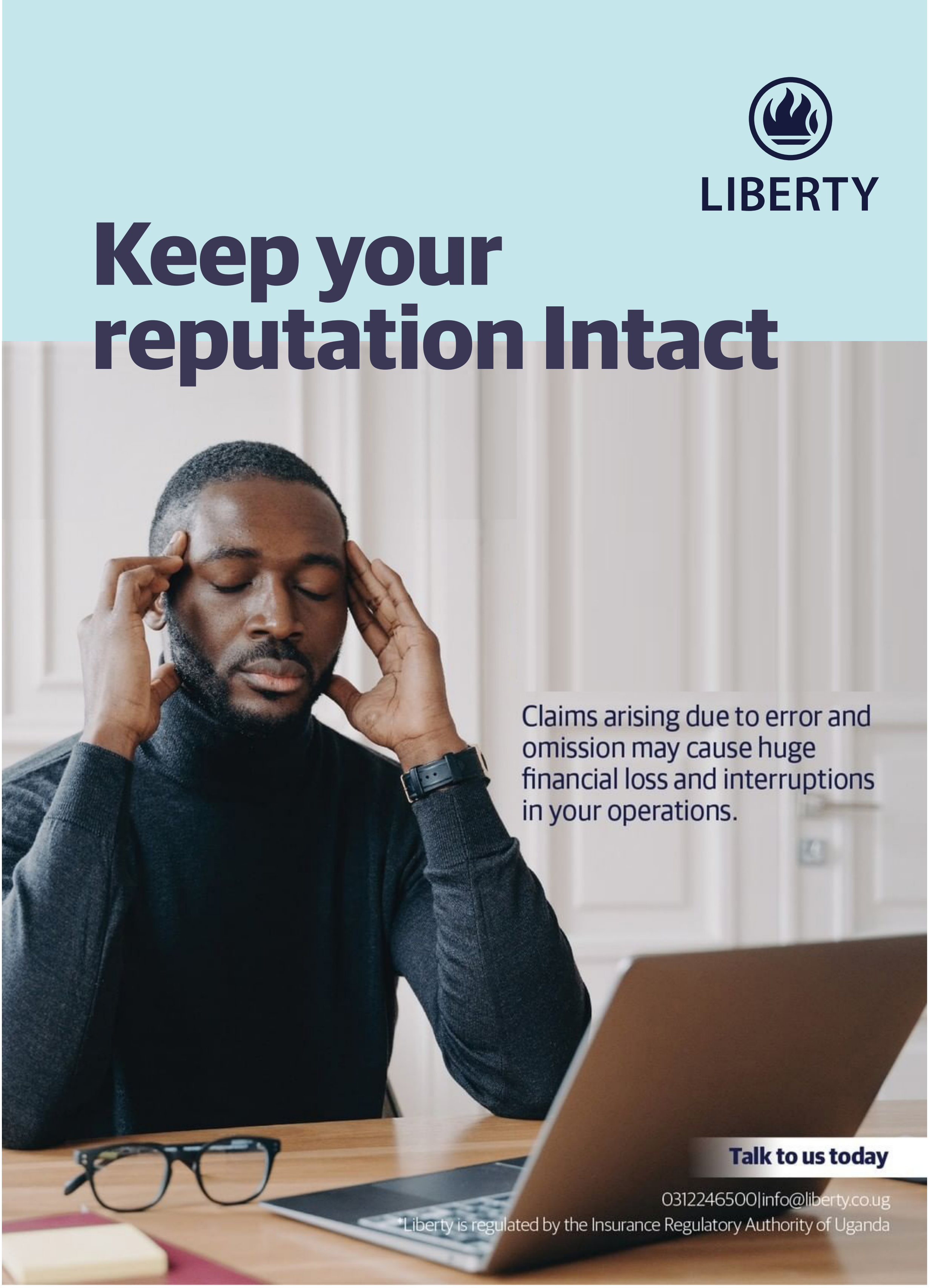
There is a clear division of responsibilities and no one director has unfettered powers, ensuring there is an appropriate balance of power. The delegation of authority has facilitated utilisation of expertise at both committee and management level and ensured that critical functional areas are adequately resourced and headed by competent individuals allowing the Board to focus on matters reserved for decision making. The effectiveness of the board and its committees is assessed regularly.

On a quarterly basis, the directors are kept abreast with applicable legislation and regulations, changes to rules, standards, and codes as well as relevant sector trends mainly ESG matters, sustainability related risks and opportunities in their terms of reference, board mandates and other related policies. Both internal and external industry experts facilitate board training. Additional time is scheduled outside of the Board meetings to run dedicated sessions that highlight key issues related to the Company's strategy. The non-executive directors further held quarterly separate sessions to independently consider key board matters.

The company continued to leverage the international expertise available with Liberty Group to ensure that the best possible advice is received for the attainment of the Company's strategy.

The role of the Chairman and the Managing Director are 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.

For the year ended 31st December 2022, the board is confident that they were appropriately informed of top business risks facing the Company, and that adequate risk mitigation strategies were in place to address the same. The board further had oversight of the sustainability related processes, impacts, risks, and opportunities. Overall, the board was satisfied that it had fulfilled its responsibilities in line with the Board Charter.


LIBERTY
Keep your reputation Intact
Claims arising due to error and omission may cause huge financial loss and interruptions in your operations.
Talk to us today
0312246500|info@liberty.co.ug
*Liberty is regulated by the Insurance Regulatory Authority of Uganda

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 eight non- executive directors of which seven are male and one is female, which is considered effective and appropriate for the size of the Company.

The board is committed to further enhance gender diversity. The directors' profiles are included in this report on page 34.

Specific roles of the Chairman include;

- providing leadership to the Board in relation to all Board matters
- Ensuring that Board meetings are held regularly throughout the year
- Overseeing Board performance, appraisal, and succession
- Guiding the Board agenda and conducting all Board meetings

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

At the AGM held on November 12th, 2022, Mr. Samuel Fredrick Mwogeza, a non-executive director resigned from the board following his appointment as the Head Consumer and high network channel at Stanbic Bank Uganda . This was effective 28th December 2022.

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 November 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
- 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.

The ARC is committed to the use of current technological trends in performing its duties to achieve efficiency in financial reporting and improve audit coverage. During the year 2022, the ARC used the diligent board packs software to access and review all the committee reports submitted online by management. No physical printing of hard copy board packs was done.

There was training of the committee members mainly on key accounting standard changes such as IFRS 17-Insurance Contracts to enhance their knowledge on these. The ARC is satisfied that the Company's finance function is adequately staffed and has the required skills and knowledge to effectively execute their duties.

For the year ended 31st December 2022, the ARC was satisfied that it had fulfilled its responsibilities in line with the ARC mandate, and further reflections on the activities performed during the year regarding the financial statements, integrated report, key audit matters, regulatory compliance and coordinate of assurance services deemed these reasonable and sufficient for the Company's operations.

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.

1.
Determine and monitor the company's overall investment strategies and policies.

2.
Review and approval of the engagement and continued use of investment managers.

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.

Board meeting

Following the lifting of the lockdown due to the COVID-19 pandemic, the Board resumed its physical meetings as scheduled. 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 2022 was as below

Name	24th March	08th August	10th November
Mr Gerald Ssendaula - Chairman	√	√	√
Mr Jenkins Gustav	√	√	√
Mr Mike Du Toit	√	√	√
Mr K. N. Nair		√	√
Mr K. P. Eswar	√		
Mr Mayur Madhvani	√	√	√
Mr Samuel Fredrick Mwogeza			
Ms Patricia Adongo Ojangole	√	√	√
Ms Patricia Adongo Ojangole	√	√	√

The Investment committee meetings attendance during the year 2022 was as below

Name	15th March	2nd August	7th November
Mr. K. N. Nair - Chairman	√	√	√
Mr Jenkins Gustav	A	A	√
Mr. Mike du Toit	√	√	√
Mr Pammi Sarma	A	√	√

The Audit and risk committee meetings attendance during the year 2022 was as below

Name	18th March	2nd August	7th November
Ms Patricia Adongo Ojangole - Chairperson	√	√	√
Mr Jenkins Gustav	√	√	√
Mr Pammi Sarma	√	√	√
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 2022.

Conflict of interest

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. 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.

In situations where a conflicted director is the sole expert on the matter under discussion, the Board may allow for the presentation of his or her expert input; however, the director will not participate in the deliberation and voting on the matter. If a declared conflict be to such an extent that it interferes with the director's ability to fulfil their fiduciary duties or cause reputational damage to the Company, the director may be required to resign. The Board is satisfied that the directors discharged their responsibilities effectively.

Board Remuneration

Liberty has a formal and transparent procedure for setting remuneration for the Directors, EXCO Team as well as the rest of the employees. 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.

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.

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.

Access to information

The Board and its committees are supplied with full and timely information, including detailed financial information, to enable the Directors to discharge their responsibilities. The board may also invite members of management, the external and internal auditor and any other non-executive director or employee to the board and committee meetings to ensure that they properly informed about the performance of and any issues affecting the Company.

Management

The board aims at having a diverse leadership team with regards to skills, professional expertise, and gender as well. The Company has in place formal procedures for appointment of senior management. These include advertisement of vacant positions, conducting oral and written interviews, performance of a due diligence, engagement with the Liberty Group Human Resource team and obtaining approval from the Insurance Regulatory Authority (IRA) before confirmation of the best suited candidate. On joining the company, the persons are required to undertake induction and tailored training to enhance their knowledge and understanding of the business processes.

The board has delegated responsibility of the day to day management of the Company to the managing director and his executive management team, it however retains the mandate of approval of the Company strategy.

Management team has the responsibility of availing regular and timely information about the Company's performance, as well as implementation of the Company's strategy and policies as agreed by the Board.

The EXCO team is currently comprised of nine members of which are five females and four are males. The EXCO team is led by the managing director and is supported by the various heads of department. Profiles are included on page 35. of this report. The managing director, supported by the head of risk and compliance department are in charge of sustainability related risks and opportunities at Liberty.

The Board is satisfied that the EXCO team is adequately staffed and has the required skills and knowledge to effectively execute their duties. Furthermore, the Board considered the remuneration for key members of the management team and these were sufficient, reasonable and aligned to the long term performance of the Company.

Relationship with stakeholders

In accordance with our intention to engage our key stakeholders meaningfully, we aim to gain insights into their needs. Stakeholder engagement is increasing being integrated into the company's business processes given the industry we operate in, earning and maintaining the trust of our stakeholders is critical to our sustainability. The company proactively engages various stakeholders including employees, shareholders, customers, Regulators, and suppliers.

Details of the stakeholder engagement are included in the sustainability report on 79 to 97.

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.

These processes in place include;

- Maintaining a risk register that ranks the various risks the company is exposed to as well as ways of mitigating the same
- Audit issues tracker that ensures adequate and timely resolution of any audit findings
- Monthly Operations Committee meetings for the different teams such as underwriting, claims and finance to identify and address challenges in day to day operations.
- Roadmap for implementation as assessing
- impact of new regulatory requirements and new reporting standards. The financial reporting standards that have an impact on the Company are disclosed in Note 4(R) of the financial statements

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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.

For the year 2022, the audit risk committee received sufficient evidence and thus were satisfied with the independence, effectiveness, quality and staffing of the internal audit department. There were further pleased to see an increased level of engagement from the internal auditors on utilisation of various digital platforms to perform the 2022 audit.

There is a formal process for review of the internal audit departmental structure, execution of plans and overall strategy for the department. The internal audit function is also subject to quality assurance review by an independent external party. The process of the quality review was completed in quarter 4 2022 and the results obtained. These are being incorporated to assist in strengthening the alignment to the internal audit methodology.

The Company interacts with the internal auditors through various ways mainly - presentation of the internal Audit plan to the Audit and Risk committee, meetings with management and during and after the audit as well as meeting with the ARC chairperson to discuss key matters before the ARC meetings.

Liberty's sustainability activities are not yet subject to internal audit although this is an area for future consideration in line with the current trends on sustainability reporting.

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 not eligible for reappointment in accordance with Section 108 of the Insurance Act,2017 Laws of Uganda pursuant to mandatory rotation of auditors after four years.

The Company interacts with the external auditors through the various ways below:

- Presentation of the External Audit plan to the Audit and Risk committee. This includes a discussion on various matters mainly the identified significant risks, audit approach and methodology, materiality, and audit fees. The audit fees are set based on factors such as the inflation rate, the complexity and quality of the audit.
- Onsite meetings with Management and audit fieldwork. This is mainly through the kick-off meetings at the start of the audit, show-me meetings with departmental heads and audit closure meeting at the close of the audit.
- Presentation of the Management letter and the Audit report to Management and the Board respectively. This is done at the quarterly audit and risk committee meetings

The significant matters that the Audit and risk Committee considered in relation to the 2022 financial statements are as below:

Insurance contract liabilities	
Refer to Notes 4H, 4P and 22 of the Financial Statements	
Significant audit matter	**How the matter was addressed**
The company has significant insurance contract liabilities. Valuation of these liabilities is highly judgmental and requires several assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported to the company. Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to material impacts on the valuation of insurance liabilities. The key assumptions that drive the reserving calculations include graduate development factors, loss ratios, inflation assumptions and claims expense assumptions. The valuation of insurance contract liabilities depends on accurate data extraction from the information system. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate, material impacts on the valuation of insurance liabilities may arise. Consequently, we determined the valuation of insurance contract liabilities to be a key audit matter.	The audit procedures in this area included, among others: - Obtaining an understanding of the processes, systems and applications used in the claims handling and reserve setting processes of the Company as well as testing the design, implementation, and operating effectiveness of the key controls around the same processes. - 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 2022. - Assessing reasonableness of claims reserves by obtaining samples of claims reserves and comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss assessors. - Evaluating the data used in determination of insurance contract liabilities by comparing the data in the actuarial report to the data recorded in the general ledger for consistency. - Using our actuarial specialists to evaluate the reserving methodology including the liability adequacy test, judgements and assumptions applied using the data presented to the actuarial team by the Company's actuaries. - Evaluating the adequacy of financial statements disclosures, including disclosures of key assumptions and judgements.

The audit and risk committee is satisfied that KPMG are independent of the company. This conclusion was arrived at, inter alia, after considering the following factors:

1. The representations made by KPMG Certified Public Accountants Uganda to the Audit Committee.
2. The auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the company.
3. The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditors.
4. The auditor's independence was not prejudiced as a result of any previous appointment as auditor.

- The criteria specified for independence by the independent regulatory Board for Auditors and international regulatory bodies were met.

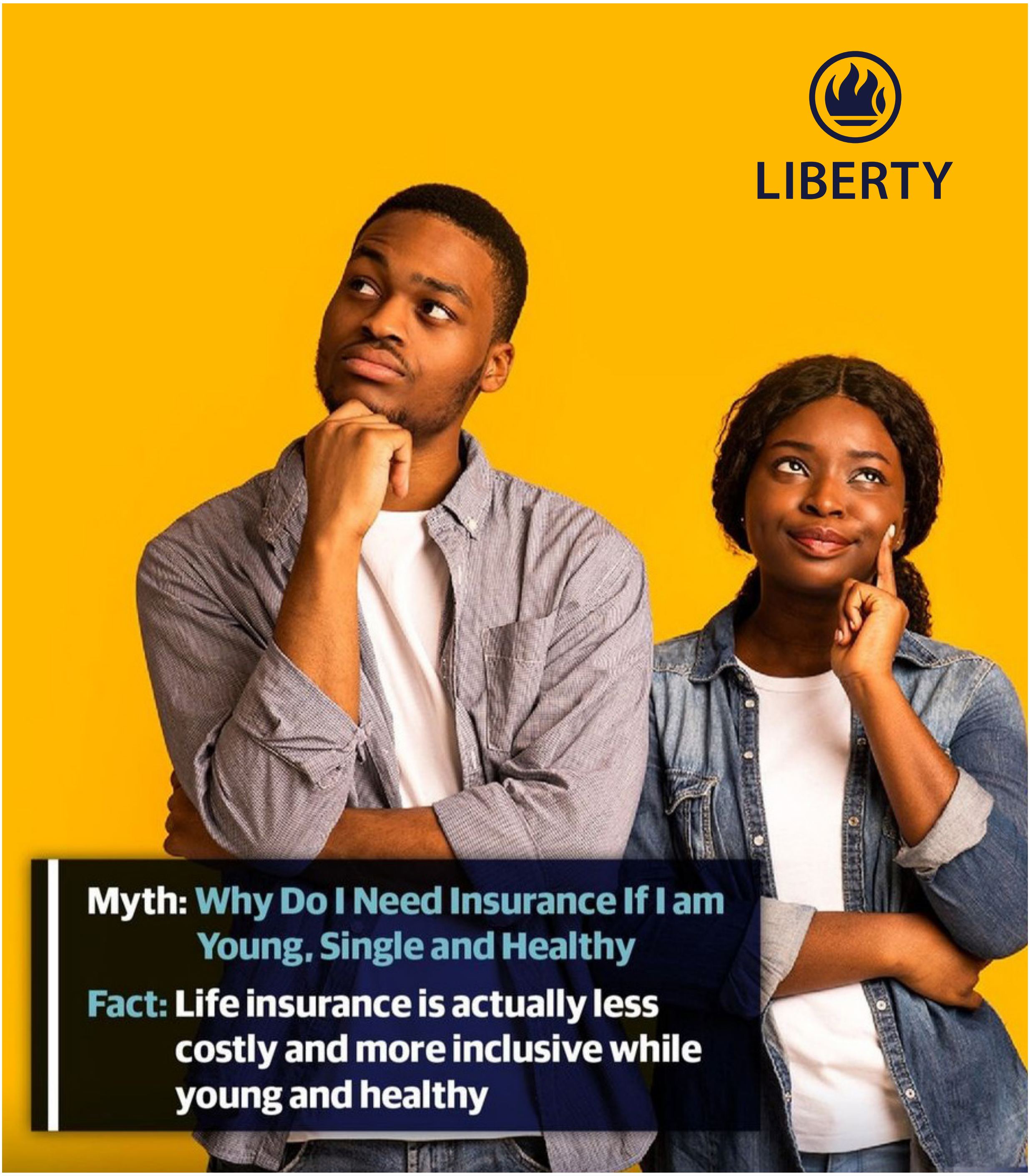
Responsibilities of the external auditor and their involvement with management, as well as the audit opinion for the year 2022 are set out in the external audit report included in the financial statements section on page 111.

Going Concern

The Directors have made an assessment of the ability of the Company to continue as a going concern and have sufficient reason to believe that the Company has adequate resources to continue operating as a going concern for at least the next 12 months from the date of this statement.

Liberty Participates in the Voluntary Corporate Governance Assessment in adherence to best practice

Liberty Life emerges third in Corporate Governance practices in the insurance category



Talk to us today

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Business Review

Rwenzori Mountains National Park

Financial review

We recognise that we must show leadership from the ESG perspective in building a responsible financial services sector to foster sustainable economic growth. We do so through our commitment to excellent governance, quality education, environmental sustainability, and allocating resources diligently to deliver attractive shareholder returns.

Joan Musiime Mwondha
Country Head Finance

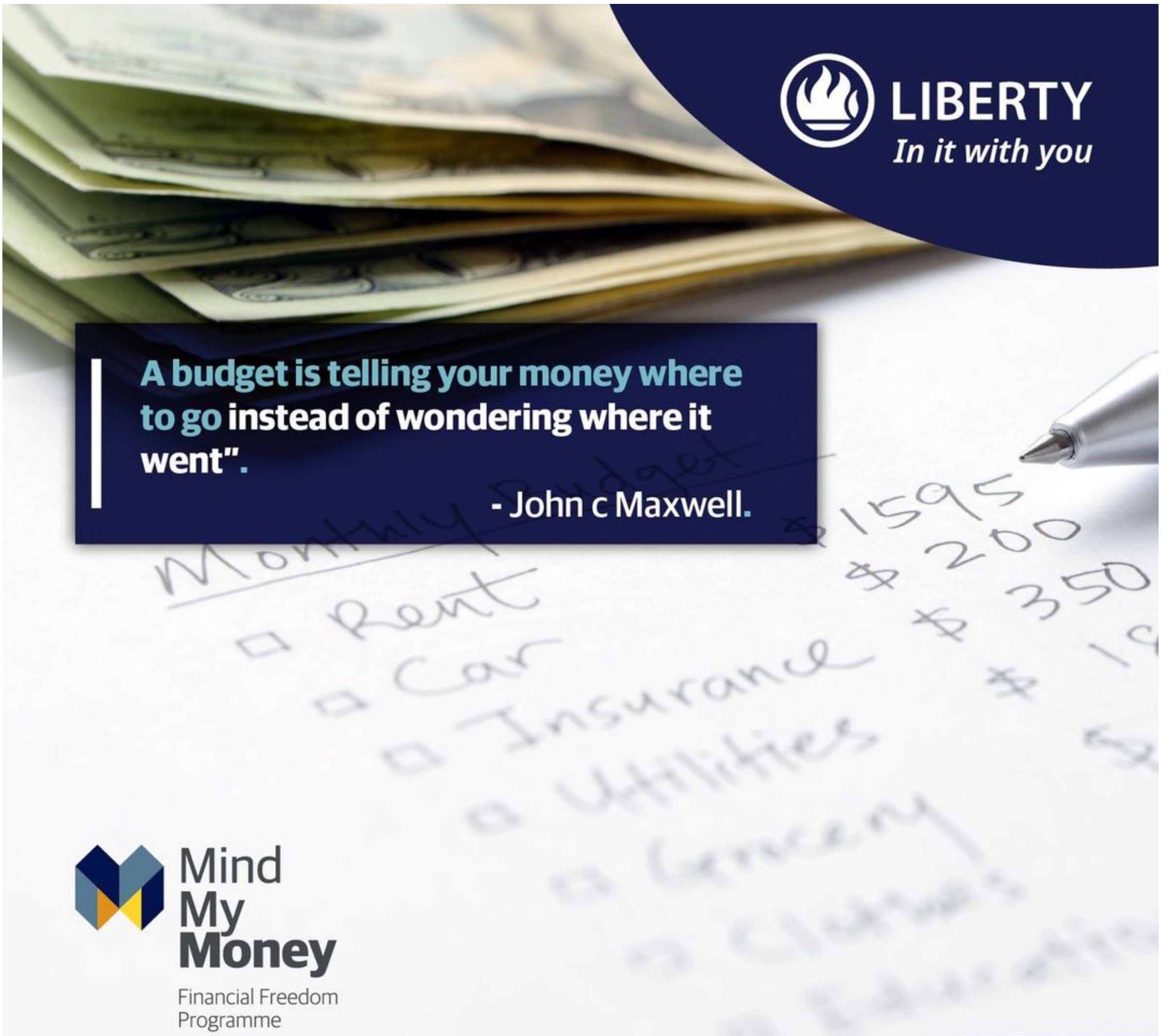
Despite the difficult operating context experienced in 2022 characterised by carryon effects of the COVID-19 pandemic and lock down, geopolitical tensions mainly the Russia/Ukraine conflict, local currency depreciation in the first two quarters of the year and spiked local inflation levels, our business remains well capitalised and financially sound. We remain resolute on keeping our stakeholders well informed on the details of our operational and financial performance to enable them to achieve their objectives.

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.

Financial definitions

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 insur-ance 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.



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Five year performance

Year	2022	2021	2020	2019	2018
Statement of comprehensive income (Shs'M)					
Insurance premium revenue	**50,116**	42,550	40,195	41,630	35,609
Reinsurance premium ceded	**15,370**	15,010	14,271	12,970	14,373
Net insurance premium revenue	**34,746**	27,540	25,924	28,660	21,236
Investment and other income	**1,685**	1,640	1,801	1,057	1,555
Total income	**36,431**	29,180	27,725	29,717	22,791
Net claims expense	**5,097**	7,845	4,560	5,645	5,153
Net commission expense	**6,980**	5,453	5,277	3,856	4,195
Administration expenses	**18,934**	14,555	14,047	17,409	14,962
Profit before tax	**5,342**	2,270	3,702	3,664	87
Profit after tax	**3,842**	1,705	2,604	2,638	48
Statement of financial position (shs'M)					
Financial instruments	**20,571**	16,410	15,594	13,743	15,242
Total Assets	**39,478**	32,493	31,660	30,402	31,345
Policy holder liabilities	**6,320**	5,937	6,675	7,198	8,148
Total liabilities	**17,316**	14,172	15,045	16,390	19,971
Shareholders' Equity	**22,163**	18,321	16,616	14,012	11,373
Return on Equity	**17%**	9%	16%	18.8%	0%
Statement of cashflows (shs'M)					
Net cash from operating activities	**4,912**	470	814	36	4,069
Net cash from investing activities	**-4,315**	-1,081	-2,175	1,208	1,977
Net cash used in financing activities	**-219**	-86	-265	-232	-
Total cash at the end of the year	**3,355**	2,985	3,704	5,872	4,860
Key ratios					
Reinsurance Ratio	**31%**	35%	36%	31%	40%
Net claims ratio	**15%**	28%	18%	20%	24%
Net commission expense	**20%**	20%	20%	13%	20%
Gross expense ratio	**38%**	34%	35%	42%	42%
Net expense ratio	**43%**	39%	39%	47%	54%
Capital adequacy ratio	**78%**	87%	77%	81%	98%

Financial review

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

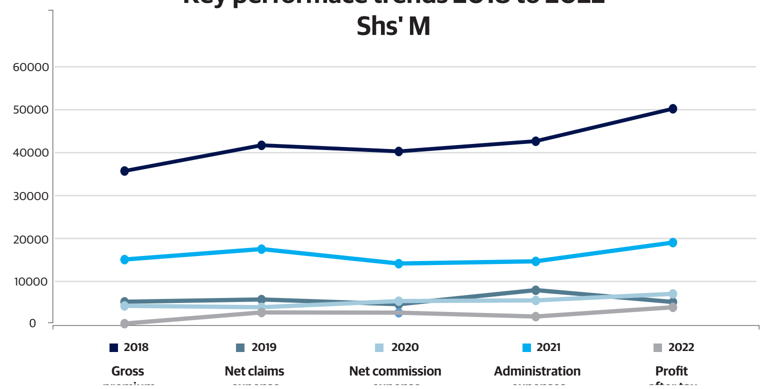
Key performance measures

Our financial performance for the 2022 was 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 as summarized below.

Metric	Progress	2022	2021	Target	Explanation
Capital Adequacy Ratio	Increase	**283%**	277%	300%	The Company is solvent as at 31 December 2022 with the Capital Adequacy Ratio increasing by 2% from the prior year. This was mainly driven by the growth in the share-holders' funds from the profit generated during the year. The CAR of 283% was above the prescribed regulatory minimum CAR of 200%. The target CAR for the next year 2023 is at 300% thus various initiatives have been budgeted for the Company to achieve this.
Value of new business (VoNB) margin	Decrease	**3.8%**	5.4%	5%-10%	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 decreased to 3.8% from 5.4% as at 31 December 2021. This was mainly attributable to an increase in the non-commission acquisition costs incurred during the year in a bid to grow the revenue. Improving margins and increasing volumes remain a primary focus of management.
Return on Equity	Increase	**17%**	9%	15-18%	The return on equity increased to 17% from 9% from the prior year, mainly driven by the over 100% growth in the net profit to shs 3.8 billion from shs 1.7 billion in the prior year following recovery of the business from the effects of COVID-19 pandemic experienced in the past year. Achiev-ing sustainable returns underpins our ability to fulfil our promises to policyholders and other stakeholders.

2022 financial performance overview

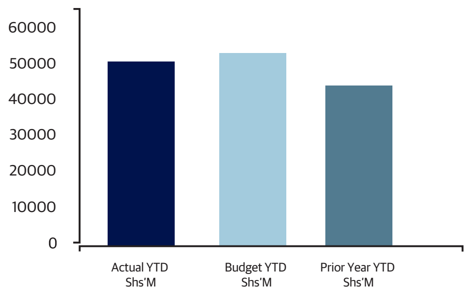
Key performace trends 2018 to 2022
Shs' M



Statement of comprehensive Income

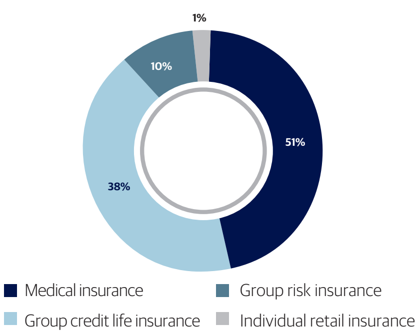
Insurance premium revenue

Gross Written Premium (Shs)



Gross written premium for the year of Ushs 50.1 billion is 3% lower than budgeted premium of Ushs 51.6 billion and 18% higher than previous year's premium of Ushs 42.5 billion with the medical insurance department posting Ushs 21.8 billion (budget Ushs 22.9 billion) and Life insurance department posting Ushs 28.3 billion (budget Ushs 28.6 billion).

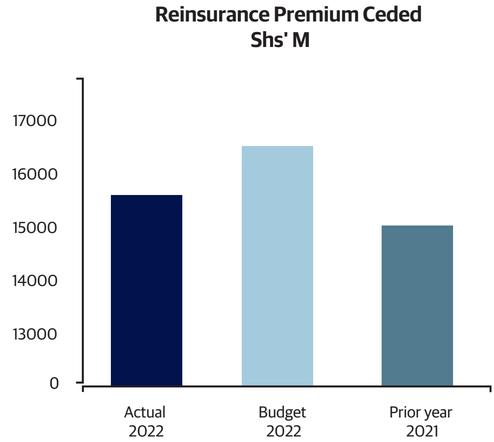
Gross Written Premium Shs'M



Contribution of the key classes of business (products) to the year's GWP is as below.

The growth on prior year is mainly explained by the 54% growth in new business sales to Shs19.4 billion in 2022 from Shs12.6 billion in 2021. This was largely driven by the increase in new business volumes for the Personal Loan Protection, Group Life Assurance, Group Credit Life products and Group Medical product line. There was a minimal gap of 3% on budget due to new business shortfalls mainly on the individual retail line of business.

Statement of comprehensive Income- Continued



The reinsurance ratio closed at 31%, which is in line the current year performance on gross written premium. The above ratio is a measure of how much risk is being passed on to reinsurers out of the GWP; which is important for the company to limit potential losses that may arise out of high uncertain claims, to create stability and consolidate financial strength.

2% increase in the reinsurance expense year on year (2022: Shs 15.4 billion Vs 2021: shs 15 billion) is in line with the growth in the gross written premium as explained above.

Review of the 2022 reinsurance arrangements

This was as below;

	Stanbic Credit Life	Group Credit Life	Group Risk	Medical	Total
	Shs'm	Shs'm	Shs'm	Shs'm	Shs'm
Reinsurance premiums	(115)	(1 617)	(617)	(13 021)	**(15 370)**
Claim recoveries	-	796	394	14 126	**15 316**
Reinsurance commission margin	-	-	-	-	**-**
LLAU share of reinsurance profit	-	-	-	-	**-**
Increase in net reserves	2	29	12	261	**304**
Reinsurance profit(loss)	**(113)**	**(792)**	**(211)**	**1 366**	**250**

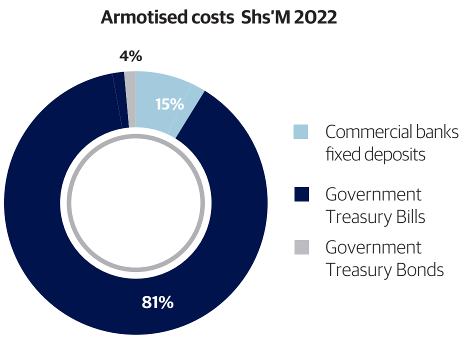
The reinsurance profit to Liberty in 2022 was UShs0.2 billion as shown in the table above split into a profit of UShs1.4 billion profit for Group Medical (Health) business and a Ushs 1.1 billion loss for Life insurance.

On the Life insurance book, the claim recoveries were low in 2022 on the ZEP Re led reinsurance treaty due to the low claims experience on the Life insurance business overall. The reinsurance profit share was nil at the time of reporting. The reinsurance profit on the Medical book is related to the high claim recoveries in 2022 on the 90% quota share Medical treaty compared to the reinsurance premium which is post various deductions from the gross premiums as per the Medical treaty commercial terms.

In general, reinsurance losses are expected on average as it is not uncommon to cede some profits to reinsurers in exchange for risk protection. However, in some years such as in 2022, a reinsurance profit was made although this is unlikely to be sustained. 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.

Return on Investment

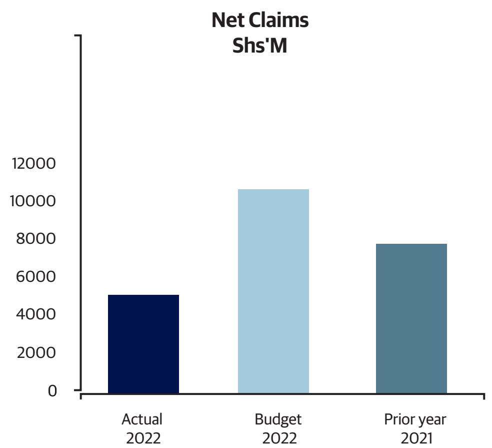
The total investments held as at year end were shs 20.8 Billion; comprised as below.



The performance of the investment fund was largely stable during the year with a weighted average rate of return of 11.9% largely due to sustained liquidity in the market.

Management continues to focus on investment in well secured institutions which deliver good returns with oversight of the investment committee of the board of directors.

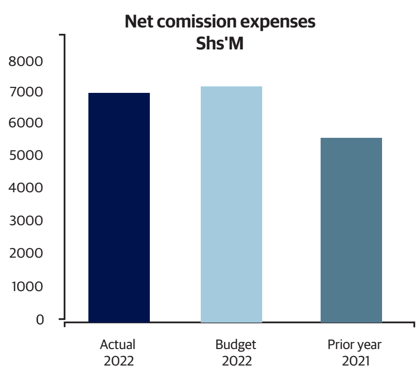
Net claims expense



The net claims ratio was 15% compared to 28% in the prior year and a budget of 29%. 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.

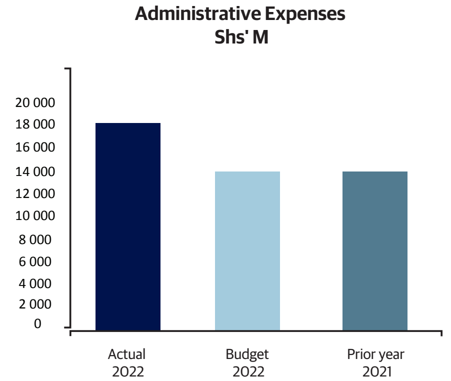
The net claims incurred for the period were shs 5.1BN, which is a testimony of the promise to our customers to protect them in times of uncertainty as well as our commitment to doing business the right way. The decrease year on year is mainly due to reduced number and value of claims recorded following recovery from the COVID-19 impact on claims in the prior year.

Net commission expense



The net commission ratio reflects the costs of business acquisition. The net commission ratio for the period was 20% compared to 20% in the prior year and a budget of 20%. The movement in the net commission expense was in line with the budget and prior year as well as business expectations thus no exceptions were noted.

Administrative expenses



The expense ratio enables management measure how much of the net written premium is used to cover operational and administrative expenses. This ratio increased to 43% for 2022 compared to 39% in 2021, mainly due to an increase in administrative costs following return of all staff to the full time office working arrangement versus the working from home model during the lockdown due to the COVID-19 pandemic adopted in the prior year. Management is committed to reduce costs in a sustainable manner in line with the set targets.

Combined ratio

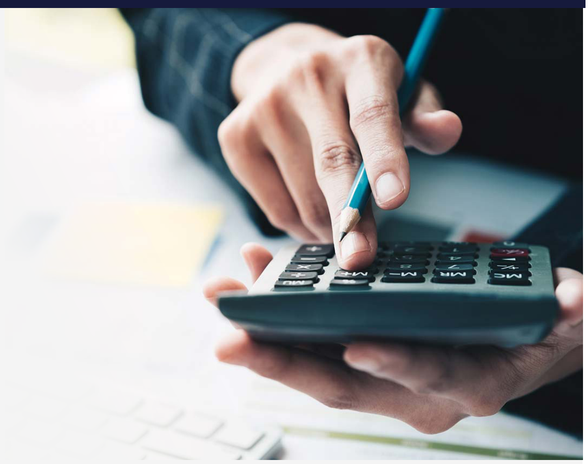
The combined ratio decreased by 10% to 78% in 2022 compared to 87% in 2021. This ratio measures how much of the net written premium is utilized for payment of claims, commissions and operating and administrative expenses. The key drivers for the decrease in this ratio was mainly the reduction in the net claims ratio as explained above.

Statement of financial position

Total assets

The total asset base as at 31 December 2022 was shs 39.5 billion. This was mainly comprised of 52% investment in financial instruments, 29% prepayments and 8% cash and bank balances.

There was a 21% growth in the total assets value year on year arising from growth in the investments in financial instruments due to new placements made during the year. Management is focused on the growth of the investment portfolio through premium revenue growth and investment in well secured institutions that deliver good returns.



Total liabilities

The company's total liabilities increased by 22% to Shs 17.3 billion in 2022 from Shs 14.2 billion in 2021. The increase was mainly due to increase in key liabilities mainly reinsurance, commission and claim payables in line with the business growth during the year. These were subsequently settled in line with the respective service level agreements.

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 2022, the Company's CAR was 283% (2021: 277%) which is above the stipulated regulatory minimum CAR requirement of 200%.

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.

Statement of cashflow analysis

The Company's cashflow from operating activities increased to shs 4.9 billion in 2022 from shs 470 million in 2021. 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 (4.3) billion in 2022

compared to

Shs (1.1) billion in 2021

mainly explained by a cash outflow for payout of the unit trust policy holders during the year.

There was an increase in the cashflow used in financing activities to shs 219 million from shs 86 million in 2021. This relates to interest charge on the finance lease liability in line with the requirements of IFRS 16.

Overall, there was a net cash inflow of Shs 378 million compared to cash outflow of Shs 697 million in 2021.

Our Operating Universe

The insurance penetration slightly improved by 0.085% from 0.8% in 2021 to 0.885% in 2022. For the year 2022, the insurance industry remained on a growth trajectory, with 21.7% growth in the total gross written premiums to Shs 1,441 billion in 2022 as compared to Shs 1,183 billion in 2021. This growth is evidence of recovery of business activity form the effects of COVID 19 pandemic. Of these, the Life insurance business contributed 35% (Shs 501.6 billion) representing a 26.3% growth year on year (2021: Shs 397 billion).

Liberty Life Assurance Uganda Limited's market share for 2022 was **9.99% representative of the gross written premiums for the year 2022 of Shs 50.1 billion** as a percentage of the life insurance industry total. (Source; 2022 Insurance Industry Market Report).

Clients and advisers

In 2022, 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 2022.*

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 2022

Regulation

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 2022, 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.

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

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

Risk Management and Control

Effective ESG risk management is crucial to enable us to achieve our purpose and objectives. We have incorporated robust ESG risk management into our policies, processes, and governance structures across the company, to ensure that we are able to drive sustainable growth and deliver SEE value.

Davis Mugabi
Risk and Compliance Manager

Overview

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 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.

Our risk management framework defines our approach to understanding, managing, and reporting our risks. Material or emerging risks, including climate change, are identified, and assessed as part of the ERM process.

We consider bottom-up and top-down approaches to risk management, providing a wider lens to identify top and emerging risks. Top and emerging risks are reviewed annually by the Audit and Risk Committee and include all strategic and other risks faced across the business. This process ensures that Liberty's management is proactive rather than reactive, creating a culture of converting threats into opportunities over the long term.

Including climate change as part of our emerging risks allows our board and management teams to focus on mitigating potential climate-related impacts. Additionally, business units drive a bottom-up risk identification approach across the business, providing management with a clear and prioritised list of risks to ensure the business's sustainability. Emerging risks are trends or conditions with a high degree of uncertainty that could significantly impact our financial strength, competitive position, or reputation in the long term. The timing and severity of these risks are uncertain, but also present opportunities to the business. Once we identify an emerging risk, management investigates the risks and associated opportunities, which are then integrated into the decision-making process.

Our board-approved fraud risk management, whistleblowing and conflict of interest policies detail our approach to preventing, detecting, investigating, and remediating fraud and corruption.

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 2022, 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

283% **(2021: 277%,) Increase 2%**

The Company continues to exceed regulatory capital requirements. A increase in our solvency capital adequacy ratio to 283% compared to the 277% of 2021 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:

- Changes in the operating environment as a result of the changing regulatory landscape
- Inadequate cybersecurity and resilience
- Data risk
- Substantial complexity due to inadequate legacy management and an inadequate control environment for new initiatives
- Inadequate management of Liberty's technology infrastructure to ensure that it meets performance
- Expectations

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.

Cybersecurity and resilience

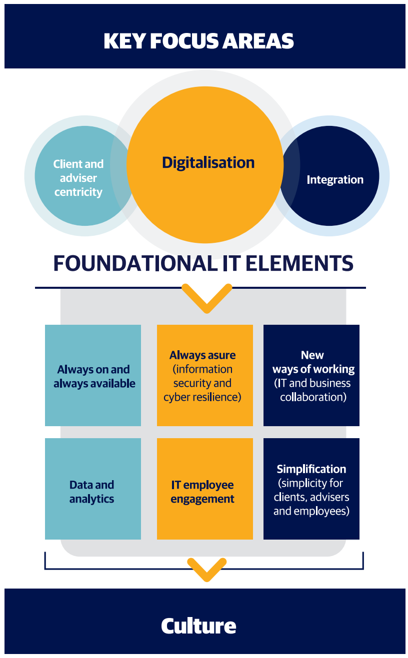
Against the backdrop of an increasingly complex and evolving cyber and information security risk landscape, significant progress was made during 2022 with implementing remediation controls. Activities were balanced across capability,governance, people, process and technology to improve the group's ability 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. Our security posture continued to improve, and great progress was made.

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 2022 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 2022, confirmed Liberty's IT governance capability maturity level. The positive feedback received in this report reflected good progress in 2022. 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.

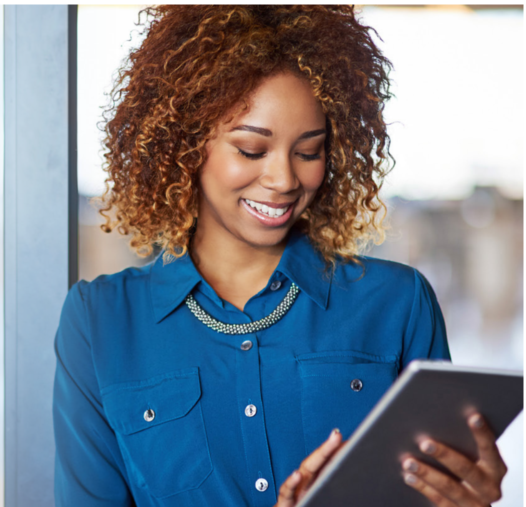
Liberty's IT regulatory universe continued to be closely monitored and we continued to monitor progress ***with the cyber crime trends and the implementation of general data protection regulation.***



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 deliverytraction. 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 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:



The primary objective of this strategy is to ensure that Liberty is future ready. Future readiness implies Liberty is innovative and operates at a low cost, provides great client experience, is modular and agile, uses data as a strategic asset and is ecosystems ready.The new operating model for IT has resulted in greater collaboration and synthesis across the group and accelerated overall delivery traction. The Company adopted a roadmap for transforming from a service organisation to an Agile organisation that will mature into a digital organisation.

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 was 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 was concluded. To enable users to enjoy mobility and collaboration from any location, MicrosoftOffice 365 was implemented.


Mind
My
Money
Financial Freedom
Programme
LIBERTY
In it with you
Too Much Money A'int
Enough Money
~Lil Wayne
It is never too early or too
late to begin your savings
journey

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 possibiity 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	• 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	• 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	• 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	• 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 Libery's investment portfolio .	Low	Low	• Continuos monitoring of the market rates movement and performance of monthly re-valution 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	• 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	• 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 activitely 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.

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	Conduct
• 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.	• 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.

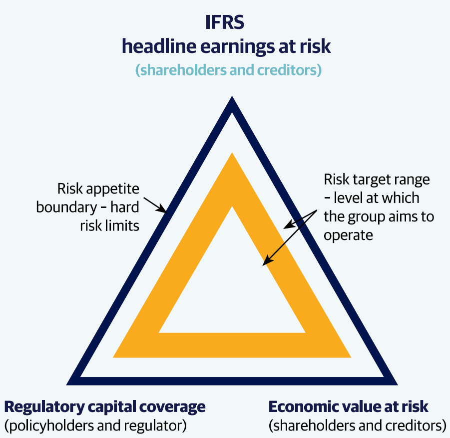
As part of formulating our quantitative risk appetite statement, the following three dimensions are considered appropriate for the purposes of measuring risk:

- **Regulatory capital coverage**
- **Economic value-at-risk**
- **Earnings-at-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.

Earnings-at-risk: 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.

Specialist Risk Owners
Champion implementation of policy and provide assurance on policy implementation and specialist risk oversight

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

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.

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

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

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

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.

1st line of defence	2st line of defence	3rd line of defence
Day to day management, control and reporting of business performance	Oversight and monitoring of risk management and internal control frameworks and policies, and over 1st line of defence	Independent assurance of governance, risk management and internal control
BU's	**Risk management and internal control functions**	**Internal Audit External Audit**

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 organisation; receive assurance that the business is operating within agreed levels of risk; are informed of emerging risks; and are made aware of adverse events which require management action.

- 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 2022, 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 ensures 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.

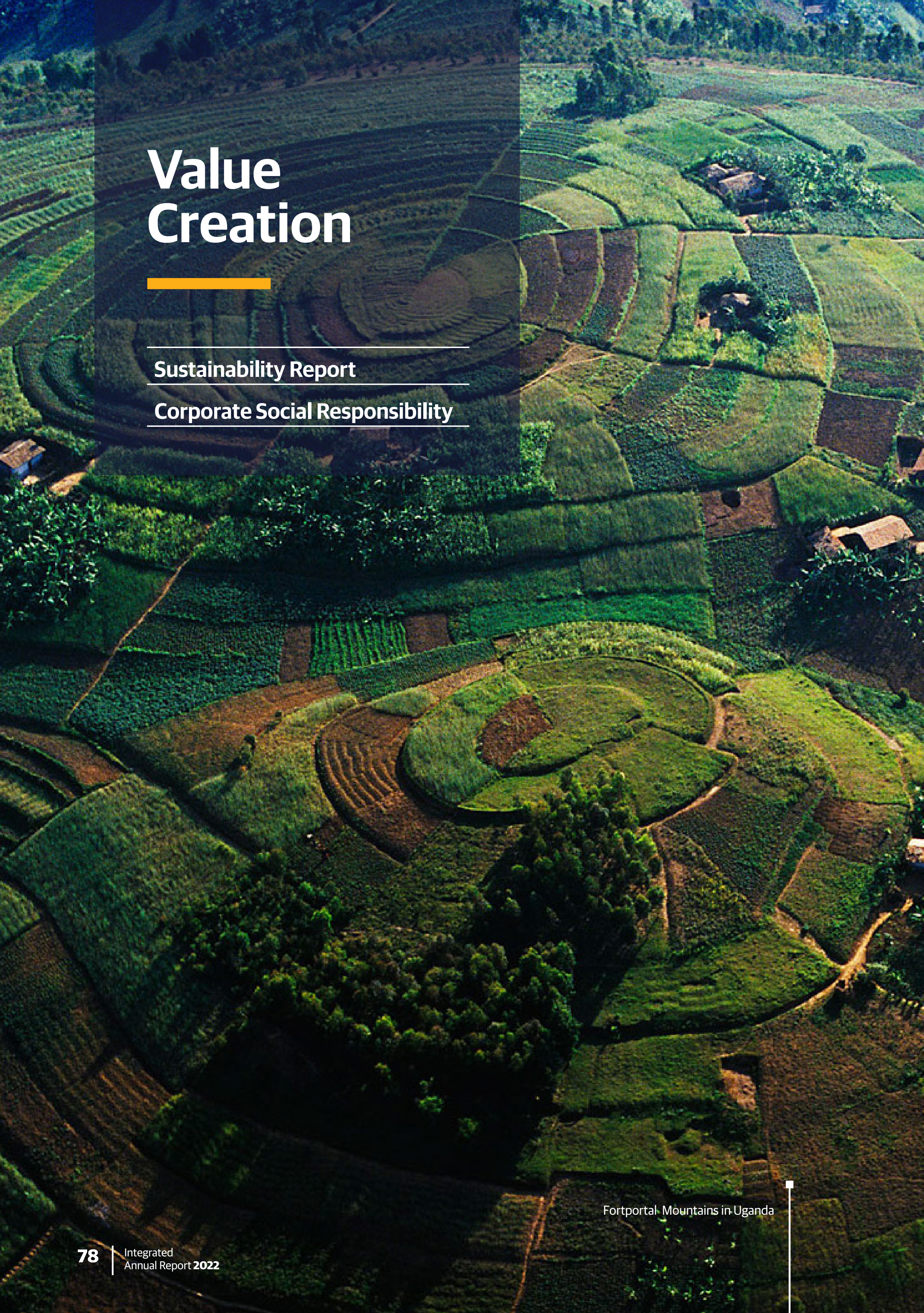
Unforeseen breaches of statutory, supervisory, or regulatory requirements may occur from time to time however, remedial action must be taken immediately to mitigate such risks adequately and effectively. The exposure must also be appropriately investigated and resolved, and the respective controls must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

Compliance risk exposures identified by employees must be reported immediately to the Head of Compliance and Exco and ensure that appropriate corrective action is taken to address the exposure. Progress made on remediating the root cause of the exposure must be tracked and reported.

Value Creation

Sustainability Report

Corporate Social Responsibility



Fortportal Mountains in Uganda

Sustainability Report

Liberty incorporates relevant and material ESG issues that can meaningfully affect investment performance in their research, decision-making, reporting and ongoing monitoring processes. This enables us to better identify investments that will provide sustainable and superior risk-adjusted returns.

Ms. Gloria Besigye
Head of Operations

Our sustainability statement

We strive to maximise our positive ESG 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 society.

The 2022 Liberty Sustainability Report provides a holistic assessment of the Company's sustainability performance for the year ended 31 December 2022.The report has been developed to show how Liberty seeks to play a meaningful role in society by strengthening communities, understanding, and managing our environmental impacts and contributing to the economies in which we operate.

Our focus is on the material issues that affect our stakeholders, and our ability to deliver on our purpose. We consider an issue to be material if it is likely to impact our ability to achieve our strategy and remain commercial sustainable and socially relevant. 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.

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 considered 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 apply the six capitals model, adopted by the International Integrated Reporting Council in the International (IR) Framework, in managing and accessing our ability to create value over time and our sustainability performance. The following six capitals are fundamental to the long-term viability of our business: natural, social, human, intellectual, manufactured (or manmade) and financial.

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 approach

We aim to play a meaningful role in society while operating a responsible and ethical business. We care about how our business impacts society, the economy, and the environment, and we aspire to contribute to the wellbeing of future generations.

Liberty's purpose is to improve people's lives by making their financial freedom possible. We do this by ensuring we nurture our relationships and skilfully navigate risks. As a result, we deliver products aligned to our purpose and remain committed to wellness, financial and other education, and confronting climate change.

Through our brand promise, "in it with you", we want stakeholders to experience how we live their journey with them while preserving the natural capital our business depends on and working towards a prosperous and thriving society.

The Board of Directors approved Liberty's Social, Economic and Environment (SEE) and Environment Social and Governance (ESG) impact framework and strategy that guides the entire business operations to ensure we achieve the positive social, economic, and environmental impacts to create shared value.

Our SEE strategy leverages our resources to create solutions that benefit society. We are invested in our SEE strategy and believe SEE issues create growth, innovation, and differentiation opportunities.

Our six value-driver model is based on our three strategic pillars, describing our approach to delivering sustainable growth and societal value.

Our strategic pillars

Transform the client experience		Execute with excellence		Drive sustainable growth and value	
Our six value drivers					
Client and adviser experience	**Employee experience**	**Risk and conduct**	**Operational experience**	**Financial outcome**	**SEE impact**
Providing excellent client and adviser experiences through simple, intuitive risk and investment solutions and being there in the moments that matter	Ensuring our people feel deeply connected to our purpose and creating an environment where they feel safe, empowered and motivated	Doing the right business, the right way, managing risks with an appropriate risk appetite	Using technology and data to better serve and protect our clients and advisers, reduce costs and scale our platforms	Allocating resources diligently to deliver attractive shareholder returns	Creating value for society by living our purpose of improving people's lives by enabling their financial freedom
Growth and scale		Efficiency and resilience		Legitimacy	

Strategic priorities | *Success measures and value drivers* | *Outcomes*

Value Creation for all our stakeholders

We care about creating value for our stakeholders and the world we live in. **By measuring our progress, we demonstrate our commitment to improving our shared future.**

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.

How we measure our contribution to the SDGs:

SDG	Contribution
3 Good health and wellbeing	Our social focus is on financial inclusion, education, skills development, and financial literacy.
4 Quality education	We understand the value of education and its power to change lives.
8 Decent work and economic growth	As an employee centric organisation we are deliberate about crafting and embedding our culture.
9 Industry, innovation and infrastructure	We assess emerging trends anticipate client needs and subsequently build creative and sustainable solutions and products.
10 Reduced inequalities	We focus our transformation efforts on gender equality, diversity, and education in the workplace.
12 Responsible consumption and production	As institutional investors we must at in our beneficiaries' long term-based interests. We recognise that ESG factors can influence the performance of investment portfolios to varying degrees overtime.
13 Climate action	We aim to be a catalyst for change by continuing to find innovative ways to save resources and reduce our environmental footprint.
17 Partnerships for the goals	Sound partnerships and processes should be in place to enable investment arrangements and activities that reflect and promote responsible investment.

Our Sustainability strategy

We create a meaningful impact in our communities and for the stakeholders we serve by delivering on our sustainability strategy

Business partners and suppliers

We act ethically in our dealings with our partners and suppliers, building mutual trust and treating them fairly. We ensure that we pay our suppliers as agreed and on time, and provide education and resources to help their businesses flourish.

Civil society

By understanding our country's context and our communityspecific needs, we can provide the appropriate support to uplift and create mutual resilience. We responsibly manage our natural resources to conserve the planet for the future.

Clients

We act with honour and deliver on our promises, establishing trust with our clients and treating them respectfully. Doing so demonstrates that we care about their experiences.

Employees

We aim to inspire personal wellbeing while providing meaningful employment for our increasingly diverse and united workforce. We do so by creating an engaging and flexible work environment and clear processes and procedures, and providing fair, performance-related remuneration.

Financial advisers

We build relationships of mutual trust with our advisers and empower them through transformation, innovation, empathy, quality education and personal growth.

Government

We support our government and country in building a better society as we manage our business in a sustainable and honourable manner.

Media

We build and maintain mutually beneficial relationships withthe media while adhering to our high ethical standards.

Organised business and professional bodies

We maintain fair and just business practices and support the role of organised business and industry bodies while working together to create scale and impact.

Regulators, policy and lawmakers

We operate within a measured risk and ethical conduct framework. Our policies ensure robust compliance while working with regulators to set high standards of excellence.

Business partners and suppliers

Our business partners and suppliers strengthen our capability and provide third-party expert or specialist advice, goods, and services. They expect us to provide fair business opportunities.

Liberty has a procurement policy with the aim of achieving significant and measurable commercial advantage whilst supporting the business to achieve its objectives through excellence in the procurement performance and leveraging economies of scale to create value for the company.

Liberty has a list of preferred suppliers in place and our procurement policies and guidelines are based on the principle of competitive bidding ensuring that the supplier offering the best terms as far as price, delivery times, and quality and where applicable after sales service is concerned. We purchase most of the goods and services from Ugandan SMEs who supply items that do not endanger the environment. This fosters the spirit of "Buy Uganda, Build Uganda" (BUBU) policy. 98% of our procurements during the year were done with local suppliers. (2021- 97%)

Value is created and preserved by:

- Timely settlement of invoices in line with the service level agreements.
- Responding appropriately and transparently to complaints.
- Bolstered supply resiliency.

Liberty creates a partnership with Multilines

Civil society and Government

Civil society provides an improved understanding of our communities' needs. They expect Liberty to give back and be responsive to our potential social, economic, and environmental impacts. 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. Government is also crucial in creating a conducive environment for business.

Value is created and preserved by:

- Death and disability claims paid **Shs 3.4 billion**
- Tracing beneficiaries and paying unclaimed benefits **Shs 653 million**
- Financial literacy programmes **Shs 10 million** on the mind my money program
- Corporate social responsibility spends and activities **Shs 15.4 million**
- Enterprise supplier development spend and activities
  Environmental protection spends and projects
  Shs 3 million on the tree planting project
- Taxes collected and paid **Shs 4.5 billion**

Client And Financial Advisers

Our customers trust us to meet their obligations when they purchase and use our products and services. Our service offerings include investing and insurance. Customers expect fair treatment, product performance and quality service from us.

Our dedicated financial advisers develop and maintain relationships with our customers and apply their skills when assisting with purchase decisions. Our financial advisers expect competitive products and competitive fees from Liberty.

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.

We endeavour to create a holistic, relationship-based experience for our clients acknowledging the importance of the human experience. When giving advice, this is at the centre of our advice philosophy:

- We meet our clients in their reality, wherever they are in their journey through life
- We recognise our clients' dreams, ensuring that we can guide them through major life events with compassion and humanity
- Our clients' goals are our objectives, and we empower them to achieve their ambitions

Key Highlights: We currently have:

- **Liberty's Net promoter score (NPS) was 23% (2021:15%)**
- **Liberty's retail products distributed through >20 intermediaries, 59 agents and 14 corporate agents.**
- **5,666** retail policies in force **(2021- 3,464 policies)**
- **2,891,863** credit life policies in force. **(2021 - 1,756,141 credit life policies)**
- **13,797** lives covered under medical. **(2021 - 15,082 lives)**

Liberty was able to fulfil its promise to its clients to be there for them should they become disabled, critically ill, retrenched or when they are no longer around. We settled total claims to the tune of Shs 5.1 billion in 2022 (7.8 Shs billion in 2021) of which Deposit administration claims were Ushs 236 million in 2022 and 160 million in 2021.

To improve accessibility to our products and services, Liberty has an "Insurance's one stop shop" for Life, Health, and General insurance solutions at our head office 99-101 Buganda Road. The offices are spacious and provide our clients with a one stop shop for all their insurance needs under one roof that is closer to the city centre. Liberty has 3 agency offices in Kampala Africourts, Jinja Kakira and Mbarara to increase our reach to the retail and corporate markets in the country and bring our services closer to our customers in these areas.

We also split our business into segments that enable us provide risk, investment and health solutions to our customers based on their different needs. They key departments were as below.

- Retail department; This takes care of the development, marketing, distribution, servicing and administration of individual insurance, and individual investment products to our customers.
- Corporate department; that provides insurance, health, and investment solutions to aggregations of individuals including corporates, affinity groupings and retirement funds across the country.

We have service level agreements in place against which we measure our performance on service delivery in payment of claims, provision of quotations, response to queries and other parameters to provide excellent customer service to our customers. We have dedicated Business Development Managers that service these specific segments and provide excellent customer service needed.

We access our customers through strong distribution channels that include intermediaries (Brokers), agents, affinity partners like Brac, Pride Microfinance and the bancassurance agreement we have with Stanbic bank. We also have bancassurance partnerships with Centenary Bank, Equity Bank, Housing Finance bank and Tropical bank in line with the bancassurance regulations.

Revolutionise advice

Our advice philosophy places the client at the heart of everything we do, and is designed to deliver a human, living and outcomes-oriented experience through the best advisers, enabled with smart technology and a culture of providing advice rather than selling a product. Our advisers build emotional and lasting connections by providing advice and guidance beyond finances that truly meet their clients' needs.

To support this advice philosophy, we focused on the following areas where we can add greater value to our clients and advisers:

- Utilising technology through smart enablement
- Transforming our distribution channels
- Rejuvenating risk and investment products
- Improving our service levels.

Client feedback

We conducted our annual Voice of the Customer survey during July and August 2022. The survey was conducted using an online survey and computer-assisted telephonic interviews. The level of responses (totalling 2 251) and the results were very pleasing.

Client complaints

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 made significant strides 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.

Employees

Our employees supply the necessary skills, expertise, and capacity to ensure Liberty continues to operate with high performance. Employees expect Liberty to provide fair and transparent remuneration, rewards, career development and learning opportunities.

We continue to embed our employee experience, leadership principles and growth mindset throughout Liberty. We invest in our human capital to ensure everyone at Liberty thrives, and we embrace the evolution of work as an enabler.

Our people philosophy

We empower and motivate our employees while creating a culture of humanity, growth mindset and inclusivity. By leveraging neuroscience to embed our culture, we identify behaviours and define programmes that will positively impact our employees and enable mindset shifts.

Our employee experience strategy ensures that our employees' purpose aligns with our organisation, while our culture programme highlights the areas and moments that matter most to our people. Investing in human capital and creating a unified human experience is important to attract and retain the right talent for our business.

Our focus is on optimising processes, systems, and human touchpoints as we facilitate skills development. We must understand our employees' capabilities to match their talent to appropriate roles. In doing this, they will prosper and so will we.

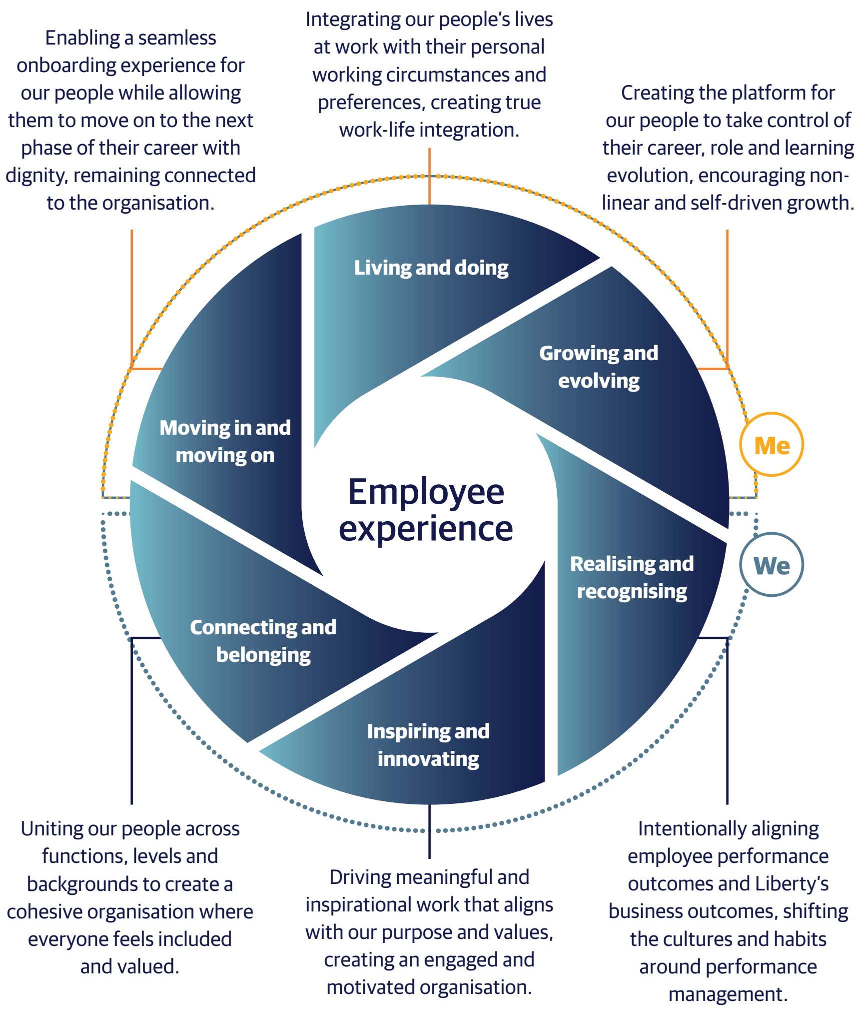
Our employee experience

Our employee experience vision and framework enable us to create a culture of success for our employees, working together towards a common goal. The framework helps our people feel connected to our purpose and clients and empowers them to fulfil their potential while being recognised for their efforts. Our six pillars are integrated to drive our way of working and guide us in creating employee satisfaction as we help our employees in their personal and professional life journeys.

Our culture characteristics

- Inclusivity
- #Initwithyou
- Humanity
- Human connection
- Holistic wellness
- Growth mindset

The pillars of our employee experience



A future-fit mindset

As an employee-centric organisation, we are deliberate about crafting and embedding our culture. As such, we create leadership programmes that provide a foundation for each Liberty employee to challenge and shift their mindsets, allowing us to evolve our mindset through ongoing development.

The evolution of work

We optimise our employee experience to attract and retain the best talent by providing an environment where our people can flourish. Adapting to suit the evolving needs of our employees we began our digital transformation journey before the COVID-19 pandemic, which fast tracked technological advances. The rapid changes we experienced over the past two years required us to accelerate our plans to create a human augmented workforce and digital organisation. In doing so, we continue to incorporate the following steps:

- Revisit business models.
- Leverage automation to reshape work.
- Focus on employee experience in a digital workplace.
- Create alternative workforce models.
- Invest in IT and infrastructure
- Create new policies and procedures
- Leverage teams with diverse skills and roles
- Invest in a digital workplace culture

Liberty Staff exhibit different African fashion during the Liberty cultural day celebration

What does our modern workforce look like?

One of the principles we emphasise is self-evolution of the individual. Our workplace is based on activity-based design while remaining flexible to Liberty's needs. Throughout our digital transformation process, we consulted our employees and adopted a hybrid working environment using technology as an enabler to support the corresponding shift in employee behaviour.

Our model allows each business unit its differences while ensuring that the team is aligned with the company's needs and embeds the Liberty brand. This creates a strong identity and unity in the organisation, with a workforce model empowered for the future. Taking the lead on hybrid working Our renovated premises in Braamfontein is based on extensive research and invaluable employee input. The new physical configuration is activity based and allows for better collaboration among teams and employees.

We created spaces that support the flexible nature of the hybrid working model and embrace the evolution of work, which will serve as the blueprint for a national rollout of Liberty's offices.

Our tools for ensuring a seamless transition:

- Communication
- Change management
- Conversations
- Training
- Coaching

Navigating change in the evolution of work

We are transitioning into a future where decision-making increasingly depends on ethics and behaviours as opposed to policies, procedures, standards, and guidelines. Our responsibility is to ensure our employees and leaders embrace this transition so they can thrive in the years ahead.

Supporting people during this period of change

Our leader-led change management plan supports our culture by focusing on influencing the behaviour of our leaders and, subsequently, all employees. We aim to enable conversations between each leader and employee, helping our people to be the best they can be.

We want our employees to thrive. To help them do so, we provide fair, performance related remuneration, comprehensive skills training and education, and career development opportunities while striving to create an inclusive work environment. We structure remuneration packages according to employees' skills and functions, balancing guaranteed and variable pay.

Benefits provided to full-time employees

- Medical aid
- Disability cover
- 21 days of annual leave
- Parental leave
- Retirement provision
- Life insurance

With the rapid move towards remote working, we adapted our learning methods to encourage non-linear growth. We continuously enhance our curriculums to ensure we remain agile and fit for the future and that our culture and behaviours around performance management support the evolution of work.

Total training spend-
103 million
(2021: 42 million)

Average training hours
per employee 58
(2021: 31)

Average training hours
per adviser 199
(2021: 163)

Women as a percentage of advisers trained
44% (2021: 45%)

Women as a percentage of employees **trained**
58% (2021: 63%)

Number of advisers
trained 48
(2021: 29)

Internships, learnerships and bursaries

Our learnership and internship programmes allow matriculants and graduates to build a career in the financial services industry. In 2022, we enrolled three interns, who all transitioned to fixed term contracts. This way, we keep exceptional candidates and grow our talent pipeline.

Our bursary programme allows employees to grow within their professional qualifications by obtaining a formal education in subjects relevant to their careers.

Compliance training

We put significant effort into our regulatory compliance rollouts each year to ensure our employees remain updated and compliant in their respective roles. Training conducted in 2022 includes cybersecurity and anti-money laundering and a focus on the Protection of Personal Information Act.

Health and safety

Our health and safety policy spells out the different policies and procedures that Liberty follows to ensure that we provide a healthy and safe working environment for its most important resource which is People. We are responsible for the health, safety, and security of all our employees and customers. Our Risk and Compliance department takes responsibility with a specific focus on physical security. We continually assess and invest in the security of our stakeholders through world-class technical and operational systems, process, and procedures.

The Company premises are installed with firefighting equipment, smoke detectors, cameras and access door control system, alarm system, security lights and are guarded throughout the day and night and has emergency fire exits that are well labelled and easily accessible.
The office premises are also air conditioned to offer a good ambience to all stakeholders. All company safety equipment is regularly serviced and tested for reliability. A well-stocked first aid box is available for use in emergency cases.

Media

Media is a voice for society on responsible business conduct. The media expects transparent business practices and access to Liberty's management. During the year we engaged with various media houses to deliver thought leadership messages such as financial literacy talks on UBC and NBS business shows and Mental health talks on our Twitter space account.

Organised business and professional bodies

Organised business and professional bodies act as a key conduit to organising business or industry role players on matters of common interest. They expect Liberty to act responsibly and pay our membership fees. Liberty is a member of various bodies such as Uganda Insurers Association, Forum for South African Business in Uganda, Agriculture Insurance Consortium, KACITA and Uganda Chamber of Mines and Petroleum and subscription fees to all these has been paid.

Regulators

Regulators, policy, and lawmakers govern financial stability, market conduct and law-making and expect compliance from business. 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 regularly engage with regulators, either directly or through industry bodies, and attend compliance management forums that enable us to identify and analyse emerging trends within the industry, along with any risks or opportunities that may arise ensuring that our business remains responsive and agile. With our combined risk and assurance departments assuring our internal controls, and external assurance providers supplying independent oversight, we ensure that compliance within Liberty remains a priority.

Managing our capital levels not only promotes regulatory compliance but also facilitates business growth, encourages client confidence, and creates value for our shareholders and other stakeholders. Our capital risk measures are those regulatory requirements applicable to our industry.

Our capital adequacy requirement for 2022 was 283% (2021:277%) which was above the regulatory minimum of 200%.

Our capital position remains strong under the new Risk based regulatory regime and we place great importance on constructive and effective relationships with our various regulators.

There were no new insurance regulations released in 2022. The existing regulations released in summarised below are in still in force and applicable for the Company.

- Insurance (Insurance Training College) Regulations 2020
- Insurance (Licensing and Governance) Regulations 2020
- Insurance (Reinsurance) Regulations 2020
- Insurance (Fees) Regulations 2020
- Insurance (Mobile Insurance) Regulations 2020
- Insurance (Index Contracts) Regulations 2020
- Insurance (Capital Adequacy and Prudential Requirements) Regulations 2020

We paid all our statutory obligations to Uganda Revenue Authority, National Social Security Fund, Kampala Capital City Authority (KCCA – for Local Service Tax). We continued to engage with our tax consultants during the year on various tax issues to remain compliant.

We on a continuous basis engaged both URA and NSSF while sourcing for tax and social security contributions clearances that are needed while bidding for insurance services.

All required clearances were duly obtained. The taxes paid during the year were to the tune of Shs 4.4billion (2021-Ushs 3.8 billion).

The Insurance Regulatory Authority of Uganda (Annual Membership and Deposit Contribution), Uganda Insurers Association (Annual Membership) and the Insurance Training College of Uganda (Annual Membership, Training Levy and C.O.P fees for our agents and staff) were paid on time. Thve Annual Contribution for 2022 was Shs 640million (2021 -Shs 623 million). The 2022 license application was successfully submitted to IRA and all the necessary clearances were received from our stakeholders (Uganda RE, Insurance Training College of Uganda and the Uganda Insurers Association). All necessary returns to IRA were filed and communications from them adequately replied to. Interactions with the Registrar of companies also happened throughout the year and these included filing of annual company return and registration of Board of Directors resolutions.

Combatting financial crime

We have dedicated and sophisticated group forensics, anti-money laundering, compliance and risk department that prevents, detects, and investigates fraud, financial crime, misconduct, theft, and corruption. Our fraud risk management policy details the processes and procedures we follow to prevent, monitor, and report fraud and corruption, including whistleblowing and conflict of interest policies.
With a zero tolerance for fraud and corruption, we cultivate a culture of honesty and integrity within our organisation. All employees and agents of Liberty engage in fraud awareness and fraud risk training.

In 2022, we trained our 48 staff members on fraud awareness, and they all successfully completed the fraud risk programme on our e-learning platform. Our group forensics department issues a monthly newsletter that highlights new trends and emerging risks. The newsletter also provides information to help protect the business against these risks.

INVESTORS

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

Liberty is committed to creating sustainable economic value to enable its long-term vision. Our shareholders entrust us with their capital and expect competitive returns and capital appreciation on their investment. Maximizing shareholder value is key to our sustainability. Liberty prioritises ongoing sustainability above short-term maximisation of profits. We are fully committed to generating competitive and sustainable value for our shareholders.

Liberty's main lines of business that generate value are long-term insurance, health, and group risk insurance. We create additional value through the efficient management and investment of available capital (the financial capital held for regulatory requirements).

The nature of the long-term insurance business means that a high percentage of contracts extend well over 15 years, with variable terms that depend on events outside management control (such as policy lapses or the death of a client). Comprehensive valuation models that include forecasting of future long-term trends in investment markets and policyholder behaviour are therefore necessary to determine value and assess performance.

Liberty made a net profit of Shs 3.8 billion for 2022 compared with a net profit of Shs 1.7 billion in 2021. The shareholder investment portfolio (SIP) asset value was Shs 9.5 billion for the year compared to Shs 7.8 billion in 2021. Return on equity was 17% compared to 9% for 2021 The value of new business (VoNB) was at 3.8% compared to 5.4 in 2021.

More details on the financial performance of the Company are detailed in the Financial review on page 55 to 64.

The annual report and Annual General Meetings are also some of the ways in which contacts are maintained with the shareholders. The Board did not approve a dividend payment for the year 2022.

Caring for the planet for future generations

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.

We stringently monitor, measure, and analyse electricity supply, water usage and waste management throughout our business. We have comprehensive awareness campaigns aimed at positively influencing our employees' behaviour to assist our efforts to reduce consumption of scarce resources. We also assess the environmental impact of our supply chains and find measures to enhance our SEE strategy.

We focus on implementing new initiatives to efficiently manage resources, such as investing in solar power for our office, harvesting rainwater, installing composters to manage and recycle waste and, in our efforts to benefit the community. We understand that our stakeholders care about our promises to responsibly steward the natural resources our business depends on.

As a responsible corporate citizen, we are committed to playing a meaningful role in society, which includes understanding and managing our environmental impacts. We do this by focusing on both our direct and indirect impacts, where we can be a catalyst for change.

We continue to find innovative ways to save resources by reducing our energy and water usage and the waste we generate. We have an extensive resource management programme in place to guide our approach to renewable energy, water and waste efficiency, and initiatives aimed at reducing our footprint.

Managing our waste responsibly

At Liberty, we are committed to 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 off or recycle our waste effectively, educate our employees, and encourage responsible behaviour. A waste assessment conducted in 2022 identified several opportunities for us to manage our waste more responsibly. managing organic waste at site.

Due to the above put in place, in 2022 our printing and stationery costs were amounting to Ushs25 million down from Ushs27.8 million in 2021, amounting to a 10% reduction. We used 2.2kgs of paper in 2022 compared to 2.5kg in 2021. We continue to promote power saving by use of energy saving equipment and energy saving bulbs across all our branches. In 2022 our energy consumption was 15,470 units down 71% from 53,424 units in 2021 due to various cost containment measures initiated by management.

Total water consumption at Liberty was down 53% to 136 units in 2022 from 287 units in 2021 due to cost containment measures initiated by management. Water consumption includes usage in kitchens and toilets.

Our waste management process involves dealing with the waste generated from day-to-day operational activities, food consumption, wear and tear of computer and office equipment, obsolete furniture and fixture and newspapers. For the year 2022, we saved 0.3Kg of paper, 37,954 units of electricity and 151 units of water due to more efficient operation practices.

Overall, Liberty's carbon footprint is reducing due to the environmental projects we have participated in over the past few years. There has also been a reduction due to the impact of working remotely during the pandemic, however, we are cognisant that part of our carbon footprint has been transferred to our employees' homes and will again increase when employees return to the office.

Saying goodbye to single-use plastics

Creating meaningful behavioural change is imperative to mitigating our impact on climate change and the environment. In 2022, we introduced an initiative to reduce single-use plastics. 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 removed all plastic cutlery, containers, and polystyrene cups from our office premises.

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.

The recommendations on climate-related financial disclosures are designed to promote more informed investment, credit, and insurance underwriting decisions. The recommendations are structured around four themes governance, strategy, risk management, and metrics and targets aimed at equipping stakeholders with a better understanding of the concentration of carbon-related assets in the financial sector, along with greater insight into a company's climate-related risks and opportunities.

Liberty's governance around climate related risks and opportunities

Liberty's board is ultimately responsible for the effective governance of risk management and ensures that clearly defined risk management roles and responsibilities are in place for the CEO who is supported by the exco, various subcommittees and key functions. The board has delegated to the Audit and risk committee oversight of risk, capital management, and management of Liberty's approach to issues of, among others, good corporate citizenship, and sustainability

Looking ahead, Liberty expects to establish a groupwide ESG forum to further identify and monitor ESG-related matters, including climate-related risks and opportunities.

Climate-related risk and opportunity impact on strategy and financial planning

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 the Company.

Stakeholder activism might increase in the short to medium term as society demands more environmentally friendly business practices, products, and services.

For ESG-related factors are a material investment consideration in line with its principles for responsible investing, an ESG forum was established to improve ESG awareness and culture across various investment platforms. Liberty also actively participates in opportunities to finance more sustainable investments.

The most significant risk to Liberty soon 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.

Capital transformation and outcomes

Social and relationship capital

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.

- Tax paid-**Shs 4.5 billion** one of Uganda's large taxpayers
- Annual Deposit Contribution paid to IRA Uganda **Shs 640 million**

Human capital

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.

- Employee gender profile **52% Female 48% Male**
- Total Salaries and staff costs **Shs 5.1 billion**
- Employee satisfaction survey **85%**

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.

- **Five times winners** of the Financial Reporting Awards in the Insurance category
- **2022 Winner –** Most innovative insurance solution – Life awarded by IRA Uganda (Online portal for member claim reimbursements)
- **2022 Winner –** Judges Special Award – awarded by IRA Uganda (Online portal for member claim reimbursements)

Financial capital

A sound capital base supports our operations Liberty's financial capital includes:

- Equity – Shs 22 billion
- 17% Return on investment
- Shs 20.5 billion financial assets under investment

Natural Capital

Liberty enjoys several natural resources such as air, water, energy, and the natural environment.

- Participation in One Million Tree planting campaign.
- Print if a must campaign

Manufactured Capital

Liberty has the following digital and physical infra-structures used in service delivery to its customers.

- Three Agent office in Jinja Mbarara and Kampala
- Online claims reimbursement portal
- Over 100 health service provider networks
- Diligent online board packs portal

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.

An overview of how our products create value

Our business model is based on developing products that ultimately create financial freedom and peace of mind for our clients during unforeseen circumstances. We believe in forming strong partnerships and we have experience in creating solutions that work for and benefit our existing partners. We work together with our partners to understand their needs, and the needs of their customers, so that we can design appropriate solutions.

Investing in Innovation to meet customer needs

We aim to simplify, connect, and enhance client experiences using Agile work methodologies. The adoption of the Agile methodology for software development and deployment allows Liberty's technology team to deliver incrementally throughout the year rather than provide complete solutions at some future date. We understand that the needs of our customers continue to change, both as they move through their life stages and as existing technology evolves. By understanding our customers' needs, both current and future, and then investing in the necessary innovation to meet these needs, we can offer advice and develop solutions that are attractive, affordable and deliver on our promise of creating financial freedom.

Risk products

Risk products, such as long-term insurance, provide financial protection in the wake of major life events, including critical illness, disability, retrenchment, or death. Risk cover provides value to clients by allowing them a measure of protection against the financial disadvantages that can occur when life throws something unwanted or unexpected their way. Clients can meet their obligations and, along with the promise of financial security, much of the burden of social spending is removed from government.

Investment products

With a varied portfolio of investment products, we help our clients save for themselves. While contributing to the capital required to grow the economy by saving for a personal goal (such as retirement), investors also personally benefit from the growth of their investment. Consumer spending supports the economy and helps ease the retirement burden on the government. For the period January to May 2020, our soma plan Education Saver product was invested in the STANLIB money market and for the period June to December 2020 it was invested in the ICEA Savings Fund. We created sustainable value for our clients by providing a return of 8% on amounts invested. The fund value was Ushs430 million as at end of December 2020 (2019- Ushs300 million).

Credit life products

Credit life products are a boon to clients who can raise finance with the assurance that their debt will be settled in the event of death or a permanent disability. These products facilitate lending by financial institutions and contribute to growing the economy.

Our customers place their trust in us to fulfil our promises and prepare them for life's uncertainties. Customers purchase our products and services (after obtaining appropriate advice on their needs) to achieve their goals and manage life's uncertainties.

Mind my Money: Financial Education Program

Liberty created the Mind my Money program to give our clients access to personal financial plans and financial education workshops. It provides complimentary educational resources to help our clients master their money and pave their way to financial freedom. This is in line with our purpose of improving people's lives by making their financial freedom possible.

The Mind My Money financial literacy program enhances our value proposition to our corporate clients by providing their employees with access to personal financial plans and financial education workshops. The Program helps clients rewrite the story of their money by educating individuals on preparing financial plans.

Health Products

Liberty provides comprehensive benefits for in-patient and out-patient treatment for multinationals, corporates, and SMEs in Uganda and across Africa at affordable rate. We provide healthcare solutions to approximately 13,797 lives, access to a wide network of contracted healthcare providers in Uganda, India and worldwide with quality customer care. Our depth of knowledge and expertise comes from providing comprehensive, flexible health care benefit and administration solutions to multinationals, corporates, and SMEs in Uganda and 27 countries across Africa.

How we create value for our stakeholders

In this section we provide the reader with feedback on our performance and value created in 2020 for each of our primary stakeholders. Liberty's approach to value creation is premised on the relationships we establish, build, and sustain and our ability to manage a variety of risks for both clients and ourselves. We view stakeholder management as a risk mitigation function and, more importantly, one that seeks to create shared value for the broader society. We believe that for a company to be successful in creating shared value, it must acquire a deep understanding of the problems it is trying to solve and the customers it is hoping to serve.

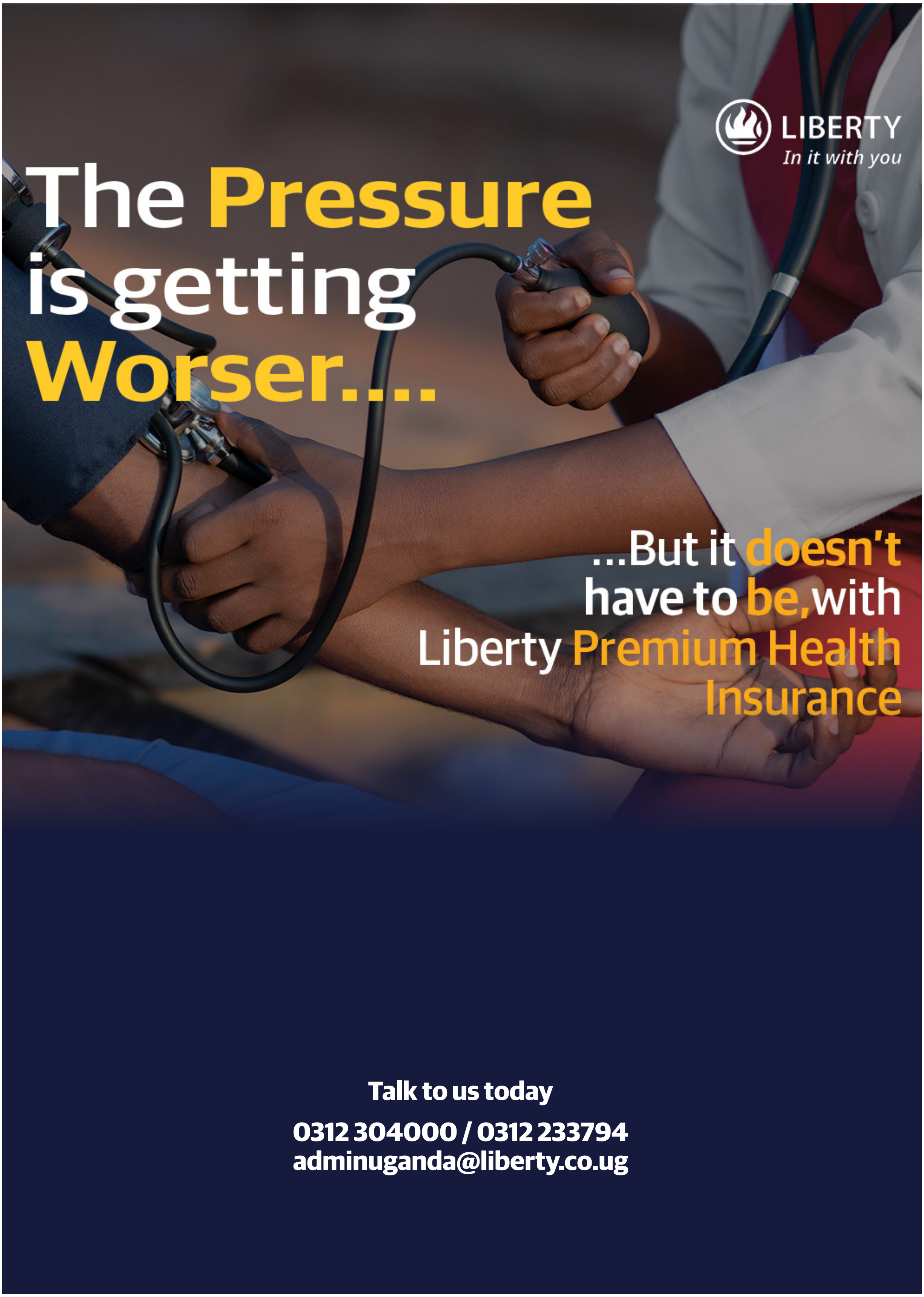
Liberty sponsors the hR review excelency award organised by the human resource managers association of Uganda

Liberty staff attend the sixth annual procurement summit 2022 held at Hotel Africana

Value Added Statement for the year ended 31st December 2022

Value Added is measured by subtracting business and operating costs like claims costs, commission expense and administrative expenses from Net insurance premium revenue. Net insurance premium revenue is derived by subtracting insurance premium ceded from the Insurance Premium revenue. The resulting amount is distributed to the stakeholders who include employees, Government, Shareholders, and Retention to support future business growth. The total wealth created in 2022 is shown in the value-added statement below.

ValueAdded	2022	%ofwealth	2021	%ofwealth
	Ushs'000	Created	Ushs'000	Created
Netinsurancepremiumrevenue	34,746,288	66.5%	27,540,139	62.8%
Commissionincome	291,583	0.6%	247,876	0.6%
Insuranceclaimsrecoveredfromre-insurers	15,315,965	29.3%	13,265,665	30.3%
Changeinpolicyholderliabilities(netofreinsurance)	0	0.0%	946,472	2.2%
Investmentincome	1,893,389	3.6%	1,815,687	4.1%
OtherIncome	22,882	0.0%	26,792	0.1%
Totalincome	**52,270,107**	**100%**	**43,842,631**	**100%**
Less:				
Commissionexpense	(7,271,462)	15.5%	(5,700,560)	13.7%
Claimsandpolicyholders'benefits	(20,412,879)	43.5%	(21,110,406)	50.8%
Generalmarketingandadministrationexpenses	(18,933,688)	40.3%	(14,559,508)	35.0%
Changeinpolicyholderliabilities(netofreinsurance)	(79,310)	0.2%	-	0.0%
Otherfinancecosts	(231,103)	0.5%	(202,199)	0.5%
TotalExpenses	**-46,928,442**	**100%**	**-41,572,673**	**100%**
Wealthcreated	**5,341,665**		**2,269,958**	
Employees	5,060,825	53%	3,325,931	57%
Government	4,403,345	47%	2,504,568	43%
Shareholders-(dividends)	0	0%	0	0%
Retentionstosupportfuturebusinessgrowth	-7,194,212	-	-3,560,541	-
	5,341,665		**2,269,958**	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In it with you
The Pressure
is getting
Worser....
...But it doesn't
have to be, with
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Insurance
Talk to us today
0312 304000 / 0312 233794
adminuganda@liberty.co.ug

Corporate social responsibility (CSR) Report

By understanding our country's context and our community specific needs, we can provide the appropriate support to uplift and create mutual resilience. We responsibly manage our natural resources to conserve the planet for the future.

Our CSR strategy

We believe the path to financial freedom includes exposing individuals to the tools they need earlier, giving them the power to manage their futures and create financial wellbeing. Our CSI initiatives and socio-economic development programmes empower communities to make informed decisions through education and financial literacy.

For our employees

Empowering and upskilling people and communities is at the forefront of enabling financial freedom, and we are committed to investing in a lifetime of growth and development. By creating opportunities for learning and advancement, we help our employees reach their personal financial goals while securing Liberty's sustainability. See Working at Liberty page 85 to 88

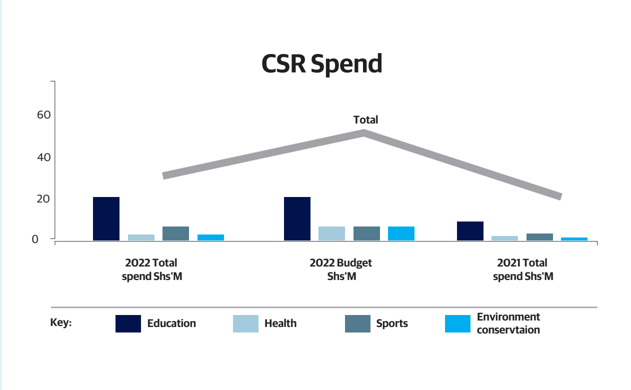
For our communities

We invest in education for our communities as a cornerstone of economic development, delivering shared value and unlocking opportunities for youth employment. We continue with our financial literacy education for learners, and our consumer education programme focuses on financial education for communities.

The total budget for CSR activities in 2022 was **Ushs 50 million for CSR activities in various sectors mainly education, improved health care, environmental conservation, and sports contribution.**

The key objectives and rationale for the year's CSR activities were as below.

- Contribution towards education
- To contribute towards achievement of improved health care for less disadvantaged persons
- Contribution towards environmental conservation strategy; and
- Support towards the development of sports.



Details on the performance of the 2022 CSR program was as below.

Protecting the environment

Every year in October, we run a Tree planting campaign to give back to what has been stolen from the environment through tree cutting to produce paper and the emissions given off in production of the same. Our staff are always happy to participate in environment measures. At Liberty, we have a culture that says, "If you don't have to, don't print it" this aims at conserving and preserving the environment in which we live and operate in.

On 29th November 2022, Liberty, in partnership with My Tree Initiative Uganda (MTIU), planted 50 trees along the Nakasero Road and Lumumba Avenue to embark on a new dawn after the COVID-19 pandemic.

The campaign was and graced by the Minister for Environment, Honorable Beatrice Anywar, as the Chief Guest, Kampala Lord Mayor Erias Lukwago as the Chief Planter, Office of the Mayor of Central Division representative Mayor Uhuru Salim and Country Representatives from the United Nations Development Programme (UNDP), United Nations High Commissioner for Refugees(UNHCR), Food and Agriculture Organization (FAO), Kampala Capital City Authority (KCCA), Universities like Makerere University, Kampala International University, Victory University, Islamic University in Uganda, LLAU staff members among other dignitaries.

Liberty Participating in the OneMillionTree tree planting campaign

Link;
https://www.newvision.co.ug/category/news/lukwago-rallies-ugandans-to-embrace-planting-148621
https://www.primenews.co.ug/liberty-life-assurance-uganda-partners-with-my-tree-initiative-uganda-to-plant-trees-in-kampala-city/

Health

Every year, we also participate in marathon runs that are organized by various institutions to give back to the needy and be in position to also socialize with the public that subscribes to humanity ventures.

Liberty conducts a health camp during its customer service week as a way to appreciate its clients and partners for the unwavering loyalty and commitment

On the 20th November 2022, Liberty participated in the MTN Marathon which was themed "Run for Babies". The proceeds from this year's Marathon were to be used to upgrade maternal and newborn facilities in health centers across the country.

As is the case in many sub-Saharan countries, statistics indicate that there are an estimated 336 maternal deaths per 100,000 live births and 43 infant deaths per 1000 live births in Uganda, with 42% of the children's mortality occurring during the neonatal period (source: Uganda Health and Demographic Survey, 2016 – UNFPA).

Liberty staff participate in the MTN marathon

Liberty also participated in the 11th edition of the Rotary Cancer Run with an aim of bridging the gap in the fight against the cancer scourge by building a one stop cancer screening and treatment center at Nsambya Hospital – Kampala

Liberty staff participate in the 2022 cancer run

For 2 years running, we have been honoured to join the Soul Foundation Uganda in a Christmas Drive aimed at bringing smiles to the patients at Butabika National Referral Hospital. On Friday 08/12/2022, we hosted a luncheon at the facility which is Uganda's National Psychiatric Hospital currently treating over 800 patients. As health underwriters, we endorse the fight to end the stigma surrounding #mentalhealth in society.

"We'd like to change the narrative surrounding suicide. Talking about mental health isn't a way of seeking attention but rather a cry for help and we shouldn't lose more people to silence. Patients, we are #initwithyou" -Juliet Murungi Okwi, Business Development Manager at LLAU.

As a brand that has provided medical insurance for over a decade, #mentalhealthawareness is something that we are passionate about. We sought to bring smiles on the faces of those who have seemingly lost their way and fallen victim to a surging illness in the community

Liberty partners with soul foundation Uganda in a christmas drive at butabika hospital

Sports

Annual Insurance Sports Gala

On 25th June 2022, the Insurance Training College together with Insurance Regulatory Authority held the Annual Insurance Sports Gala 2022 at St.Mary's Kitende. The Theme for this year's sports gala was "Championing Insurance through Sports & Wellness." The insurance sports gala featured a number of games such as football, sack race, volleyball, and basketball, in which we are privileged to participate in.

Liberty staff participate in the insurance sports Gala.

LIberty team receives the insurance innovation award from IRA uganda

In 2022, Liberty life assurance went through a very competitive market survey that was conducted on behalf of the regulator to identify and reward the organization with the most innovative solutions regarding market needs, customer services and satisfaction. We merged winner of the most innovative insurance solution and took home the judge's award trophy for our innovative online portal for member claim reimbursements which enables our clients efficiently submit and receive refunds for their medical expenses. As a brand, we are cognizant of market changes, and we ensure to respond to the agile new ways of working, so we stay relevant to all our stakeholders.


LIBERTY
In it with you
Open

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

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

LIBERTY
In it with you

ADVICE INSURE INVEST HEALTH


Mind
My
Money
Financial Freedom
Programme
LIBERTY
In it with you
FINANCE
- Investment
Financial problems are not fixed with money but rather with financial education.
Available on the
Google Play
Download on the
App Store

Lets talk

Numbers.

Management Team Contacts

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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 2022

General Information

Country of incorporation and domicile Uganda
Nature of business and principal activities Long term insurance and medical

Directors as at 31 December 2022

Gerald Ssendaula*	(Chairman)	
Mayur M. Madhvani**	(Director)	
Samuel Fredrick Mwogeza*	(Director)	-Resigned on 28th December 2022
Mike du Toit***	(Director)	
Muljibhai Madhvani & Company Limited*	(Director)	
Liberty Holdings Limited***	(Director)	
East African Holdings Ltd****	(Director)	
Patricia Adongo Ojangole*	(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 2022.

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 119.

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 2022 was Ushs 4.5 billion (2021: Ushs 4.5 billion).

Dividends

No dividend payment was proposed for the year 2022 (2021: nil).

Holding company

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

Auditor

The Company's auditor, KPMG, is not eligible for reappointment in accordance with Section 108 of the Insurance Act, 2017 Laws of Uganda pursuant to mandatory rotation of auditors after four years.

Directors

The directors that held office as at 31 December 2022 have been listed on page 112

Approval of financial statements

The financial statements were approved and authorized for issue at the Board of directors meeting held on 29th March 2023.

By order of the Board

Company Secretary
31st March, 2023

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 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards), 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 Standards 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 29th March 2023.

Director

Director

Date: 31st March, 2023

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 118 to 178, which comprise the statement of financial position as at 31 December 2022, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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, 4P and 22 of the Financial Statements	
Key audit matter	**How the matter was addressed in our audit**
The Company has significant insurance contract liabilities representing 36.5% 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 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.	• Our audit procedures in this area included: • 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 information included in the document titled Liberty Life Assurance Uganda Limited Registration Number 75913 Financial statements for the year ended 31 December 2022 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 2022, 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 IFRS Standards 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

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

Date: 31st March, 2023

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 Ushs'000	2021 Ushs'000
Revenue			
Insurance premium revenue	6	50,115,830	42,549,715
Reinsurance premiums ceded	6	(15,369,542)	(15,009,576)
Net insurance premium revenue	**6**	**34,746,288**	**27,540,139**
Investment income on financial assets measured at amortised cost		1,895,486	1,817,433
Expected credit loss on financial assets		(2,097)	(1,746)
Net Investment income	**7**	**1,893,389**	**1,815,687**
Other income	8	22,882	26,792
Other finance costs	9	(231,103)	(202,199)
Total income		**36,431,456**	**29,180,419**
Claims and policyholders' benefits	10	(20,412,879)	(21,110,406)
Insurance claims recovered from re-insurers	10	15,315,965	13,265,665
Change in policyholder liabilities (net of reinsurance)	22	(79,310)	946,472
Commission expense		(7,271,462)	(5,700,560)
Commission income		291,583	247,876
General marketing and administration expenses	11	(18,933,688)	(14,559,508)
Profit before income tax	**13**	**5,341,665**	**2,269,958**
Income tax expense	14	(1,499,996)	(564,603)
Profit for the year		**3,841,669**	**1,705,355**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,841,669**	**1,705,355**

The notes set out on pages 123 to 178 form an integral part of these financial statements.

Statement of financial position as at 31 December 2022

	Note	2022 Ushs'000	2021 Ushs'000
Assets			
Cash and cash equivalents	15	3,355,193	2,984,943
Financial assets at amortised cost	16	20,394,492	16,253,395
Statutory security deposit	16	684,481	634,201
Financial assets at fair value	16	176,320	156,978
Unit Trust Investments	17	510,842	547,633
Prepayments, insurance and other receivables	18	11,535,623	8,657,348
Current income tax receivable	14	-	215,988
Property and equipment	20	437,663	429,901
Right-of-use asset	21	1,278,190	1,505,037
Deferred income tax assets	28	1,105,656	1,107,886
Total Assets		**39,478,460**	**32,493,310**
Liabilities			
Policyholders' liabilities		**6,320,805**	**5,937,049**
Insurance contracts	22	6,204,577	5,812,598
Investment linked contracts (excluding discretionary participation features (DPF)	22	116,228	124,451
Insurance and other payables	23	1,931,566	1,590,734
Employee benefits	24	376,268	406,293
Lease liabilities	21	1,604,019	1,763,586
Amounts due to related parties	29	6,968,313	4,474,548
Current income tax payable	14	114,720	-
Total liabilities		**17,315,691**	**14,172,210**
Equity			
Share capital	25	4,500,000	4,500,000
Capital reserve	26	1,728,037	1,535,954
Contingency reserve	26	5,917,039	5,415,881
Retained earnings	27	10,017,693	6,869,265
Total Equity		**22,162,769**	**18,321,100**
Total Equity and Liabilities		**39,478,460**	**32,493,310**

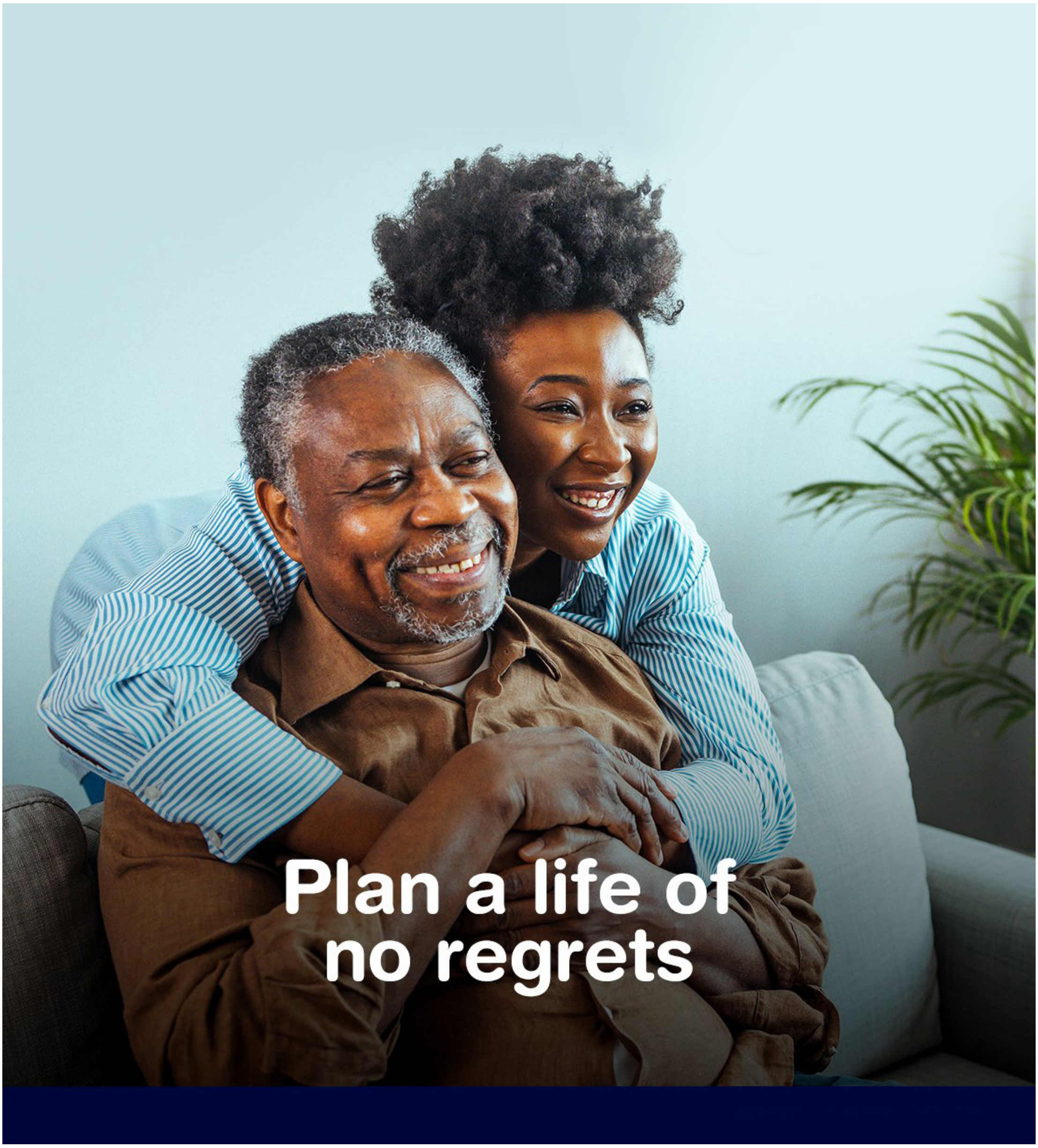
The financial statements on pages 118 to 178 were approved and authorized for issue by the Board of Directors on 29th March 2023 and signed on its behalf by:

Director

Director

Date: 31st March, 2023

The accounting policies and notes on pages 123 to 178 form an integral part of these financial statements.



Statement of changes in equity for the year ended 31 December 2022

	Note	Share capital Ushs'000	Capital reserve Ushs'000	Contingency reserve Ushs'000	Retained earnings Ushs'000	Total equity Ushs'000
Year ended 31 December 2022						
At the start of the year		**4,500,000**	**1,535,954**	**5,415,881**	**6,869,265**	**18,321,100**
Comprehensive income:						
Profit for the year		-	-	-	3,841,669	3,841,669
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**3,841,669**	**3,841,669**
Transfer to contingency reserve	26	-	-	501,158	(501,158)	-
Transfer to capital reserve	26	-	192,083	-	(192,083)	-
At end of year		**4,500,000**	**1,728,037**	**5,917,039**	**10,017,693**	**22,162,769**
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)	-
At end of year		**4,500,000**	**1,535,954**	**5,415,881**	**6,869,265**	**18,321,100**

The notes set out on pages 123 to 178 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2022

	Note	2022 Ushs'000	2021 Ushs'000
Cash flows from operating activities			
Cash generated from operations	30	4,495,350	(745,065)
Other finance costs – interest on leases paid	21(d)	(186,964)	(149,644)
Income tax paid	14	(1,167,058)	(335,083)
Net cash from operating activities		**3,141,328**	**(1,229,793)**
Cash flows from investing activities			
Investment income	20	1,770,830	1,699,524
Purchase of property and equipment	20	(139,050)	(91,204)
Financial assets at amortised cost	16	(4,193,249)	(844,980)
Financial assets at fair value	16	(19,342)	(27,378)
Unit trust investment	17	36,791	(117,327)
Net cash from investing activities		**(2,544,020)**	**618,635**
Cash flows from financing activities			
Payment for lease liability	21(d)	(219,144)	(86,340)
		(219,144)	(86,340)
Total cash movement for the year		**378,164**	**(697,497)**
Cash at start of year		2,984,943	3,704,418
Effects of exchange rate variations on bank balances		(7,914)	(21,978)
Total cash at end of year	**15**	**3,355,193**	**2,984,943**

The notes set out on pages 123 to 178 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 2022 financial statements of Liberty Life Assurance Uganda Limited have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner 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 (Ushs'000), unless stated otherwise. The comparative figures represent amounts in respect of the year ended 31 December 2021.

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 2022 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

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;
iv. the disappearance of an active market for that financial asset because of financial difficulties; or
v. 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 assets at fair value through OCI (debt 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 2022.

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 no held for trading financial liabilities as at end of 31 December 2022.

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 2022 was Ushs 4.5 billion (2021: Ushs 4.5 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.

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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

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 Ushs 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. This was nil at the end of the year as the reserve of Ushs 300 million previously held was released as part of the transition to reporting in line with IFRS 17. (2021: Ushs 300 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. This was nil at the end of the year as the reserve of Ushs 196 million previously held was released as part of the transition to reporting in line with IFRS 17. (2021: Ushs 196 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 2022:

New standard or amendments	Effective for annual periods beginning on or after
Onerous Contracts - Cost of Fulfilling a contract (Amendments to IAS 37)	**1-January-22**
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	**1-January-22**
Annual improvements to IFRS Standards 2018-2020	**1-January-22**
Reference to the Conceptual Framework (Amendments to IFRS 3)	**1-January-22**

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Reference to the Conceptual Framework (Amendments to IFRS 3)-Business combinations

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework,
- Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- Add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Annual Improvements to IFRS Standards 2018-2020

Annual Improvements to IFRS Standards 2018-2020 makes amendments to the following standards:

IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

New and amended standards adopted by the Company (continued)

IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The adoption of these amendments did not have a 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 2022: All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

New standard or amendments	Effective for annual periods beginning on or after
Classification of Liabilities as Current and Non-Current (Amendments to IAS 1)	1-Jan-23
IFRS17 Insurance Contracts and amendments to IFRS17 Insurance Contracts	1-Jan-23
Disclosure of accounting polices(Amendments to IAS 1 and IFRS Practice Statement 2)	1-Jan-23
Definition of accounting estimates (Amendments to IAS 8)	1-Jan-23
Deferred Tax related to Asset and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1-Jan-23
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Indefinitely deferred

Classification of liabilities as current or non-current (Amendments to IAS 1)

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. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date. The amendments are not expected to have a material impact on the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations.

Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired. The amendments are not expected to have a material impact on the Company

Definition of accounting estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) for example: an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to be used when applying the chosen measurement technique for example: the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.
The definition of accounting policies remains unchanged. The amendments are not expected to have a material impact on the Company.

Deferred Tax related to Asset and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

The amendments apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability

The above amendments are not expected to have a material impact on the Company.

IFRS 17 Insurance Contracts (and its related amendments)

The effective date of IFRS 17 is for years commencing 1 January 2023. IFRS 4 Insurance Contracts (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the Company's financial year commencing 1 January 2023 (with 2022 comparative information restated as required by the standard).

IFRS 17 provides the basis of measurement for defined insurance contracts, including reinsurance

contracts held, as well as investment contracts with discretionary participation features (DPF), which are scoped into IFRS 17 measurement from IFRS 9 Financial Instruments (which is no change from IFRS 4).

Whereas IFRS 4 required the use of local accounting practices in measuring insurance liabilities (which essentially referred to the local actuarial guidance), IFRS 17 introduces defined accounting models which will increase the comparability of information reported by all reporting entities that issue insurance contracts. Alignment to accounting principles applied to other industries (besides insurance) that report under IFRS, was a key objective of the standard.

In particular, revenue recognition principles and disclosure comparisons between industries have specifically been enhanced. There are very closely aligned recognition principles between IFRS 17 and IFRS 15 Revenue from Contracts with Customers.

IFRS 17 needs to be retrospectively applied for the first date of adoption, being 1 January 2022, as if IFRS 17 had always been in place. Due to the long contract boundaries of certain contracts in the scope of IFRS 17, the standard permitted once off optional transition simplifications where it would be impracticable to apply components fully retrospectively. The standard includes disclosure requirements on transition approaches applied. Transition to IFRS 17 is discussed in more detail below.

Project governance, status and process going forward

Liberty Holdings Limited's IFRS 17 steering committee, sponsored by the group's Chief Financial Officer, is responsible for providing overall strategic direction to the project and monitoring progress and interdependencies with other group initiatives. The committee comprises representation from finance, risk, actuarial, IT (Information Technology) and internal audit. The steering committee is also supported by several other working groups responsible for various work streams within the project. The steering committee also supports Liberty Africa Insurance, a division of Liberty Holdings Limited of which Liberty Life Uganda Limited is a subdivision of.

Summaries of IFRS 17 progress to date and IFRS 17 accounting policy elections have been noted or submitted for recommendation where appropriate to the Liberty Life Uganda Audit Risk and Compliance Committee for approval to the Liberty Life Uganda Board. Representatives from Liberty Group have been involved in various industry forums to remain aware of implementation issues and technical interpretations being considered.

Liberty Holdings Limited continues to provide policy guidance and technical support for the implementation in its subsidiaries within the African jurisdictions, with each entity also adhering to local governance requirements. Governance structures covering these subsidiaries for the IFRS 17 project are aligned to those in the group. The company's external auditors will be involved in this process as part of their early audit in preparation for IFRS 17 adoption.

The implementation of IFRS 17 is significant for the company, specifically in areas such as revenue recognition, presentation in the statement of comprehensive income and level of transparency of the components of measurement. Comprehensive effort has been applied to the technical interpretation of the standard and the design decisions required. While audit involvement and industry discussions have been critical to the project, management are mindful of the possibility of interpretation differences. Management is also cognisant that it remains possible that certain interpretations may be further clarified as additional information becomes available.

To meet the requirements of IFRS 17, the company has invested significant effort in data collection and storage, modelling development, general ledger and supporting sub ledger configuration. While there are certain delays arising from application testing, which identified several enhancements or required corrections, actions have been implemented to mitigate the impact of these delays on financial reporting in 2023 and management does not anticipate any threat to full financial reporting compliance within the company's external reporting timelines. Liberty Life Uganda will present the full restated lFRS 17 compliant results with the annual financial statements presented for the year ended 31 December 2023.

Overview of IFRS 17

IFRS 17 replaces IFRS 4, which was issued as an interim standard and permitted entities to account for insurance contracts (particularly the measurement thereof) using local accounting practices, resulting in a multitude of different approaches.

The definition and scope of contracts to be measured under IFRS 17 is largely aligned to IFRS 4, however there are some slight differences regarding certain judgements related to investment contracts with DPF and the introduction of the determination of significant insurance risk now being on a present value basis.

The main revenue recognition principle that IFRS 17 adopts is to recognise revenue (and consequently profit or loss) over the duration of the applicable policyholder contracts in a manner that best reflects the delivery of insurance contract services in the specific reporting period. This aligns closely to the principles applied in IFRS 15.

The total recognised profit or loss outcome of contracts (i.e., the actual cash flows that emerge over the total contract term) naturally remains unchanged. However, the year-by-year reporting of profit or loss outcomes between IFRS 4 and IFRS 17 is often different. This is mainly due the accounting policy measurement elections under the application of IFRS 4 being largely referenced to locally adopted actuarial standards or guidance. This has led to significant divergence of profit recognition between jurisdictions, and in many cases within the insurance industry in each jurisdiction.

One significant change for Ugandan insurers, is that the standard does not allow for profits to emerge on "day one (contract recognition date), while still avoiding the deferral of anticipated contracted losses (onerous contracts). Losses for each applicable contract are to be recognised immediately in profit or loss. Some contracts include an amount that meets the definition of a 'non-distinct investment component' (NDIC) under IFRS 17.

The NDIC is the amount that an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Under IFRS 17, the investment components that are highly inter-related with the insurance contract are not unbundled on contract inception. Any such amounts are treated like deposits and excluded from insurance revenue and insurance services expenses when they are paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services. This is a significant change to current disclosure treatments which includes these amounts in insurance premiums and insurance claims respectively.

Another change is that the IFRS 17 measurement principles are ambivalent to the type of insurance {i.e., life or nonlife/ general), and the permitted measurement model depends on the terms and conditions of the underlying contracts, including the related contract boundaries and coverage periods, rc1ther than the insurance license type. Portfolios are established for insurance contracts that have similar risks, however each portfolio is limited to a maximum of a twelve-month duration between the first contract and the last contract recognised. At date of inception, the portfolios are further divided into distinct and ring-fenced cohort groups that differentiate the expected profitability of each contract between onerous, unlikely to become onerous and those that have a higher risk of becoming onerous over time. This leads to the possibility of one, two or three distinct cohort groups per year per portfolio. Subsequent measurement of insurance contracts is therefore applied to the cohort groups.

IFRS 17 includes three permitted measurement models. The measurement approach refers to the model used for valuing the liabilities and recognising profits in insurance revenue over time and should be appropriate for the contract being measured. The allocation of groups of contracts to each measurement approach is dictated by the IFRS 17 standard, although there is an element of judgement in certain cases, as well as a permitted simplification if prescribed eligibility criteria are met. All measurement models include two components, being a liability for remaining coverage (LRC) and a liability for incurred claims (UC). The LRC relates to the measurement of the liability where the insured event has not occurred (i.e., the company's obligation for insured events related to the unexpired portion of the coverage period). The UC component relates to the measurement of the liability, where the insured event has occurred (i.e., the company's obligation to investigate and pay claims for insured events that have already occurred and includes events that have occurred but have not been reported).

The LRC measured component is dependent on what measurement model is applied, whereas the measurement of the UC component is the same under all three measurement models.

A general measurement model (GMM) is applicable to longer contract duration insurance contracts that do not have significant investment components (unless the criteria to use a simplified model is met) and is based on a fulfilment objective (risk-adjusted present value of probability-weighted estimates of future cash flows, which includes insurance acquisition cash flows). GMM is prescribed by the standard for insurance and reinsurance contracts which are not substantially investment-related service contracts i.e., predominantly risk type contracts and annuities.
It requires the use of current estimates, which are those informed by actual trends and investment markets, adjusted for the time value of money. A risk adjustment (RA) is established as an explicit, current adjustment to compensate the group for bearing non-financial risk, that is a deferral of margin to cover the risk of variation to the estimated cash flows.

The risk adjustment is released over the contract duration in line with the reduction of the estimated risk.

IFRS 17 establishes a contractual service margin (CSM) at the initial measurement of the liability (LRC). The CSM represents the unearned profit on the contract which is expected to be earned in the future and results in no profit at initial recognition. The CSM is only applicable to the LRC as the group still has an obligation for service, and not to the UC. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception for that contract, for all future CSM movements. Although there is no profit recognised at inception, the standard does require the group to recognise losses on any onerous groups of contracts upfront.

Apart from the CSM, all other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current values.

For contracts that have a component of significant insurance risk but are substantially investment-related contracts with direct participation in a share of underlying items, the GMM is modified to measure such contracts using the variable fee measurement approach (VFA), for example, a retirement annuity that may include a product benefit of a minimum return of contributions on death. This approach effectively amortises, over the remaining fife of the contract, the impact to the future estimated revenue (e.g., asset-based investment management fees) that have arisen from changes in investment values at the reporting date. A key difference to the GMM approach is that the CSM is not locked in at the original discount rate.

The company has elected to apply the simplified premium allocation approach (PM), which is available for contracts that have a coverage period of 12 months or less, or if it is reasonably expected that the PM would produce a measurement of the liability for remaining coverage (LRC) that would not materially differ from the one produced applying the GMM. Contracts measured under the PM approach do not have a CSM. Key revenue recognition changes between IFRS 17 and IFRS 4 as applied by Liberty
Whereas IFRS 4 permitted local actuarial practice to measure insurance contracts, IFRS 17 prescribes the use of one of three measurement models for insurance (including reinsurance contracts), as described above. A key change is the creation of the CSM and the establishment of the non-financial risk adjustment collectively representing a deferral of estimated profit) in respect of VFA measured contracts. The CSM and RA, which is established on initial contract recognition and the associated related guidance of future measurement results in a different pattern of revenue recognition for many portfolios over the contract coverage period, compared to existing accounting policies.

Under current accounting policies, margins are established and deferred over future service periods, but:

- these are not locked in at discount rates applicable on date of contract inception for GMM contracts (and therefore were continually remeasured to reflect current interest rate environments)
- the use of designated coverage units to release the margin over the remaining contract period under IFRS 17 differs in many cases to the current (mainly systematic time-based) approach to releasing the deferred margins
- allowed for day one profit on initial recognition, if the expected service revenue was higher than required to meet the service obligations, within a group adopted risk adjusted return threshold recognised changes to future best estimate assumptions in the profit or loss in full, as and when effected, and are not absorbed by the remaining reserved margins
- portfolios of similar type contracts are not restricted by a twelve-month cohort of contracts, allowing for more cross subsidisation within the groups of contracts.

The application of the CSM as guided under IFRS 17 is likely to result in lower volatility in insurance earnings between reporting periods over time.

This is mainly a consequence of the requirement to, where applicable, absorb any changes to estimates of future contractual fulfilment cash flows into the CSM. This then systematically impacts future margin releases rather than the current treatment which impacts the profit or loss in the year of change.

IFRS 17 introduces a significant change to the income statement presentation by removing a cash flow presentation (gross premiums and claims). IFRS 17 introduces the concept of insurance revenue recognition that is intended to represent the price actually charged for the insurance contract services rendered and should not include any investment flows that are to be repaid (adjusted for applicable investment returns) in the future. Actual contracted cash flows are naturally not impacted by either IFRS 4 or IFRS 17. IFRS 17 more comprehensively defines what is profit or loss derived from insurance services and the net finance income or expense (resulting from the funding surplus or requirements associated with the insurance business activities). The insurance finance income or expense includes, inter alia, the effect of the time value of money on the best estimate cash flow assumptions. Contracts measured under VFA (not applicable to reinsurance)

A key difference in recognition between IFRS 4 and IFRS 17 pertains to investment fees referenced to investment activities and calculated based off referenced asset values. The standard accommodates measurement guidance for these services, that are integral to insurance contracts or are discretionary features, through a "re-calibration mechanism" within the CSM. Variations to future fees arising from changes in asset values are deferred and amortised over the contract term. This effectively allows for a less volatile earnings recognition pattern compared to the current accounting policy of recognising the full future impact to estimated asset-based future fees in profit or loss, that have arisen from current changes to the linked asset values.

Contracts measured under PAA (including reinsurance)

Insurance contracts generally have short contract periods (one year or less). The company has elected to measure these under the PAA measurement model. The LRC at initial recognition is measured as premiums received, minus acquisition costs and plus or minus any assets or liabilities previously recognised. This model for the LRC is similar to the unearned premium model adopted under existing accounting policies. However, under IFRS 17, the LIC requires the calculation of a risk adjustment and also includes future claims handling expenses to be incurred in settling the LIC, which is different to the existing accounting policies. The PAA measurement approach, is therefore not expected to materially impact profit emergence on applicable policy portfolios going forward, when compared to the current basis.

Transition approaches

The standard requires retrospective application of IFRS 17 prior to the transition date, which is 1 January 2022, unless it is impracticable to do so. If it is impracticable, an entity can choose between either a modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the transition date (1 January 2022, in the case of Liberty).

For the short contract boundary nature contracts measured under the PAA approach (twelve months or less), these will all be measured using full retrospective application.

The company has used one transition approach namely, the modified retrospective approach.

For the modified retrospective approach, the company has maximised the use of information that would have been used to apply the full retrospective approach. IFRS 17 requires disclosure of the movement analysis of all contracts measured on the transition date applying the fair value and the modified retrospective approaches, until all those contracts are derecognised under IFRS 17. The first time this will be provided is in the annual financial statements for the year ended 31 December 2023.

Accounting policy elections and key judgements applied to the preparation of the transition statement of

financial position in order to derive the impact of the adoption of IFRS 17 on transition, being 1 January 2002, certain accounting policy elections and key judgements have been applied, as follows:

PAA approach

The company has elected, as permitted by the standard, to apply the simplified model, tor insurance contracts and reinsurance contracts held where the coverage period is less than 12 months, On inception of groups of contracts where the coverage period is over one year, and the groups meets the eligibility criteria (in that the measurement result of the PAA and general model are not materially different), the company has elected to apply the PAA approach. For contracts measured under PAA, the company has elected:

- To defer the recognition of the acquisition costs over the coverage period.
- To not adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year.
- Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for the time value of money.

Key judgements related to the transition statement of financial position were as follows:

- Judgement is applied to the classification of contracts with discretionary participation features, to determine if the discretionary amount is significant in relation to the total benefits.
- Judgement as to which expenses meet the definition of directly attributable under IFRS 17 and are included in the measurement of fulfilment cash flows. The interpretation may vary for some expense items between insurers, as well as potentially the method to attribute the qualifying expense cash flows to the various portfolios.

- Defining criteria to determine whether a contract is unlikely to become onerous over the contract term.
- The technique for calculating the risk adjustment and associated confidence levels.

- Coverage units utilised for release of the CSM.

Financial Instruments
The group applied IFRS 9 Financial Instruments for years commencing 1 January 2018. There is no expected change to previously applied classification and designation of financial instruments that are linked to policyholder benefits as a result of IFRS 17. The existing measurement methodology for policyholder investment contracts does not change on adoption of IFRS 17.

Management's intention is to document the full IFRS 17 accounting policies, including accounting policy elections and key judgements that will have been applied in the application of the standard, in the 2023 annual financial statements.

Transition adjustment to equity on 1 January 2022
The cumulative net adjustment to the company's equity as at 1 January 2022 arising from the adoption of IFRS 17 as well as the impact of restating the 2022 financial results, presentation of the detailed transition statement of financial position and inclusion of the IFRS 17 compliant disclosures are not available for this financial report and will be included in the annual financial statements for the year ending 31 December 2023.

Tax implications
There are no tax implications to the company due to the adoption of IFRS 17.

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.

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 83% surplus (2021: 74%) 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 2022, the Company had a capital surplus of 83% (2021: 77%) as shown below:

	Note	2022	2021
		Ushs'000	Ushs'000
Capital available	a)	19,792,903	15,840,219
Capital required	b)	7,001,738	5,718,328
Capital Adequacy Ratio		283%	277%
Prescribed Capital Adequacy Ratio		200%	200%
Capital surplus (%)		83%	77%
Capital surplus		12,791,165	10,121,891

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 2022.

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:

	2022	2021
	Shs'000	Shs'000
Tier 1 Capital		
Share capital	4,500,000	4,500,000
Retained earnings	10,017,693	6,869,265
Statutory reserves	7,645,076	6,951,835
	22,162,769	18,321,100
Tier 2	**-**	**-**
Total equity	**22,162,769**	**18,321,100**
Less deductions		
Deferred Tax Asset	(1,105,656)	(1,107,886)
Deferred Acquisition Cost	-	-
Current Tax Recoverable	-	(215,988)
Prepaid expenses	(703,087)	(663,266)
Sundry debtors	(155,395)	(149,215)
Intangible assets	-	-
Encumbrances	-	31,287
Motor vehicle	-	-
Computer Equipment	(135,219)	(135,189)
Furniture, Fittings and Office equipment	(270,509)	(240,624)
Total deductions	**(2,369,866)**	**(2,480,881)**
Available capital (Tier 1 Capital+(Min of tier 1 capital and tier 2 capital) - deductions)	**19,792,903**	**15,840,219**

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.

	2022	2021
	Ushs'000	Ushs'000
Capital required	7,001,738	5,718,328

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.

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.

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.

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 polices 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.

		2022	2021	
	Gross amount	Net of reinsurance amount	Gross amount	Net of reinsurance amount
Type of Risk	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**
Decreasing Term	2,407,725	2,150,861	1,688,373	1,648,874
Group Funeral	63,694	63,694	33,569	21,645
Group Life	606,317	450,329	710,452	672,146
Group Critical Illness	-	-	-	-
Group Income Disability	-	-	-	-
Group Risk Medical	2,257,028	225,702	2,026,914	101,346
Education Saver	513,699	513,699	556,891	556,891
Retail	-	-	-	-
Data Contingency Reserve	-	-	300,000	300,000
PHI Claims in Payment	356,114	356,114	300,869	176,434
Pure investment	116,228	116,228	124,451	124,451
Covid Reserve	-	-	195,530	195,530
Total risk	6,320,805	3,876,627	5,937,049	3,797,317

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 2022	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit after tax
		Ushs'000	Ushs'000	Ushs'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 2021	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit after tax
		Ushs'000	Ushs'000	Ushs'000
Expense per policy	+5%	2,538	2,538	(1,776)
Interest rate yield curve	+12%	(20,531)	(12,749)	8,924
Expense per policy	-5%	(2,538)	(2,538)	1,776
Interest rate yield curve	-12%	42,459	26,588	(18,612)

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	
Risk category	2022 Ushs'000	2021 Ushs'000
Financial assets at amortised cost and at fair value	20,570,812	16,410,373
Prepayment and insurance receivables (excluding prepayments)	10,832,536	7,994,082
Statutory Security Deposit	684,481	634,201
Cash and cash equivalents	3,355,193	2,984,943
Unit trust investments	510,842	547,633
Total Financial and Insurance assets	**35,953,864**	**28,571,232**

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 2022 and 31 December 2021;

	Average interest rate	31-Dec-22	31-Dec-21
		Ushs'000	Ushs'000
Unit trust investment balance	11.95%	510,842	547,633
		510,842	547,633

A +/-2 movement in the interest rates would have an impact of +/- Ushs 8M on the profit of the company.

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):

			2022			2021
	ZAR	USD	Total	ZAR	USD	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Amount due to Group companies	516,850	-	**516,850**	447,561	-	**447,561**
Cash and cash equivalents	782	47,109	**47,891**	9,009	45,246	54,255
	517,632	47,109	564,741	456,570	45,246	501,816

At December 31, 2022, 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 Ushs 16million and Ushs 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	(25,803)	2,355
- 5% movement	25,803	(2,355)

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 (59%). 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 2022.

	AAA	AA	A	B+	Not rated	Total Carrying value
At December 31 2022	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**
Financial assets at amortised cost and at fair value	16,728,596	-	-	3,665,896	176,320	20,570,812
Insurance and other receivables (excluding prepayments)	-	-	-	-	10,832,536	10,832,536
Statutory security deposit	684,481	-	-	-	-	684,481
Unit trust investments	-	-	-	510,842	-	510,842
Cash at bank	-	-	-	-	3,355,193	3,355,193
Total assets bearing credit risk	**17,413,077**	**-**	**-**	**4,176,738**	**14,364,049**	**35,953,864**
At December 31 2021						
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**

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	**Under performing**	**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

	2022	2021
	Shs'000	Shs'000
Stage 1	20,432,487	16,289,665
Total financial assets at amortised cost	**20,432,487**	**16,289,665**
Less: Expected credit losses	(37,995)	(36,270)
Net carrying amount	**20,394,492**	**16,253,395**

ii) Statutory security deposit

	2022	2021
	Shs'000	Shs'000
Stage 1	685,921	635,494
Stage 2	-	-
Stage 3	-	-
Total statutory security deposit	**685,921**	**635,494**
Less: Expected credit losses	(1,440)	(1,293)
Net carrying amount	**684,481**	**634,201**

iii) Cash and cash equivalents

	2022	2021
	Shs'000	Shs'000
Stage 1	3,358,042	2,987,567
Stage 2	-	-
Stage 3	-	-
Total cash and cash equivalents	**3,358,042**	**2,987,567**
Less: Expected credit losses	(2,849)	(2,624)
Net carrying amount	**3,355,193**	**2,984,943**

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 2022	Overall Company investment Ushs'000	Exposure to Standard Bank Ushs'000	%
Equity instruments-Uganda re	176,320	-	-
Financial instruments	20,394,492	-	-
Statutory Security Deposit	684,481	-	-
Unit trust investment	510,842	-	-
Cash and cash equivalents	3,355,193	230,623	6.9
Total exposure to Standard Bank	**25,121,328**	**230,623**	**0.9**
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	2,984,943	623,510	20.9
Total exposure to Standard Bank	**20,577,150**	**623,510**	**3.0**

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.

	2022	2021
	Ushs'000	Ushs'000
Past due but not impaired:		
- by up to 30 days	1,169,149	825,993
- by 31 to 60 days	14,521	-
Total past due but not impaired	**1,183,670**	**825,993**
Impaired-past due by >60 days	1,982,432	1,538,109
Total	**3,166,102**	**2,364,102**

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.
2022

	0-3 months	Less than 1 year	1 year to 5 years	Over 5 years	Contractual cashflow	carrying value
Liabilities	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**
Insurance contracts	-	5,848,463	334,513	21,601	6,204,577	6,204,577
Investment linked contracts (excluding discretionary participation features (DPF)	-	116,228	-	-	**116,228**	116,228
Insurance and other payables	1,426,779	504,787		-	1,931,566	1,931,566
Employee benefits	376,268	-	-	-	**376,268**	376,268
Lease liability	-	330,357	1,856,026	-	2,186,383	1,604,019
Amounts due to related parties	-	6,968,313	-	-	**6,968,313**	**6,968,313**
Total Liabilities	**1,803,047**	**13,768,148**	**2,190,539**	**21,601**	**17,783,335**	**17,200,971**

2021

	0-3 months	Less than 1 year	1 year to 5 years	Over 5 years	Contractual cashflow	carrying value
Liabilities	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**
Insurance contracts	-	5,522,000	272,971	17,627	5,812,598	5,812,598
Investment linked contracts (ex-cluding 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**

a. Liquidity profile of financial assets
The Company's financial assets are very liquid as illustrated in the table below;

Financial asset liquidity	2022	2021
Liquid assets	9%	10%
Medium assets	91%	90%
	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.

2022	Investment contracts excluding Discretionary features	Insurance contracts	Total Policyholder Liabilities
Total policyholder liabilities	**Ushs'000**	**Ushs'000**	**Ushs'000**
Within 1 year	116,228	5,848,463	5,964,691
2 - 5 years	-	334,513	334,513
6 - 10 years	-	12,676	12,676
11 - 20 years	-	15,845	15,845
Over 20 years	-	(6,920)	(6,920)
Total liabilities	**116,228**	**6,204,577**	**6,320,805**

The following table shows the cash value for policyholders' liabilities:

2022	Carrying value Ushs'000	Surrender Val-ue Ushs'000
Insurance contracts	6,204,577	2,458,108
Investment contracts excluding DPF	**116,228**	**108,119**
Total policyholder liabilities	**6,320,805**	**2,566,227**

2021	Investment contracts excluding Discretionary features	Insurance contracts	Total Policyholder Liabilities
Total policyholder liabilities	**Ushs'000**	**Ushs'000**	**Ushs'000**
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	Surrender value
	Ushs'000	**Ushs'000**
Insurance contracts	5,812,598	1,943,724
Investment contracts with excluding DPF	124,451	115,769
Total Policy holder liabilities	**5,937,049**	**2,059,493**

ix. Operational risk

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.

xi. 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' assets are managed internally by management.

6. Premiums

	2022 Ushs'000	2021 Ushs'000
Insurance premiums from insurance contracts	50,115,830	42,549,715
Reinsurance premiums	(15,369,542)	(15,009,576)
Net insurance premium revenue	**34,746,288**	**27,540,139**
Comprising:		
Recurring	39,021,516	34,517,482
Group risk	5,368,724	4,311,070
Single premium	5,725,590	3,721,163
	50,115,830	42,549,715
Less: Premium ceded to reinsurers	(15,369,542)	(15,009,576)
Net premium income from insurance contracts	**34,746,288**	**27,540,139**

7. Investment income

	2022 Ushs'000	2021 Ushs'000
Financial assets held at amortized cost		
Investment income	1,770,830	1,699,524
Interest income on current accounts	124,656	117,909
Net impairment loss on financial assets (note 11b)	(2,097)	(1,746)
Total investment income	**1,893,389**	**1,815,687**

8. Other income

	2022 Ushs'000	2021 Ushs'000
Sundry income	22,882	26,792
Total other income	**22,882**	**26,792**

9. Other finance costs

	2022 Ushs'000	2021 Ushs'000
Interest on finance lease	186,964	197,045
Foreign exchange losses	44,139	5,154
	231,103	**202,199**

10. Claims and policyholders' benefits

	2022 Ushs'000	2021 Ushs'000
Death and physical health claims	20,412,879	21,110,406
Insurance claims recovered from re-insurers	(15,315,965)	(13,265,665)
Net insurance benefits and claims	**5,096,914**	**7,844,741**

11. General marketing and administration expenses

a. General marketing and administration expenses include the following:

	2022 Ushs'000	2021 Ushs'000
Staff costs (note 12)	5,060,825	3,325,931
Subscriptions	3,774,496	4,262,904
Fees paid for administration services	554,900	554,900
Advertising	401,370	406,041
Other expenses	1,423,581	943,694
Amortisation (note 19)	-	28,434
Travel – local	76,188	13,091
Directors 'fees	128,942	117,611
External audit fees	194,328	134,176
Internal audit fees	131,777	125,672
Low value lease expense	28,856	
Insurance	38,115	39,434
Other staff costs	190,558	161,341
Training	103,119	42,884
Depreciation (note 20)	131,288	161,797
Depreciation- Right of use asset (note 21)	226,847	233,951
Repairs and maintenance expense	18,443	19,798
Charge/(reversal) of expected credit losses provision (note 11b)	23,514	(5,690)
Profit share expenses	6,426,541	3,917,287

	18,443	**19,798**
	23,514	**(5,690)**
	6,426,541	**3,917,287**
	18,933,688	**14,559,508**

11 (b) Expected credit loss reconciliation

The movement in expected loss provision for premiums debtors and financial assets is analysed as below:

2022

	Bank balances Ushs'000	Statutory deposit Ushs'000	Government securities and fixed deposits Ushs'000	Total ECL other financial assets	Premiums debtors Ushs'000	Total Ushs'000
At 1 January	2,624	1,293	36,270	**40,187**	8,054	**48,241**
Charge for the year	225	147	1,725	**2,097**	23,514	**25,611**
Bad debts write-off	-	-	-	-	-	-
At 31 December	**2,849**	**1,440**	**37,995**	**42,284**	**31,568**	**73,852**

2021

	Bank balances Ushs'000	Statutory deposit Ushs'000	Government securities and fixed deposits Ushs'000	Total ECL other finan-cial assets	Premiums debtors Ushs'000	Total Ushs'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**

12. Staff costs

	2022 Ushs'000	2021 Ushs'000
Staff salaries	4,684,557	2,919,638
Provision for Bonus	376,268	406,293
	5,060,825	**3,325,931**

The average number of employees of the company during the year was 48 (2021:40)

13. Profit before tax

Profit after tax is stated after charging

	2022 Ushs'000	2021 Ushs'000
Auditor's remuneration (Note 11)	194,328	134,176
Amortization of intangible assets (Note 19)	-	28,434
Depreciation (Note 20)	131,288	161,797
Right-of-Use depreciation (Note 21)	226,847	233,951
Wages and salaries (Note 12)	5,060,825	3,325,931

14. Income tax expense

	2022 Ushs'000	2021 Ushs'000
Current income tax	1,167,052	-
WHT on government securities	330,714	304,369
Deferred income tax	2,230	260,234
Unsupported WHT	-	-
Prior year current income tax adjustment	-	-
Income tax expense	**1,499,996**	**564,603**

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 %	2022 Ushs'000	Effective tax rate %	2021 Ushs'000
Profit before income tax		5,341,665		2,269,958
Tax calculated at the statutory income tax rate of 30%	30%	1,602,500	30%	680,987
Tax effects of:				
Income taxable at 20% as a final tax	6.3%	330,714	13.4%	304,369
Expenses not deductible for tax purposes	(8.4%)	(443,647)	(18.95%)	(430,227)
Prior year deferred tax adjustment	0.2%	10,429	0.417%	9,474
Prior year current income tax adjustment and Unsupported WHT		-		-
Income tax expense for the year	**28.0%**	**1,499,996**	**24.87%**	**564,603**

Income tax recoverable

	2022 Ushs'000	2021 Ushs'000
Tax payable at start of year	(215,988)	(185,274)
Current income tax charge	1,497,766	304,369
WHT on government securities	(330,714)	-
Tax paid	(836,344)	(335,083)
Tax receivable at end of year	**114,720**	**(215,988)**

15. Cash and cash equivalents

	2022 Ushs'000	2021 Ushs'000
Cash and cash equivalents	3,358,042	2,987,567
Expected credit loss provision on cash at bank (note 11(b))	(2,849)	(2,624)
	3,355,193	**2,984,943**

The carrying value of cash and cash equivalents is approximately equal to the fair value.

16. Debt and equity instruments

	2022 Ushs'000	2021 Ushs'000
Debt instruments at amortised cost		
Government securities	16,762,942	14,628,177
Fixed deposits	3,669,545	1,661,488
Expected credit loss on Government securities and FDs (note 11a)	(37,995)	(36,270)
	20,394,492	**16,253,395**
Statutory Security Deposit	685,921	635,494
Expected credit loss on statutory security deposit (note 11a)	(1,440)	(1,293)
	684,481	**634,201**
Total carrying amount	**21,078,973**	**16,887,596**

	2022 Ushs'000	2021 Ushs'000
Maturity profile of government securities and fixed deposits - gross:		
Less than 1 year	20,133,761	15,995,287
1 – 5 years	298,726	294,378
Total	**20,432,487**	**16,289,665**

The weighted average effective interest rate on debt and equity instruments as at 31 December 2022 was 11.89% (2021: 10.87%).

Equity instruments at fair value through profit or loss (FVTPL)	2022 Ushs'000	2021 Ushs'000
Unlisted equity securities - investment in Uganda Re	176,320	156,978
Total	**176,320**	**156,978**

Movement in financial assets at fair value through profit or loss during the year was as follows;

	2022 Ushs'000	2021 Ushs'000
At start of year	156,978	129,600
Additions	3,040	8,262
Fair value changes	16,302	19,116
At end of the year	**176,320**	**156,978**

17. Unit trust investments

	2022 Ushs'000	2021 Ushs'000
Unit trust investment balance	510,842	547,633
	510,842	**547,633**
Movement in unit trust investment during the year was as follows;		
At start of year	547,633	430,306
Deposits	172,574	177,201
Interest earned	50,658	44,411
Withdrawals	(260,023)	(104,285)
At end of year	**510,842**	**547,633**

18. Prepayments, insurance and other receivables

	2022 Ushs'000	2021 Ushs'000
Outstanding premium receivables	5,098,429	3,349,087
Expected credit loss provision on premium debtors (note 11b)	(31,568)	(8,054)
Reinsurance recoveries	3,166,102	2,364,102
Reinsurers' share of insurance contract liabilities (note 22)	2,444,178	2,139,732
Prepayments	703,087	663,266
Other debtors	155,395	149,215
Total prepayments, insurance and other receivables	**11,535,623**	**8,657,348**

19. Intangible assets

	2022			2021		
	Cost Valuation Ushs'000	Accumulated amortisation Ushs'000	Carrying value Ushs'000	Cost Valuation Ushs'000	Accumulated amortisation Ushs'000	Carrying value Ushs'000
Value of in-force business	690,000	(690,000)	-	690,000	(690,000)	-
Total	**690,000**	**(690,000)**	**-**	**690,000**	**(690,000)**	**-**

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 2022	At start of year	Amortisation	At end of year
Carrying value	**Ushs'000**	**Ushs'000**	**Ushs'000**
Computer software	-	-	-
Value of In-Force Business	-	-	-

Year ended 31 December 2021	At start of year	Amortisation	At end of year
Carrying value	**Ushs'000**	**Ushs'000**	**Ushs'000**
Computer software	-	-	-
Value of In-Force Business	28,434	(28,434)	-
	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 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**
At 1 January 2022	**556,017**	**431,025**	**218,283**	**307,970**	**1,513,295**
Additions	42,580	14,402	82,068	-	139,050
At 31 December 2022	**598,597**	**445,427**	**300,351**	**307,970**	**1,652,345**
Depreciation					
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**
At 1 January 2022	**366,731**	**284,131**	**124,562**	**307,970**	**1,083,394**
Charge for the year	64,701	41,055	25,532	-	131,288
At 31 December 2022	**431,432**	**325,186**	**150,094**	**307,970**	**1,214,682**
Net book value					
At 31 December 2021	**189,286**	**146,894**	**93,721**	**-**	**429,901**
At 31 December 2022	**167,165**	**120,241**	**150,257**	**-**	**437,663**

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	2022 Ushs'000	2021 Ushs'000
At the start of the year	2,344,000	2,381,432
Opening balance adjustment	-	-
Additions to right of use assets	-	-
Derecognition of right-of-use assets	-	(37,432)
At the end of the year	**2,344,000**	**2,344,000**
Depreciation		
At the start of the year	(838,963)	(605,012)
Charge for the year	(226,847)	(233,951)
At the end of the year	**(1,065,810)**	**(838,963)**
Net book value	**1,278,190**	**1,505,037**

b) Lease Liabilities

Cost	2022 Ushs'000	2021 Ushs'000
At the start of the year	1,763,586	1,867,870
Opening balance adjustment	-	-
Additions to right of use assets	-	-
Interest expense	186,964	197,045
Interest paid in the year	(186,964)	(149,644)
Principal paid in the year	(219,144)	(86,340)
Derecognition of lease liability	-	(38,496)
Effect of foreign exchange movements	59,577	(26,849)
At the end of the year	**1,604,019**	**1,763,586**

The maturity analysis of these lease liabilities are disclosed below;

Analysed as;	2022 Ushs'000	2021 Ushs'000
Current	330,357	212,704
Non-current	1,273,662	1,550,882
Total	**1,604,019**	**1,763,586**

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 2022. The weighted average rate applied is 12%.

At 31 December 2022, the future minimum lease payments under non-cancellable operating leases were payable as follows.

c) Amounts recognized in profit or loss

	2022 Ushs'000	2021 Ushs'000
Interest on lease liabilities	186,964	197,045
Depreciation on Right of Use Asset	226,847	233,951
Expenses relating to low value lease expense	28,856	76,252
Effect of foreign exchange movements	59,577	(26,849)
Gain on lease termination	-	(1,064)
Total	**502,244**	**479,335**

d) Amounts recognized in the statement of cash flows

	2022 Ushs'000	2021 Ushs'000
Payment of lease liabilities	219,144	86,340
Interest expense on lease payment	186,964	149,644
Total cash outflow for leases	**406,108**	**235,984**

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 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.

f). Discount rate

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%.

22. Policyholders' liabilities under insurance contracts

	Insurance contracts	Investments contracts without DPF	Reinsurance share of insurance contract liabilities (Note 18 and 23)	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
At 31 December 2022				
At start of year	**5,812,598**	**124,451**	**(2,139,732)**	**3,797,317**
Movement in actuarial reserves (charged to P&L)	391,979	(8,223)	(304,446)	79,310
At end of year	**6,204,577**	**116,228**	**(2,444,178)**	**3,876,627**
At 31 December 2021				
At start of year	6,498,058	176,941	(1,931,209)	4,743,790
Movement in actuarial reserves (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**

a) Insurance contract liabilities

	Insurance contracts	Investment contracts with DPF	Reinsurance share of insurance contract liabilities (note 18 and 23)
Year Ended 31 December 2022	Ushs'000	Ushs '000	Ushs '000
At start of year	5,812,598	-	(2,139,732)
Inflows	**52,683,127**	**-**	**(16,054,372)**
Insurance premiums	50,115,830	-	(15,369,542)
Investment returns - other	**2,567,297**	**-**	**(684,830)**
Unwinding of discount rate	53,428	-	18,754
Investments	2,513,869	-	(703,584)

Outflows	**(48,314,694)**	**-**	**15,615,141**
Claims and policyholders' benefits under insurance contracts	(20,412,894)	-	15,315,965
Acquisition costs associated with insurance contracts	(7,090,813)	-	110,934
Taxation	(1,688,238)	-	188,242
General marketing and administration expenses	(12,696,208)	-	-
Profit share allocations	(6,426,541)	-	-
Switches between investment with DPF and investment without DPF	-	-	-
Net (income) from insurance operations	**(3,976,454)**	**-**	**134,785**
At end of year	**6,204,577**	**-**	**(2,444,178)**

Year Ended 31 December 2021	Insurance contracts Ushs'000	Investment contracts with DPF Ushs '000	Reinsurance share of insurance contract liabilities (note 18 and 23) Ushs '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)
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	-	-	-
Net (income) from insurance operations	**(3,095,519)**	**-**	**1,392,839**
At the end of the year	**5,812,598**	**-**	**(2,139,732)**

The carrying value of insurance contract liabilities is approximately equal to the fair value.

b) Policyholders' liabilities under investment contracts without DPF

	2022 Ushs'000	2021 Ushs'000
At start of year	124,451	176,941
Fund inflows from investment contracts (excluding switches)	-	15,304
Net fair value adjustment	(5,855)	-
Funds outflows from investment contracts (excluding switches)	15	(65,119)
Switches between investments with DPF and investments without DPF	-	-
Service fee income	(2,383)	(2,675)
At the end of the year	**116,228**	**124,451**

The carrying value of Policyholders' liabilities under investment contracts without DPF is approximately equal to the fair value.

c) Valuation assumptions

1. Non-Economic Assumptions

A detailed review was carried out of the mortality and morbidity claim ratios across all LLAU products in 2022.

1.1 Mortality and Morbidity (Claims ratios)

The claims ratio assumptions used in the valuation and EV calculations have been based on experience of similar products in other countries and adjusted for local experience where necessary. The claims ratio assumptions for the new retail risk products were based on the Pricing basis.

The claims ratio assumptions for the new retail risk products were based on the Pricing basis.

Product	Assumption 31 December 2021	Experience 31 December 2022	Assumption 31 December 2022
Centenary Bank Credit Life	25%	25%	25%
Personal Loan Protection	25%	25%	25%
Group Life Assurance	30%	30%	55%
Group Funeral	30%	30%	55%
Group Credit Life	30%	30%	55%
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%	55%
Permanent Health Insurance	30%	30%	55%
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%

1.2 Persistency (withdrawal rates)

Below is a table showing the withdrawal rates used in determining the EV calculations as at 31 December 2022.

	31 December 2022			
	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%

Below is a table showing the withdrawal rates used in determining the EV calculations as at 31 December 2022.

2. Economic Assumptions

The main economic assumptions used in the Embedded Value calculations were as shown below:

Economic Basis	31 December 2022 per annum	31 December 2021 per annum
Risk Free Rate of Return	11.10%	9.89%
Risk Discount Rate	13.90%	12.69%
Expense Inflation Rate	9.35%	8.14%

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%

3. 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=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=Average_monthly_claims*IBNR 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.

The formula for the IBNR reserve is given below for new products and products where there is no reliable claims history:

IBNR=Monthly Premium*IBNR Factor*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 UShs0.2 billion set at the end of 2007 was reduced at the 31 December 2009 valuation to UShs0.1 billion. It was decided to strengthen this data reserve to UShs0.3 billion for the 2012 financial year and to leave this unchanged for the 2013 to 2021 valuations until outstanding data issues are resolved. Management made the decision to release the UShs300 million data contingency reserve at the end of 2022 due to the improved data over the years. Continued improvement will still be made in respect of data availability and granularity.

23. Insurance and other payables

	2022 Ushs'000	2021 Ushs'000
Outstanding claims	477,450	108,641
Reinsurance payables	504,787	404,727
Commission expense payable	558,145	487,511
Accruals, provisions and other liabilities	391,184	589,855
	1,931,566	**1,590,734**

The carrying value of insurance and other payables is approximately equal to the fair value.

Insurance contract liabilities

	2022 Ushs'000	2021 Ushs'000
Payable under deposits administration contracts	116,228	124,451
Life - fund contract liabilities (note 22)	6,204,577	5,812,598
Reinsurer's share of insurance contract liabilities (note 18 and 22)	(2,444,178)	(2,139,732)
	3,867,627	**3,797,317**

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.

	2022 Ushs'000	2021 Ushs'000
At 1 January	124,451	176,941
Claims and surrenders	15	(65,119)
Net movement in actuarial reserves	(8,238)	12,629
	116,228	**124,451**

24. Employee benefits

Incentive scheme	2022	2021
	Ushs'000	**Ushs '000**
Short-term employee benefits		
At start of year	406,293	425,517
Additional provision raised	277,057	287,252
Utilised during the year	(307,082)	(306,476)
At end of year	**376,268**	**406,293**

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.

25. Share capital

	2022 Ushs'000	2021 Ushs'000
Share capital		
Authorised and paid up		
45,000 ordinary shares of a par value of Ushs 100,000 each	4,500,000	4,500,000
Reconciliation of number of shares issued:		
Reported as at January 01, 2022	4,500,000	3,000,000
Additional shares issued	-	1,500,000
Reported as at December 31,2022	**4,500,000**	**4,500,000**

26. Reserves

	2022 Ushs'000	2021 Ushs'000
Statutory reserves		
Contingency reserve		
At 1 January	5,415,881	4,990,384
Additional transfer	501,158	425,497
At 31 December	**5,917,039**	**5,415,881**

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.

	2022 Ushs'000	2021 Ushs'000
Capital reserve		
At 1 January	1,535,954	1,450,686
Additional transfer	192,083	85,268
At 31 December	**1,728,037**	**1,535,954**

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 Ushs 192 million (2021: Ushs 85 million) representing 5% of the profit for the year has been reserved.

27. 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 2022, retained earnings amounted to Ushs 10 billion (2021: Ushs 6.9 billion). The movement is shown in the statement of changes in equity.

28. Deferred income tax

	At start of the year	SCI Charge	At end of the year
Year ended 31 December 2022	**Ushs'000**	**Ushs'000**	**Ushs'000**
Deferred income tax liabilities			
Accelerated depreciation	(49,708)	(21,346)	**(71,054)**
Total deferred income tax liabilities	**(49,708)**	**(21,346)**	**(71,054)**
Deferred income tax assets			
Short term timing differences			
Movement in reserves and provisions	(1,006,690)	(27,912)	**(1,034,602)**
Trading losses	(51,488)	51,488	**-**
Total deferred income tax assets	**(1,058,178)**	**23,576**	**(1,034,602)**
Net deferred income tax (asset)/ Liability	**(1,107,886)**	**2,230**	**(1,105,656)**

	At start of the year	SCI Charge	At end of the year
Year ended 31 December 2021	**Ushs'000**	**Ushs'000**	**Ushs'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)**

29. 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	2022 Ushs'000	2021 Ushs'000
Insurance premium revenue	17,249,234	14,112,349
Net commission expense	3,395,019	2,719,691
Net claims paid	1,241,880	3,154,744
Joint venture profit commission	6,426,541	3,917,287
Cash held at Stanbic Bank Uganda Limited	230,623	623,510
Director's fees	15,000	11,500
Bank Charges	18,593	19,150
IT and HR support services	24,456	23,510
Total	**28,601,346**	**24,581,741**

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	2022 Ushs'000	2021 Ushs'000
Insurance premium revenue	23,153	19,264
Management fees for administration services	110,000	110,000
Rent for office premises	406,108	293,967
Directors' fees	100,500	97,000
Total	**639,761**	**520,231**

Liberty Holdings Limited

Management fees for administration services	390,000	390,000
Directors' fees	40,500	40,500
Dividends	-	-
Total	**430,500**	**430,500**

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

	2022 Ushs'000	2021 Ushs'000
Insurance premium revenue	175,686	164,607
Reinsurance premiums ceded	484,052	484,799
Commission income	122,141	112,963
Reinsurance claims recovered	155,051	187,914
Reinsurance profit commission	-	-
Total	**936,930**	**950,283**

Liberty Health South Africa (PTY) Limited

	2022 Ushs'000	2021 Ushs'000
Administration fees as per the health reinsurance treaty	1,865,625	1,794,969

Liberty Life Assurance Kenya Limited

	2022 Ushs'000	2021 Ushs'000
Internal audit fees	111,675	109,700

Liberty Holdings Kenya Limited

	2022 Ushs'000	2021 Ushs'000
Board/ Directors' fees	30,000	30,000

The outstanding balances payable as at year end were as shown below;

Due to related parties:

	2022 Ushs'000	2021 Ushs'000
Liberty Holdings limited (South Africa)	516,850	447,561
Liberty Life Assurance Kenya Ltd	24,922	109,700
Stanbic Bank Uganda Limited	6,426,541	3,917,287
	6,968,313	**4,474,548**

The carrying value of due to related parties is approximately equal to the fair value.

Directors' emoluments

Executive	2022 Ushs'000	2021 Ushs'000
Directors' fees	231,500	231,500
Key management compensation		
Salaries and wages	825,261	788,061
Gratuity	143,608	146,201
Other staff costs	146,420	132,993
National Social Security Fund Contributions	82,526	78,806
	1,197,815	**1,146,061**

30. Cash generated from operations

	2022 Ushs'000	2021 Ushs'000
Profit before income tax and investment income	**5,341,665**	**2,269,958**
Adjustments for:		
Depreciation on PPE (Note 20)	131,288	161,797
Amortisation of intangible assets (Note 19)	-	28,434
Depreciation of ROU (Note 21)	226,847	233,951
Interest expense on the lease liability (Note 9)	186,964	197,045
Reversal of IFRS 9 expected credit losses provision (Note 11(b))	1,872	2,747
Effect of foreign exchange movement on leases (Note 21c)	59,577	(26,849)
Effect of foreign exchange movements on bank balances	7,914	21,978
Gain on lease termination	-	(1,064)
Operating profit before working capital changes	5,956,127	2,887,997
Working capital changes:		
Prepayments, insurance and other receivables	(2,878,275)	(1,165,381)
Policyholders' liabilities	383,756	(737,950)
Employee benefits	(30,025)	(19,224)
Amount due to related parties	2,493,765	(81,956)
Insurance and other payables	340,832	70,973
Cash flows generated from operations	**6,266,180**	**954,459**

31. Contingencies and commitments

a) 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. The respective provisions have been recognised in these financial statements.

b) 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.

32. 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.

a) 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.

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.

2022			Hierarchy	Total
	Level 1	Level 2	Level 3	
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets at fair Value				
Equity investment in Uganda Re	-	176,320	-	**176,320**

2021			Hierarchy	Total
	Level 1	Level 2	Level 3	
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Financial assets at fair value				
Equity investment in Uganda Re	-	156,978	-	**156,978**

The Company holds 58 shares in Uganda Re valued at a share price of Ushs 3,040,000 each (2021: 57 shares) valued at a share price of Ushs 2,754,000 each. The share price above was determined based on net assets and total number of shares in Uganda Re as at 31 December 2021 and 2020 respectively.

During the year, Uganda Re paid dividends amounting to Ushs 4,877,127 which were converted to shares at a share price of Ushs 3,040,000 each.

There were no movements between levels during the year.

he 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;

	2022	2021
	Ushs'000	Ushs'000
At 1 January	156,978	129,600
Issue of additional shares	3,040	8,262
Fair value gain	16,302	19,116
At 31 December	**176,320**	**156,978**

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.

At 31 December 2022	Level 1 Ushs'000	Level 2 Ushs'000	Level 3 Ushs'000	Total Fair value Ushs'000	Total Carrying Amount Ushs'000
Assets					
Cash and cash equivalents		3,358,042	-	**3,358,042**	**3,355,193**
Statutory Security Deposit	-	685,921	-	**685,921**	**684,481**
Government securities at amortised cost	-	16,682,341	-	**16,682,341**	**16,728,596**
Fixed deposits at amortised cost	-	3,669,545	-	**3,669,545**	**3,665,896**
Unit trust investment	-	510,842	-	**510,842**	**510,842**

At 31 December 2021 Assets	Level 1 Ushs'000	Level 2 Ushs'000	Level 3 Ushs'000	Total Fair value Ushs'000	Total Carrying Amount Ushs'000
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	-	14,697,066	-	**14,697,066**	**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**

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 may result in a shift from globalization to nationalism and protectionism.

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.

34. 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 2022

	Individual Life	Group Life	Group credit	Health	Total
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Gross premium	451,188	5,368,724	22,523,637	21,772,281	**50,115,830**
Premiums ceded	-	(616,300)	(1,732,693)	(13,020,549)	**(15,369,542)**
Net premium	**451,188**	**4,752,424**	**20,790,944**	**8,751,732**	**34,746,288**
Investment Income	28,189	335,424	1,407,217	-	**1,770,830**
Other income	1,646	19,585	82,168	-	**103,399**
Commission received on reinsurance	-	107,975	183,608	-	**291,583**
Total contributions	**481,023**	**5,215,408**	**22,463,937**	**8,751,732**	**36,912,100**
Claims incurred	(235,660)	(2,198,002)	(2,256,378)	(15,722,839)	**(20,412,879)**
Claims recoverable	-	394,172	796,054	14,125,739	**15,315,965**
Net claims paid	**(235,660)**	**(1,803,830)**	**(1,460,324)**	**(1,597,100)**	**(5,096,914)**
Commission paid	(73,452)	(1,284,134)	(4,583,707)	(1,330,169)	**(7,271,462)**
Management expenses	(552,079)	(3,785,209)	(9,365,430)	(5,420,031)	**(19,122,749)**
Net claims & Expenses	**(861,191)**	**(6,873,173)**	**(15,409,461)**	**(8,347,300)**	**(31,491,125)**
Change in actuarial reserves	-	498,558	(453,511)	(124,357)	**(79,310)**
Profit before tax	**(380,168)**	**(1,159,207)**	**6,600,965**	**280,075**	**5,341,665**
Income tax expense	-	-	(1,415,974)	(84,022)	(1,499,996)
Profit after tax	**(380,168)**	**(1,159,207)**	**5,184,991**	**196,053**	**3,841,669**
Transfer to Contingency Reserve	4,512	53,687	225,236	217,723	501,158

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)**	**(28,104,809)**
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

We are always in it with you.

LIBERTY
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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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*Liberty Life Assurance Uganda is regulated by the Insurance Regulatory Authority of Uganda

LIBERTY

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