LIBERTY

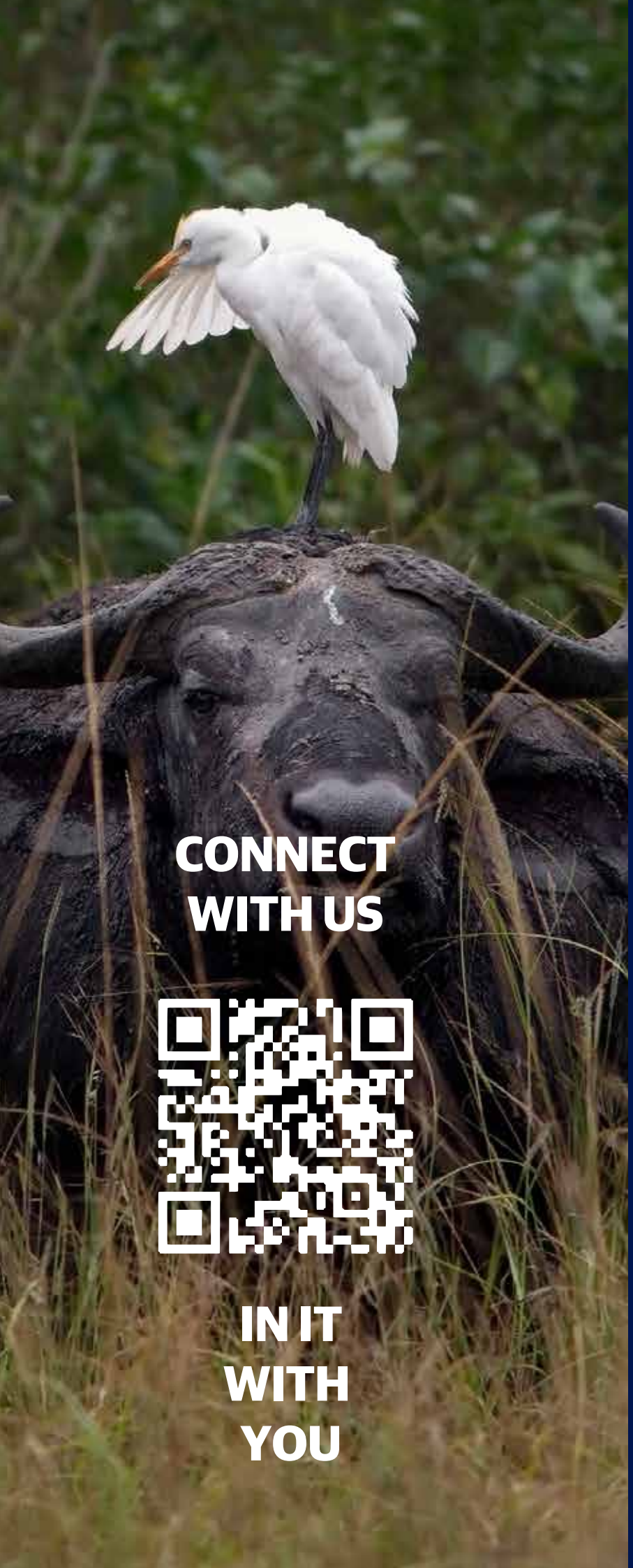
In it with you



2023

INTEGRATED ANNUAL RERPORT

Leveraging our resources to create sustainable solutions.



LIBERTY
In it with you

'This is a Liberty Life Assurance Uganda Limited integrated annual report incorporating financial and non-financial information for the year ended 31 December 2023.

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

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

Holding company
Liberty Holdings Limited
Incorporated in South Africa

Bankers
Stanbic Bank Uganda Limited
P.O. Box 7113
Kampala, Uganda

Auditor
Ernst & Young
Certified Public Accountants
EY House
Plot 18, Clement Hill Road
Shimoni Office Village
P.O. Box 7215
Kampala, Uganda

Company secretary
Koduvayur Parasuraman Eswar
Corporate Office, Madhvani Group
Plot 96/98, 5th Street Industrial
Area Kampala, Uganda



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About our theme

Leveraging our resources to create sustainable solutions.
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 with 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.

We are invested in our social, economic and environmental strategy, which leverages our resourcesto create solutions that benefit society and creates growth, innovation and differentiation opportunities.

We strive to maximise our positive 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, and society.

ABOUT OUR INTEGRATED ANNUAL REPORT 2023

Liberty strives to improve people's lives by making their financial freedom possible. We create shared value by living our brand promise – Liberty is in it with you. Our 2023 integrated annual report reviews the social, economic and environmental impacts that support our promise, purpose and long-term sustainability.

Scope and boundary

Our integrated report is published annually. It covers the performance of Liberty Life Assurance Uganda Limited for the year ended 31 December 2023 and any material information up to the board approval date of 27 th March 2024 is included. The report covers the Company's operations in Uganda as that is where it has a presence and we have included comparative numbers where applicable and available.

The report has been prepared primarily for internal stakeholders, clients and other stakeholders from the society interested in the performance and strategy of Liberty. However, the regulator and other stakeholders may find benefit in its contents. The report contains both financial and non-financial information that other stakeholders may find valuable.

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.

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 2023.

Framework 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.

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

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

Materiality

Our Integrated report is informed by our materiality process and provides more information on our material SEE 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, and risks and opportunities. This process guides the topics we report on and informs our SEE 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 the sustainaility report on page 108 and were informed by those matters discussed by the board and its committees during the year, matters arising from strategy setting process and the legitimate concerns of our key stakeholders.



Materiality determination process

IDENTIFY

Identify boundaries and material stakeholders.

RANK

Rank material factors using a matrix for prioritisation of topics.

CONDUCT

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

LINK

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

ENGAGE

Engage with key management and key stakeholder groups.

Internal controls and assurance

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

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

Ernst & Young issued an unmodified audit opinion on the Company's financial statements. Our financial statements for the year ended 31 December 2023 have been included in this report on page 145.

Refer to corporate governance report on page 68 for more details on our internal control and assurance.

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 occurin 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.

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 27 th March 2024.



Gerald Ssendaula
Chairman



Joseph Almeida
Managing Director

Leadership Message

2023



As we navigate an ever-changing business landscape, we are confident that our commitment to responsible business practices, reflects our resolve to act with humility by being in it with our valued stakeholders. We conduct our business on the principles of driving sustainable growth, performance and value, and in a way that positively impacts all our stakeholders.

Joseph Almeida
Managing Director



We can look back on 2023 knowing that, above all, we have truly done what matters. We remain committed to creating shared value for all our stakeholders by living our purpose andworking together as one community to support those around us

Danish Mohammad Eqbal
Chief Executive &
Principal Officer

Introduction

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 navigate life's traumatic events and increase their wealth.

We live our promise of being "in it with you" by bringing people closer to financial freedom. Our social, economic, and environmental strategy helps us positively contribute to sustainability in our markets by supporting our communities, transforming our workplace, and managing and mitigating our environmental impacts.

Our six value-driver model includes our positive impact pillar, previously our social, economic, and environmental impact pillar. This pillar name was updated in alignment with SBG, and it reflects how we achieve positive impact by understanding our social, economic, and environmental challenges and delivering solutions to take over these.

Refer to our six value-driver model and our social, environmental and economic strategy in our sustainability report on page 108.

We aim to improve the economic futures of our employees, clients and stakeholders by making their financial freedom a reality. To this end, we have established meaningful social, educational and environmental programmes that uplift societies and reduce our environmental impact.

We are also committed to ethical corporate governance to ensure compliance and create value for shareholders, and because it is the right thing to do. Our governance framework guides us in ensuring the effective and prudent management of our business.

Integration with Standard Bank Group (SBG)
Liberty has been a key part of the Insurance and Asset Management (IAM) unit, the fourth business pillar within the wider SBG, since 2022. The acquisition has allowed Liberty to accelerate our strategy and position ourselves for execution with greater speed, efficiency and capability – enabling a more positive impact.

Our positive impact driver
At the heart of our mission lies a commitment to humanity, with a focus on the financial wellbeing of our clients, employees, and stakeholders now and in the future. Central to our strategic pillar of driving sustainable growth and value is our positive impact driver where we define our social, economic, and environmental strategy.

We strive to create value for society by embodying our purpose in all that we do. Through our social and environmental initiatives, we uplift communities and minimise our environmental footprint, contributing positively to the world.

In our effort to contribute positively to stakeholders, economies and the natural environment, we received numerous accolades during the year, mainly from the Insurance Innovation awards 2023 where we were awarded the Judges' special award for the Afya Plan Life insurance product, underscoring its exceptional value and impact on the lives of our customers. This award reaffirms our mission to provide accessible and affordable life and health care products.

We were also recognised as partner to the most innovative broker (2nd runner up) – Weerinde Insurance Brokers as they fronted 'Munno Mukabi Yinsure' – trading Afya plan Life insurance product. Weerinde's win is a testament of our ability to drive innovation not only within our organisation but also in collaboration with our valued partners.

Reflecting on our social impact
At a time when consumers are experiencing a global cost of living crisis and high unemployment, we remain committed to transforming our employee, client and adviser experiences.We continue to embed our positive employee experience and encourage holistic wellbeing, life-long learning and a future-fit mindset. By doing so, we retain critical skills and enhance our clients' experiences of the company.

Combining the best elements of contemporary office culture with the flexibility to switch between work and home. Our holistic approach to transformation considers workforce diversification and supplier network development. We are proud to have achieved a Level 1 B-BBEE certificate – the highest rating an organisation can achieve. This is a measure of our efforts to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of Uganda and contributes to an equitable society.

Our ongoing CSI programmes focus on education and financial literacy as the building blocks towards financial inclusion and freedom. During the year, we continued to improve the learning outcomes of Uganda's youth by partnering with the Ghetto kids Uganda, where we offered them SOMA plan policies – an education protection plan policy to cover for their education as well as medical insurance policies to cover for their medical insurance needs.

Reflecting on our economic impact
High unemployment and inflation contribute to economic growth constraints. Liberty contributes to the Ugandan economy through direct and indirect tax incurred and collected on behalf of government of shs 5.4 billion and provides ongoing financial protection for our clients while they invest in their future. Through our various product offerings, we paid Ush. 6.2 billion in claims, which is a testament to our unwavering commitment to securing and nurturing lives.

Our mind my money financial literacy program gives our customers and employees the knowledge to make informed financial decisions, a key factor in achieving financial freedom.

Reflecting on our environmental impact

We are committed to honouring our environmental stewardship obligation as a corporate citizen.

We have aligned our net-zero carbon strategy with SBG, targeting existing buildings for net-zero carbon 2040 and new buildings by 2030. We continue our extensive resource management programmes for renewable energy, as well as water and waste efficiency. Refer to our sustainability report included on page 108.

Reflecting on our 2023 performance

Economic environment

According to the Bank of Uganda, economic growth for FY2023/24 was projected in the range of 6 to 7 percent in the medium term. This was mainly due to a continued recovery in services and industry sectors, and increased investments in the extractive industries largely financed by foreign direct investment (FDI).

Annual inflation was projected at 2.6%, mainly attributed to the annual core inflation which declined to 2.3%. Inflation is expected to remain low in 2024 owing to lower food prices supported by favourable weather conditions.

The Ugandan shilling weakened due to increased demand for dollars from importers especially in the manufacturing and telecom sectors. The dollar supply from commodity exports and local charities was healthy but not sufficient to fill the pockets of demand in the market. Our expectation is for the USD/UGX exchange rate to trade within the 3710-3850 range in 2024.

The Monetary Policy Committee maintained the Central Bank Rate (CBR) at 9.5%. This decision was supported by moderate inflation levels reflecting the tight monetary and fiscal policies, good crop harvests due to the improved weather conditions, relative exchange rate stability as well as declining global inflation.

Insurance industry

The Ugandan Insurance Sector continues to grow rapidly. In 2023, the sector's gross written premium reached a new record high of shs 1.6 trillion, up from shs 1.44 trillion in 2022. An upward surge is noticed coming out of the pandemic experienced in 2020 & 2021, with growth rates rising from a depreciation in 2018/19 down to 13.3% to a growth of 21.7% in 2021/22. The Industry Growth has averaged 14.2% across 6 years.

There were eight key players dealing in Life Insurance, with the life insurance market standing at 40% of the total industry size. The Company currently holds 9.4% of the overall market share with a gross written premium of shs 57.2 billion, a 14.3% increase from 2022. The Company also stands as the largest Group Life Insurer in the market, with a market share of 27.4%, more than a quarter of the market, and growing. ***(Source; Insurance Regulatory Authority Quarter 4 2023 Report).***

With the insurance penetration still low (within 1%), this presents opportunities for the Company to grow through its strategic pillar of new engines of growth mainly introduction of new products, cross selling, strategic partnerships and differentiation.

Business performance

2023 was a year of significant change in the reporting requirements for insurance companies worldwide following implementation of IFRS 17 – Insurance Contracts for the first-time effective 1st January 2023. Despite the above changes, it gives us much pleasure to report that the Company continued with its strong performance in 2023.

The business remains well capitalized and financially sound. There was a focus on our key strategic value drivers and thus our Capital Adequacy Ratio (CAR) as at 31 December 2023 was 358% way above the prescribed minimum requirement of 200%.

Our net profit grew by 7% year on year, posting a net profit of shs 3.67 billion as compared to shs 3.44 billion in 2022. Our shareholders' equity grew by 8% to shs 24.2 billion compared to shs 22.5 billion in 2022. We paid a divided of shs 2 billion to our shareholders as compared to nil in the prior year.
We further continued to fulfil our promises to our customers through payout of net claims of Ushs 6.2 billion, of which Ushs 4.3 billion related to death and disability claims.
Details of the Company's performance are included in the financial review section of this report on page 46.

Outlook and strategies

The board and EXCO team are confident in the future of our business and the Company's strong capital position and remain committed to responsible investment to deliver sustainable value for all our stakeholders. 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 and an advice partnership model.
Our pace to pinnacle strategy for 2024 and beyond will continue to focus on our key strategic themes and initiatives as summarised below.

01 Partner of choice for provision of both retail and corporate insurance solutions

02 People want to work for Liberty

03 Drive operations, data, digitalisation and innovation

04 Risk conscious culture

05 New engines of growth

06 Enhanced customer experience

07 Part of fabric of society

08 Delivered on investor expectations



Looking ahead

Having refreshed our strategy and refined our operating model, we will focus on executing our strategic commitments to our various stakeholders. We will continue to prioritise strategic execution to meet our social, economic, environmental and financial targets. Most importantly, we will ensure our people, having survived a tough 2023, are prepared for the future by caring for their wellbeing through development opportunities and meaningful work.

Appreciation

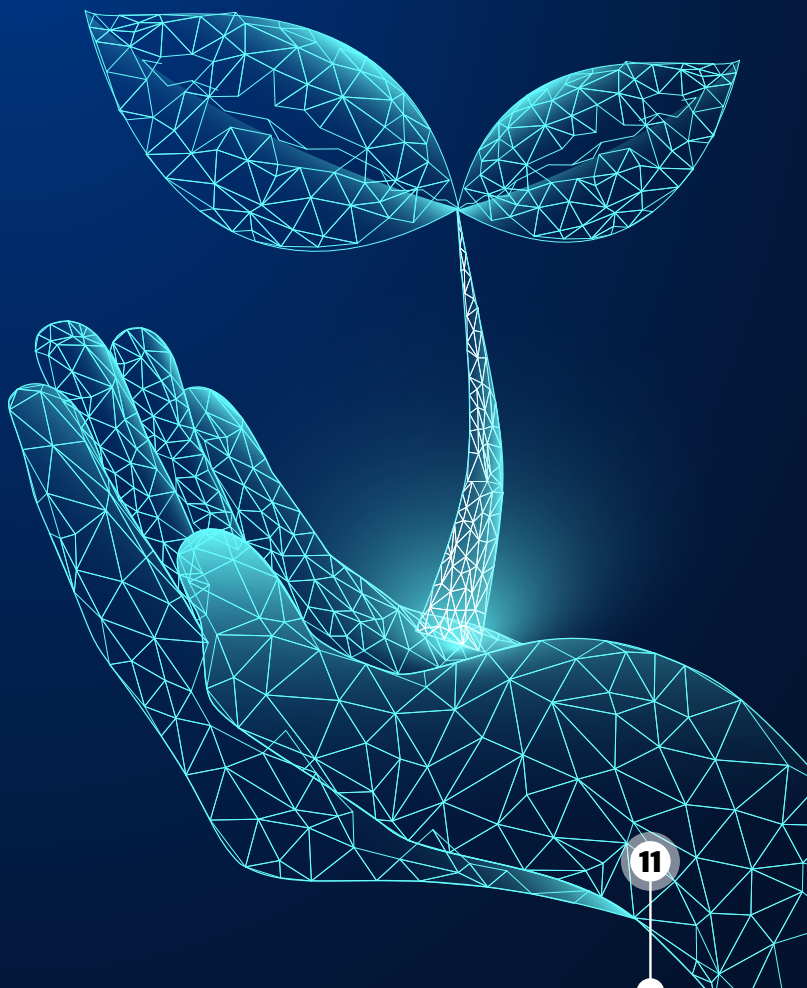
We are grateful for our employees' dedication to our clients' and advisers' positive experiences. We build each other's confidence to achieve our mutual goals. Our employees' hard work upholds our reputation as an integral part of an award-winning Company dedicated to the wellbeing of sustainable growth and value for society by enabling financial freedom through wealth-building products and advice.

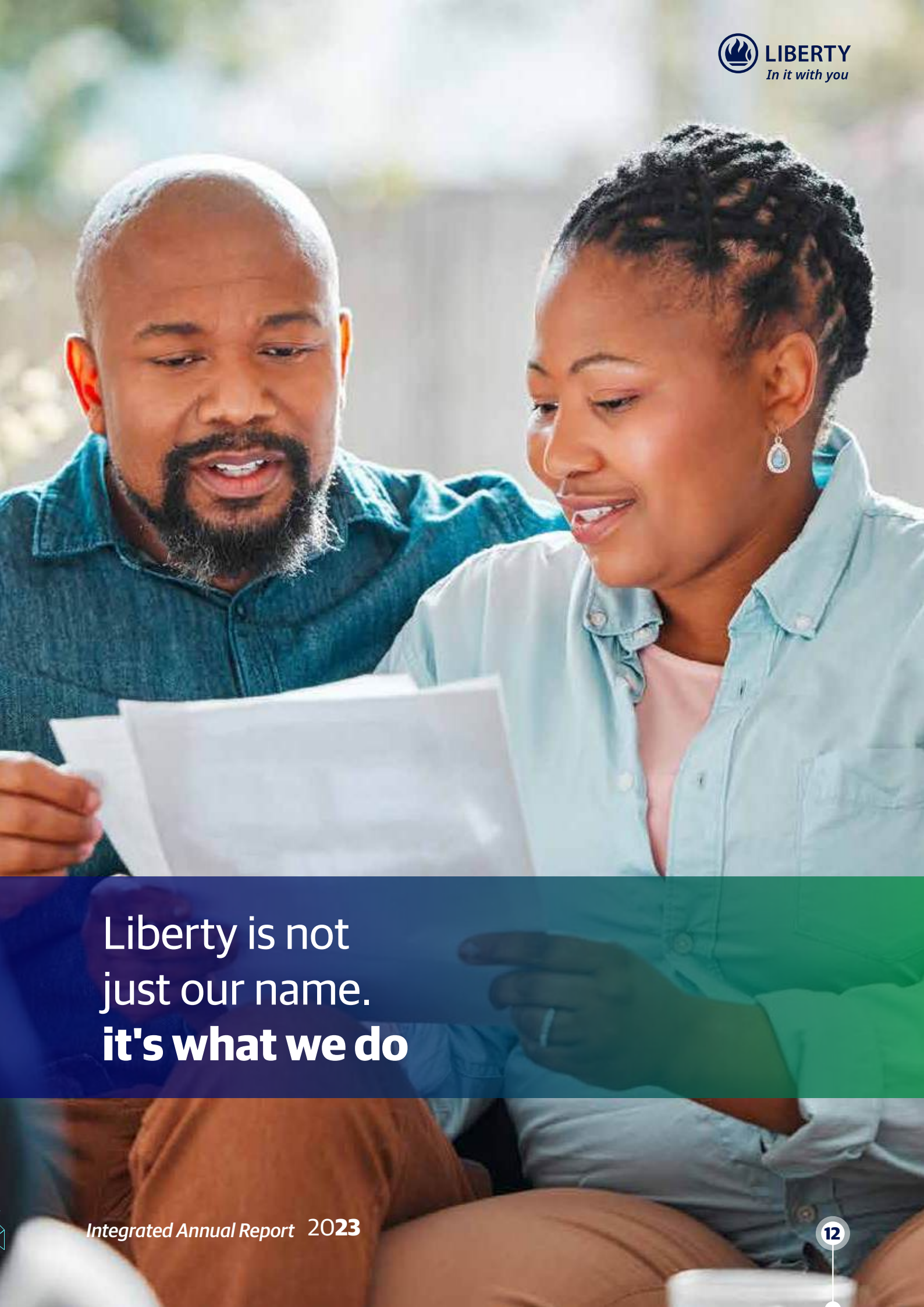
JOSEPH ALMEIDA
Managing Director



DANISH MOHAMED EQBAL
Chief Executive & Principal Officer






LIBERTY
In it with you
Liberty is not
just our name.
it's what we do

Executive Committee 2023



We believe that ESG is a material consideration in delivering sustainable returns

LIBERTY

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ADVICE INSURE INVEST HEALTH

EXECUTIVE COMMITTEE PROFILES 2023



JOSEPH. F. ALMEIDA

Managing Director

Associate of the Chartered Insurance Institute (ACII UK)

Joined Liberty:2005

JOINED EXCO:2005

Mr Joseph Almeida is the Managing Director of Liberty Life Assurance (U) Limited since 2007.
Joseph has a passion for insurance, reading and financial research. He has 40 years of working experience in Life and Pensions, Investment Services, Business Development, People Management, Strategy and has setup various divisions in the Insurance Companies he has worked in over the years.

Prior to joining Liberty Life Assurance Uganda Limited, Joseph worked in various reputable Companies in the insurance industry in Senior Management positions. Some of the Companies in East Africa include and not limited to East African Underwriters Limited, Old Mutual Investment Services Limited, Cannon Assurance Kenya Limited, and Employee Benefit Trustees Limited (ICEA Ltd affiliate).



Danish Mohammad Eqbal

(ACMA), CIMA (CGMA®), CIMA (FIII – P&C Insurance) (FLMI), LOMA (TBEM) XLRI

Chief Executive & Principal Officer
Joined Liberty: February 2023
JOINED EXCO: February 2023

Mohammad Danish Eqbal, ACMA, CGMA, FIII, FLMI, PMP® is the Chief Executive Officer and Principal Officer of Liberty Life Assurance Uganda. He is also the Chief Data & Innovation officer at the company. Danish has around 15 years of professional experience in the areas of Corporate & Business Strategy, Strategic project management & transformation, Business Excellence, Data Science, AI & Enterprise Innovation, Risk management, Strategic Alliances, Financial Planning & Analysis and Insurance Operations among others.
He has been instrumental in setting up and strengthening of Strategy, PMO, Business Excellence, Strategic Alliances and Advanced Analytics units in organizations of high repute. He has worked with globally renowned brands as Tata, AIA, Aviva and Dai-ichi in the aforesaid roles and has driven several multi-million-dollar strategic projects. Prior to joining Liberty, he worked with the fastest growing & third largest life insurer in India (Tata AIA) in Strategy & Business Excellence roles and as Head of Advanced Analytics, AI & Innovation.



Joan Musiime Mwondha
Country Head Finance
(B. Com Hons.)
(CPA-U) (FCCA). MBA (ongoing)
Joined Liberty: 2018
JOINED EXCO:2018

Joan is a member of the Association of Chartered Certified Accountants (UK) and CPA (Certified Public Accountants of Uganda with over 23 years of combined work experience in Insurance and Advisory Business Services (Audit), Management Advisory Services (Consulting) and Financial Management. She has over 15 years' experience in the insurance sector.She has directly handled a large number of clients in diverse sectors to mention a few; Banking and Insurance, Not for Profit organizations (donor funded development projects), Government and Quasi-Government enterprises, and Telecommunications. She has Leadership trainings fromAMSCO: Managing for results Program alumni - Gordon Institue of Business science, University of Pretoria, Management in Practice : British council and she is currently enrolled for leadership training on the Oakseed Governance Training Program.



Frank Tindyebwa
Country Head Health
Bachelor's degree
in education
Joined Liberty:2013
JOINED EXCO:2015

Frank has 29 years of expertise in the health insurance industry and currently serves as the Country Head for Health at Liberty Life Assurance Uganda Limited, a position he has held since June 2015. Frank previously served as the Country Manager – Growth & Retention: Health for LLAU. Prior to that he was the Regional General Manager for AAR Rescue Services based in Kenya. He also worked as AAR Health Services General Manager for Rwanda and Burundi based in Kigali. Prior to that he was responsible for the growth of AAR Health Services in Uganda into one of the largest Medical Insurance providers in Uganda. Frank is currently in charge of developing and implementing Liberty Health's business growth strategy and is well-versed in marketing, customer growth and retention, business development, and strategic planning.



Davis Mugabi
Head of risk and compliance
LDC,International Certificate in Banking Risk and Regulation
Diploma Financial Management,
B- Com (Accounting)
Bachelor of Laws (ongoing)
Joined Liberty:2020
JOINED EXCO:2020

Davis is an experienced Risk and Compliance professional with over 15 years work experience. This experience spans across Auditing, Banking and Insurance with skills of developing and setting up policies, common processes, competencies, accountabilities, reporting, and the enabling technology to ensure business growth and compliance.

As the Head of Risk and Compliance at Liberty Life Assurance (U) Ltd, Davis is responsible for among others creating a comprehensive risk conscious strategy to anticipate, identify, prioritize, manage and monitor the portfolio of business risks impacting the business.He is also a trainer and consultant in the areas of Operational risk management and regulatory Compliance.



Mr. Richard Sajjabi – Head of IT
PGD – Information Technology
BSC. Information Technology
Linux Administrator - Certified by Linux Professional Institute
Network Administrator - Certified by Cisco Networking
Joined Liberty:2014
JOINED EXCO:2022

Richard is the Head of IT. He shadows as the Product Owner for the Kenya & Uganda Solution delivery team aimed at driving collaboration with stakeholders to deliver on innovative IT solutions in an agile methodology.
He is a highly accomplished IT professional with a strong background in managing and supporting enterprise-wide IT infrastructure in the insurance sector. Richard plays a crucial role in shaping the organization's IT strategy and ensuring its alignment with business goals. With over 10 years of experience, Richard has delivered numerous successful IT projects, including system developments, roll-outs, API integration with 3rd parties, network design, and implementation. His expertise in IT systems implementation and roll-out is complemented by his proficiency in IT budgeting, service provider management, IT risk, governance, and IT audit. Richard's membership in the Information Systems Audit and Control Association (ISACA) demonstrates his commitment to professional development and staying up-to-date with industry best practices. His broad knowledge and experience in IT infrastructure management make him an asset, as he effectively navigates complex IT landscapes and enhances operational efficiency.



Dr. Francis Kasozi
Head of Health Operations
MBCHB degree
MSC HSM
MBA (ongoing)
Short courses:
Certificate in Counselling and Guidance, TASO Uganda
Ultrasonography,
Award in Medical Insurance, Insurance Training College,
Joined Liberty:2014
JOINED EXCO:2017

Francis currently heads Liberty Life Assurance Uganda Operations and Health Services and is directly involved in and responsible for Data protection and privacy, Medical advisory services, and Clinical Governance, among other things.

He is a qualified medical doctor with over 10 years' experience in Leadership and Management of Medical Insurance Services in Uganda's Insurance Industry, as well as 22 years of working experience. He is a dedicated, engaged, self-driven, and self-motivated team player who cares deeply about customer happiness and employee welfare and well-being.



Ms. Gloria Besigye
Head of Operations and Customer Service
Data Protection Officer
Bachelor's in library and information science
Master's in Business Administration
Joined Liberty:2007
JOINED EXCO:2021

Gloria has a professional career of over 17 years in Operations, she has worked as a Claims Administrator, Underwriting Manager and currently heading the Operations department. Her role as Head of Operation entails overall management and oversight of the Operations function of Liberty Life Uganda as well as driving the department's strategy which includes customer service, data management, data privacy, mitigation of risk and compliance. She also serves as the Data Protection Officer of the Company. She is currently pursuing a 1 year governance course with OAKSEED Uganda. In addition, she has been certified in Leadership Development Skills from the Global Leadership Centre in South Africa. She is also certified in Master Class workplace policies and procedures, as well as Leadership in organizations from UNICAF.



Mrs. Juliet Murungi Okwi
Head of Marketing
BBA,Diploma in Marketing from the CIM
MBA E(ongoing) (ACIM UK)
Joined Liberty:2022
JOINED EXCO:2023

Juliet is a chartered marketer with a proven track record of working in the financial services and insurance industries for the past ten years as a Business Development and Marketing Manager. Extremely knowledgeable and enthusiastic about brand awareness, communication, and customer experience. She has worked with reputable veteran companies in the finance and insurance sectors.



Ms. Cissy Nanfuka
Head Corporate Sales
Diploma in Nursing, Certificate of Insurance practice.
Joined Liberty:2015
JOINED EXCO:2018

Cissy leads the Liberty Corporate division of Liberty Life Uganda. An experienced Business Development and Sales Manager with a demonstrated history of working in the insurance industry for 17 years now in the fields of Medical and Life Insurance. Skilled and passionate about driving business growth. She has worked with various reputable brands in the insurance sector. She is Enthusiastic, trustworthy and honest but above all she recognizes the power of team work and integrity.



Agatha Namara
Head Retail Business
Master of Science in Finance and Accounting, BBA
Diploma in Insurance (ongoing)
Joined Liberty:2014
JOINED EXCO:2017

Agatha has a passion for financial security and spreading the knowledge that financial security is not just about having a large savings account but having control of one's life and having freedom to make choices about how to live it regardless of one's current circumstances. She currently leads the Retail and Key Accounts divisions of Liberty Life Assurance Uganda. With 20 years of professional experience under her belt, she has extensive experience from previous roles in the areas of Business Development, Strategy management, People management, Relationship management and Insurance operations.
Prior to joining Liberty Life Assurance, she worked in various reputable insurance, banking, as well as logistics companies.



Ms. Olive Adera
Executive PA, Board Officer and Strategic Projects Manager
Diploma in Marketing Management
Associate of the Chartered (ACIM UK), (SASM), (CPEA)
Joined Liberty: 2013
JOINED EXCO: 2018

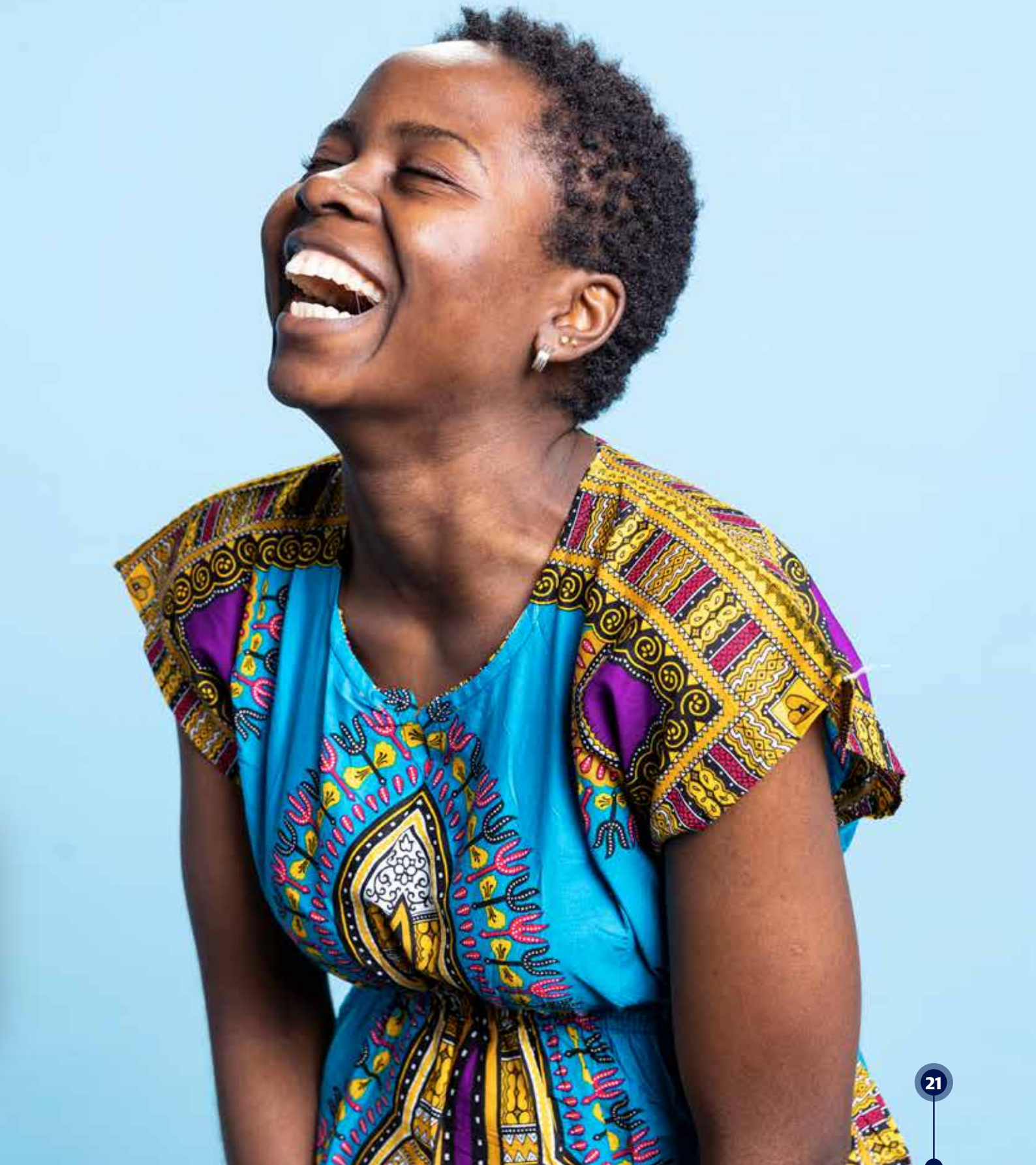
Olive leverages her 18 years of working experience to identify and satisfy customer requirements profitably, strategically, and sustainably in her current role. She also appreciates fine arts, design, reading, and travelling in her spare time.



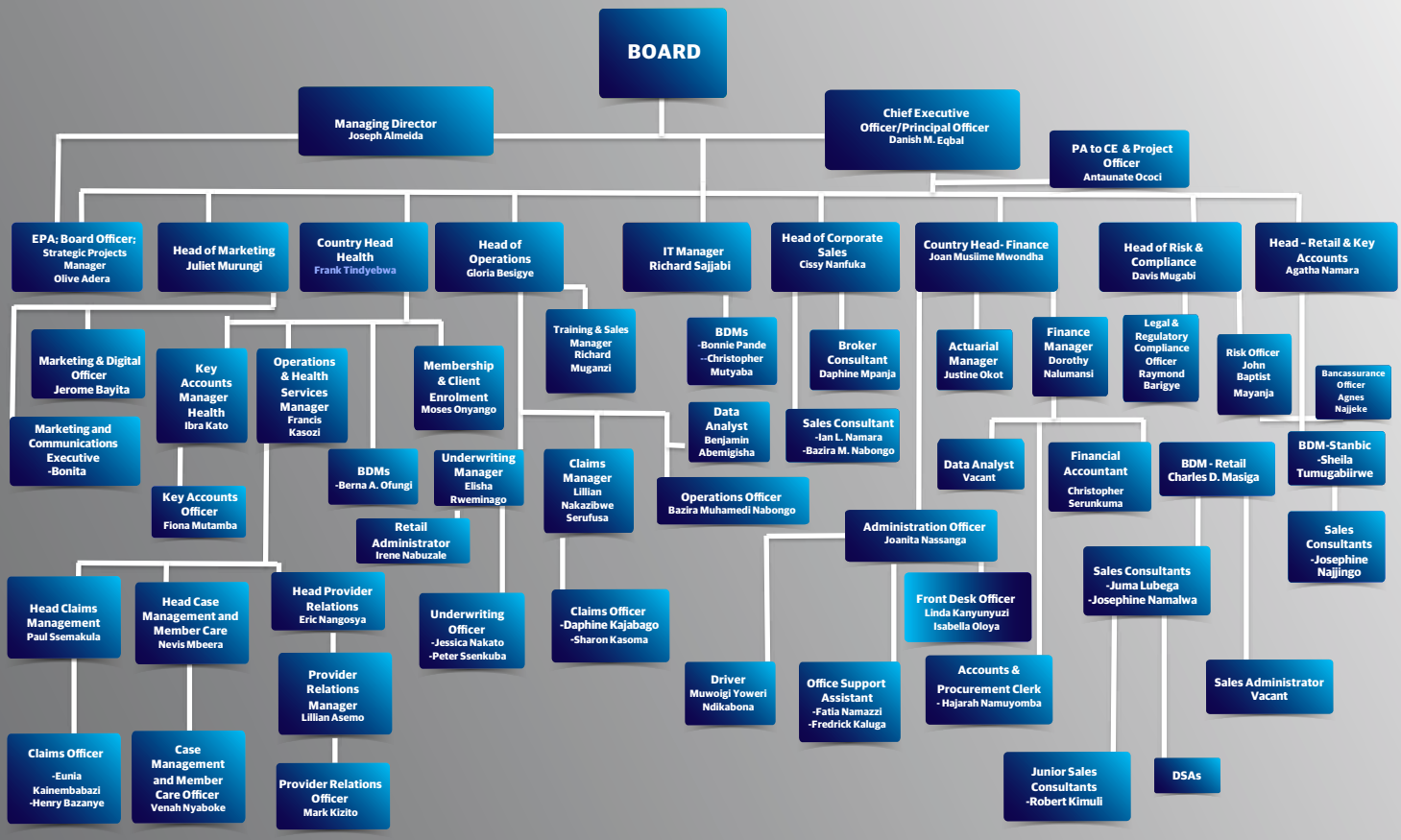
Championing **GROWTH** and **SUSTAINABILITY**

LIBERTY
In it with you

The Joy of an insured life



Liberty Life Assurance Uganda Limited Organogram 2023



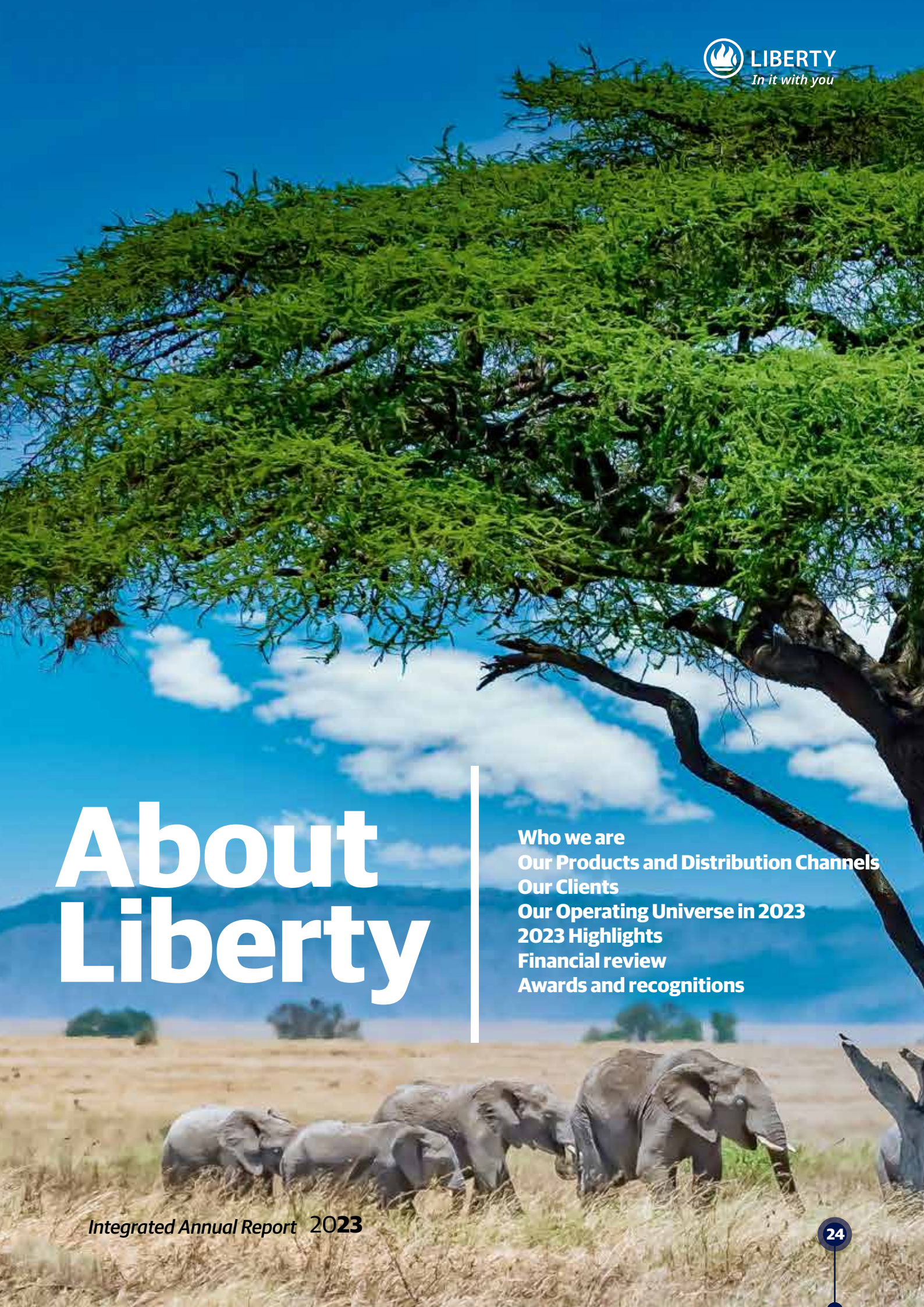


Liberty Life Assurance Uganda Staff

Acronyms

LIBERTY
In it with you

ACMA - Associate Chartered Management Accountant
AGM – Annual General Meeting
AI-Artificial Intelligence
AIC – Asset for Incurred Claims
ALM – Asset Liability Matching
ARC – Assets for Remaining Coverage
BCP – Business Continuity Plan
BDMs – Business Development Managers
BoU – Bank of Uganda
BUBU – Buy Uganda Build Uganda
CAE – Client and Adviser Experience
CAR-Capital Adequacy Requirement
CBR – Central Bank Rate
CEO – Chief Executive Officer
CGMA - Chartered Global Management Accountant
COVID-19- Corona virus Disease of 2019
CPA (U) – Certified Public Accountant of Uganda
CSI – Corporate Social Investment
CSM – Contractual Service Margin
CSR – Corporate Social Responsibility
DSAs - Direct Sales Agents
ECM/DFS- Emerging Consumer Market and Direct Financial Services
EE- Employee Experience
ERM – Enterprise Risk Management
ESG – Environmental, Social and Governance Risk
ESG- Environmental, social and governance
EXCO – Executive Committee
FAQs – Frequently Asked Questions
FCC – Financial Crime Compliance
FCCA – Fellow Chartered and Certified Accountant
FII - Fellow of Insurance Institute of India
FLMI - Fellow Life Management Institute
GDP – Gross Domestic Product
GMM – General Measurement model
GWP – Gross Written Premium
IAM – Insurance and Asset Management
IBNR – Incurred But Not Reported
IFRS – International Financial Reporting Standard
IIU – Insurance Institute of Uganda
IR – Integrated Reporting
IRA – Insurance Regulatory Authority of Uganda
KACITA – Kampala City Traders Association
KCCA – Kampala City Council Authority
KPI- Key performance Indicators
KYC – Know Your Client
LHL – Liberty Holdings Limited
LibFin – Liberty Financial Solutions
LIC – Liability for Incurred Claims
LLAU – Liberty Life Assurance Uganda Limited
LRC – Liability for Remaining Coverage
MBA – Master of Business Administration
MBChB - Bachelor of Medicine and Bachelor of Surgery
MD – Managing Director
MDI – Micro Deposit Taking Institution
MMM – Mind My Money
MSC HSM - Master of Science in Health Services Management
NSSF- National Social Security Fund
NWP – Net Written Premium
OCI – Other Comprehensive Income
P&L – Profit and Loss
PAA – Premium Allocation Approach
PAT – Profit After Tax
PMP - Project Management Professional
PRI - Principles for Responsible Investment
SACCO - Savings and Credit Co-operative Society
SBG – Standard Bank Group
SDGs – Sustainable Development Goals
SEE – Social, Environment and Economic Impact
SMEs – Small Medium Enterprises
TBEM - Tata Business Excellence Model
UIA – Uganda Insurers Association
UN – United Nations
UPR – Unearned Premium reserve
URA- Uganda Revenue Authority
VFA – Variable Fee Approach
VoNB – Value of New Business



LIBERTY
In it with you

About Liberty

Who we are
Our Products and Distribution Channels
Our Clients
Our Operating Universe in 2023
2023 Highlights
Financial review
Awards and recognitions

Who we are

2023

Liberty creates 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.

Liberty was founded in 1957 by Sir Donald Gordon who watched his father work hard all his life yet reap little financial reward for his efforts. This struggle ignited in him the overwhelming belief that all people should have the opportunity to grow their wealth and leave a proud legacy for their family. This belief is captured in our name and our flame, taken from the Statue of Liberty and imbued with the same meaning of freedom and opportunity.

Nearly 60 years later, and with a presence in 18 African countries, we have grown from being a South African life insurer to a pan-African financial services company, offering asset management, investment, insurance and health products to 3.2 million people across Africa.

In Uganda, Liberty has over 10 years of exceptional customer service experience, offering comprehensive financial services suite, built to comprehensively meet our customers' needs at every step of their life journey. We offer a comprehensive range of short or long-term insurance products, value-added services, health solutions, retirement income facilitation, investment and lifestyle risk solutions for both the retail and corporate markets.

Our Vision

Transforming Liberty to be the trusted leader in Uganda and chosen markets by delivering superior value through exceptional client and adviser experiences.
We remain resolute in developing competitive value propositions for our clients, driving efficiency through simplification, managing risk appropriately, deploying capital effectively and pursuing profitable **growth** opportunities.

Our Purpose

To Improve 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.

Our brand promise

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

Our leadership principles 2023

Imagine it is possible.

Act with humanity.

Do what matters.

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

Our execution framework



Our structure

2023

Liberty Life Assurance Uganda Limited (LLAU) was established in 2006 and is a specialist life insurance company.

LLAU is a subsidiary of Liberty Holdings Limited (LHL), a holding Company of various operating subsidiaries engaged in the provision of financial services including long-term and short-term insurance, investment, asset management and health services. LHL is an integral part of Standard Bank group, the biggest bank in Africa with 100% shareholding.

The minority shareholder of LLAU is Muljibhai Madhvani & Company Limited, which is one of Uganda's largest and most esteemed private enterprise groups with significant interests in almost all sectors of the economy.

Liberty enhances and extends our proud heritage of pioneering solutions to greater heights. Our clients extend from individual customers to corporate clients.

Liberty´s Share Holding

51%
Liberty Holdings Limited



49%
Muljibhai Madhvani & Company Limited

Our Values

2023

CUSTOMER SERVICE

1

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

CLAIMS AND SETTLEMENT

2

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

TEAM

3

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

PREMIUM PAYMENT OPTIONS

4

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

INNOVATION

5

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

PROFESSIONALISM

6

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.

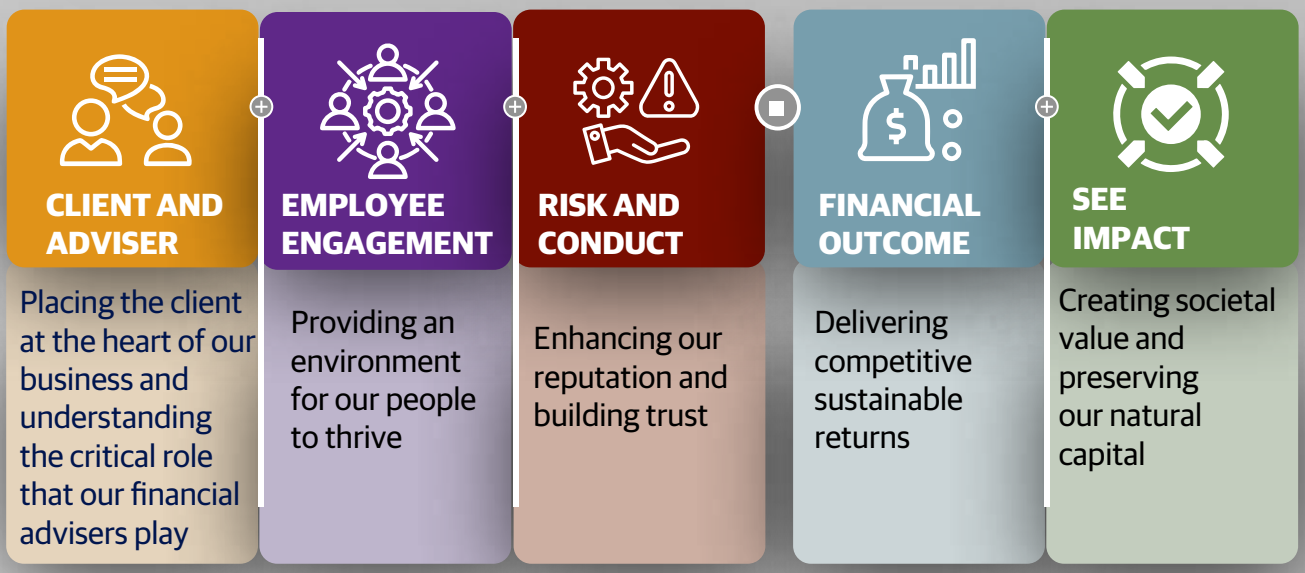
ONE STOP SHOP

7

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

Our Value driver model

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



The six capitals

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



How we operate

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

Client and adviser experience (CAE)

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

Emerging consumer market and direct financial services (ECM/DFS)

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.

Liberty Financial Solutions (LibFin)

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.

Business Development

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

Asset management

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

Operations

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

Retail solutions

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

Supported by corporate functions



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

Our strategy

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

Our strategic journey

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

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

2017-Alignment with SBG

- Framing our purpose: Improving people's lives by making financial freedom possible
- Strategy refresh exercise commenced
- Eight workstreams established to develop our long-term strategy
- Triage initiatives identified and addressed

2018-Discovery

- Client and adviser experience principles
- Advice philosophy formalised
- Digital cascading LibertyLive
- SBG engagements formalised
- Strategy visualisation strategy on a page
- Organisational redesign completed

2019- Planning

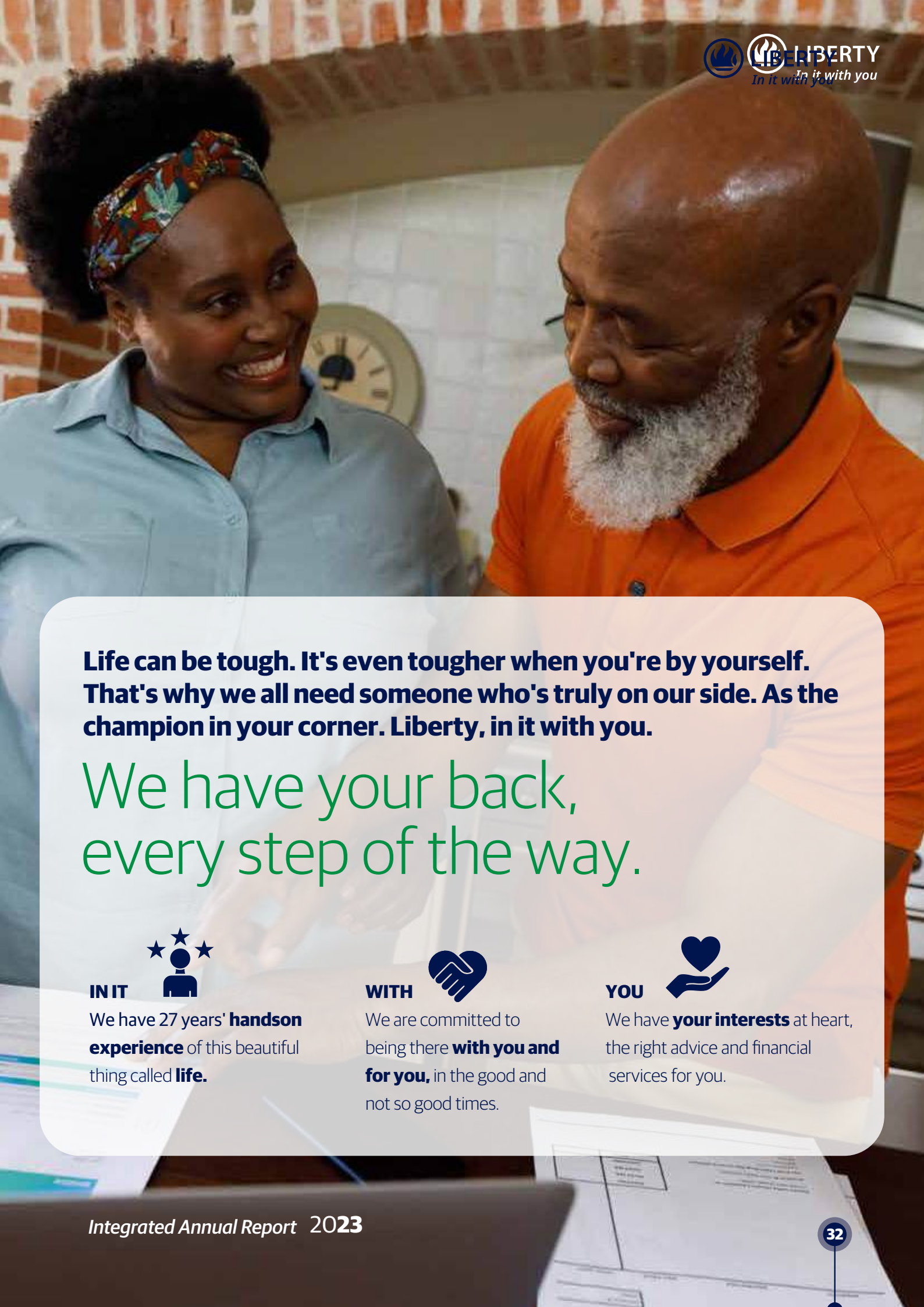
- Key product delivery programs defined
- Employee experience framework amplified
- L2D experiences building blocks
- Strategic value driver metrics defined
- Digital business model positioned
- Salesforce proof of concept completed

2020- Execution

- Post-work life research completed
- Salesforce investment decision made
- E2E Investment programme delivery
- Solution train and Portfolio office launched
- Future Liberty – North Star defined
- Growth mindset and inclusion

2021- Accelerate execution

- Implemented and rolled out Salesforce workbench
- Digital signature with pre-populated forms implemented
- Continuously improving our claims experience by digitisation of claims assessment and forms
- Launched guided advice and implementation tool



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

We have your back, every step of the way.

IN IT

We have 27 years' **handson experience** of this beautiful thing called **life.**

WITH

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

YOU

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

Our Products

2023

HEALTH COVER

IN-PATIENT

- Hospital treatment and related services
- Emergency ambulence services
- Specialised radiology
- Maternity childbirth
- Neonatal care
- External medical appliances
- Intensive care
- High care
- Prostheses
- PsychiatricHospitalisation

OUT PATIENT

- Acute conditions
- Maternity
- Dentistry and Optometry
- Chronic Benefits





LIBERTY LIFE COVER

GROUP LIFE INSURANCE SOLUTIONS

- Group Life Assurance
- Permanent & total disability
- Temporary & total disability
- Permanent Health insurance
- Critical illness
- Group funeral
- Family support
- Tomb stone

INDIVIDUAL LIFE INSURANCE SOLUTIONS

- Funeral plan
- Accidental disability cover
- Simple life plan
- Critical illness
- Education Protector
- Hospital Cash
- Business owners life insurance
- Soma Plan
- Solace Farewell plan
- Afya Plan

LIBERTY
In it with you

INDIVIDUAL LIFE/RETAIL INSURANCE SOLUTIONS

At Liberty we make a difference in people's lives by making their financial freedom possible. Our wide range of life insurance solutions will give you and your loved ones complete peace of mind in difficult times. Some of our life solutions are:

Funeral Plan

Ensure a dignified funeral for you and your loved ones with Liberty's Funeral Plan. We take care of your funeral needs so you and your family can focus on what matters most.

Simple Life Plan

Plan today for your family's future financial freedom. Get comprehensive cover should you pass away or become unable to provide for them due to an unfortunate event such as a Critical Illness, Physical Impairment or Disability.

Critical Illness -

Being diagnosed with a critical illness could be a painful and stressful time for you and your family. It could require large health care resources or life sustaining medical technology. Your financial freedom and peace of mind is important to us. That is why we've designed a Critical Illness Plan that will give you a lump sum to help ease the financial burden that you could suffer due to a critical illness.

Business Owner Life Insurance

Our Business Owner Life Insurance solution is designed to provide protection against unexpected events such as death, physical impairment and critical illness that may threaten the future of your business.

Hospital Cash Back Plan

The Hospital Cash Back Plan is not a medical aid scheme and cover is not a substitute of a medical aid scheme, but the money you receive can help with the stress of having no income while hospitalised.

Education Protector

Plan for your children's education today with cover that takes care of them when you no longer can.

Accidental Disability Plan

Accidents happen. Make sure you're financially prepared for unforeseen events such as Accidental Loss of Life or

SOMA Plan

Our soma plan helps you build up a savings fund for your children education.

What do you think is important for you and your family in terms of their financial future:

Do you worry? about who will take care of your family if you were no longer around?Do you have parents or extended family living with you and need you to provide for them? Is your children's educationimportant to you?Do you have simple needs and don't have anyone who depends on you?

Do you at times find yourself in an enviroment
where there is a high risk of an accident occurring? Do you have a family historywhere critical illness is prevalent? Do you know if your cover is in line with inflation?

Our Distribution Channels 2023

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:

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

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

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

Direct Clients-Through walk in clients

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

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.

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





'Liberty Life Assurance Uganda Limited is regulated by the Insurance Regulatory Authority of Uganda.'

Our Clients

2023



MORE CLIENTS

PATH

ERICSSON

WOOLWORTHS

EY Building a better working world

Stanbic Bank
A member of Standard Bank Group

NSSF
a better life

Centenary Bank

DEFENDDEFENDERS
East and Horn of Africa Human Rights Defenders Project



Our Operating Universe

2023



We strive to play a meaningful role in society while operating a responsible and ethical business.

Ms. Gloria Besigye
Head of Operations and Customer Service

Clients and advisers

Today's clients expect seamless, intelligent processes from financial services providers. An enhanced client experience is at the heart of these expectations. Technologies and digital processes that deliver against these expectations must be implemented with a client-first rather than an administration-first mindset.

As the millennial generation matures and enters its peak buying power, digital and more automated ways of doing business will become a fundamental part of day-to-day workflows. Although face-to-face interaction may be less common, traditional relationships between advisers and clients remain important.Increasing client longevity demands that insurers develop new products and provide the best advice while managing risks for shareholders.

Adviser fee models are being transformed, increasing alignment with client needs and enhancing product transparency.Generational changes also extend to employees whose expectations of employers and employment continue to contrast with existing practices.

At Liberty Life Uganda Limited, there is a dedicated team of business development Actuaries and other professionals who meet and work with clients to provide solutions that are tailored to their needs.

Technology

Technology advancement is currently driving change across all industries and economies. Insurers are applying these technologies to their operations in three key areas:

- Embracing cloud-based infrastructure, offering faster innovation, flexible resources and
- Automating business processes (digital transformation) and simplifying them, and
- Selecting programmes and systems to meet client-centric strategies.

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

Economies of scale
• Automating business processes (digital transformation) and simplifying them, and
• Selecting programmes and systems to meet client-centric strategies.

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.

Regulation
The company is supervised and regulated by the Insurance Regulatory Authority of Uganda that was established under the insurance Act (CAP 13) Laws of Uganda,2000 (As amended) with the main objective of ensuring effective administration, supervision, regulation and control of business of insurance in Uganda.
We further operate under the guidelines of the insurance Act 2017 that came into force on 30th March 2018. Liberty is licenced under license number IN/023/2020

The quarterly and annual returns, which are the set of statutory market conduct returns submitted to the IRA, continue to be refined and form part of the off-site supervision framework for the company.
IFRS 17 Insurance Contracts was effected for reporting periods beginning on 01 January 2023 and standardised 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 Insurance Industry
According to the 2023 Insurance Regulatory Authority Quarter 4 Report, there was a 11% increase in the gross written premiums to shs 1.6 trillion in 2023 from shs 1.44 trillion in 2022. There was an upward surge is noticed coming out of the pandemic experienced in 2020 & 2021, with growth rates rising from a depreciation in 2018/19 down to 13.3% to a growth of 21.7% in 2021/22. The Industry Growth has averaged 14.2% across 6 years. The life Insurance business contributed 40% of the 2023 gross premiums.
Given the above statistics, Insurers must develop innovative products that meet the customers' needs to increase the market penetration.

Liberty Uganda Operations
Introduction
As an organisation Liberty Life Assurance Uganda (LLAU) plays a vital role in the financial well-being of its members. We take pleasure in presenting to our clients, product solutions and benefits through proposals that aid in the protection of the financial futures of both our Retail and Corporate customers.

Our product offering distributed through various channels as listed below;
- Directly to Individuals/Organisations
- To Groups through Worksite Marketing
- To Affinity Partners
- Through Brokerage Firms &
- Through Franchises

Retail

Funeral - This is designed as a cash benefit that pays out a lumpsum in the event of death to a client or family member that was declared. 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.

Accidental Plan - With many unexpected life changing events, you never know when an accident will occur and when it does, it's always unexpected. These unfortunate events can lead to a loss of life or income which could cause financial strain to you and your family. Liberty's comprehensive Accident Protection Plan will help ease the burden of worrying about the financial implications of such an accident.

Critical Illness - Being diagnosed with a critical illness could be a painful and stressful time for you and your family. It could require large health care resources or life sustaining medical technology. Your financial freedom and peace of mind is important to us.
That is why we've designed a Critical Illness Plan that will give you a lump sum to help ease the financial burden that you could suffer due to a critical illness.

Simple Life Plan - With a comprehensive Simple Life Plan from Liberty Life, you can leave a legacy. Should you pass away, your family will get a lump sum to help pay off your debts and continue living the fulfilling life you planned for them and reflect on the beautiful memories you left behind. And the additional benefits will help you in the unfortunate event that you can no longer earn an income.

Education Protector - As a parent, you work hard to protect your children and ensure that your child receives a good education, thus protecting their future. Education Protector seeks to take care of your children's education costs when you are no longer there or cannot earn an income due to an impairment resulting in you being unable to pay for your child's education.

Solace Farewell Plan - The life of a loved one needs to be honoured with dignity. In the unfortunate, but certain event of loss of life, you and your family should not have to worry about the costs for the funeral service arrangements. The Solace Farewell Plan offers one stop funeral service packages that would ensure that you and your loved ones receive a respectable farewell.

Soma Plan - Purpose of Soma Plan is to help parents save for the education of their children. Liberty provides a tool to help policy holders to plan in terms of how much they need to save. Regular contributions paid to be invested by Liberty. It also offers the Retrenchment benefit and no surrender penalties.

Kuza Plan - The basic benefit is a saving which pays the policyholder on maturity, death before maturity, surrender or withdrawal based on policyholders accumulated premiums. The Kuza plan also comprises the Critical Illness, Death, Permanent Physical and total Disability Impairment benefits making it a comprehensive solution.

My Life Plus - The Plan shall mean the Personal Accident and Hospital Cash Back Benefit Plan which includes a Funeral Benefit. This plan will pay out certain defined benefits, during the term of the Plan, in the event of:
a) Accidental Loss of Life or Accidental Disability, (Personal Accident Benefit)
b) Hospitalization because of an Accident of the Insured Person (Hospital Cash Back Benefit) &
c) Natural or accidental death to cover funeral related expenses of the insured person/s (Funeral Benefit)

Corporate

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

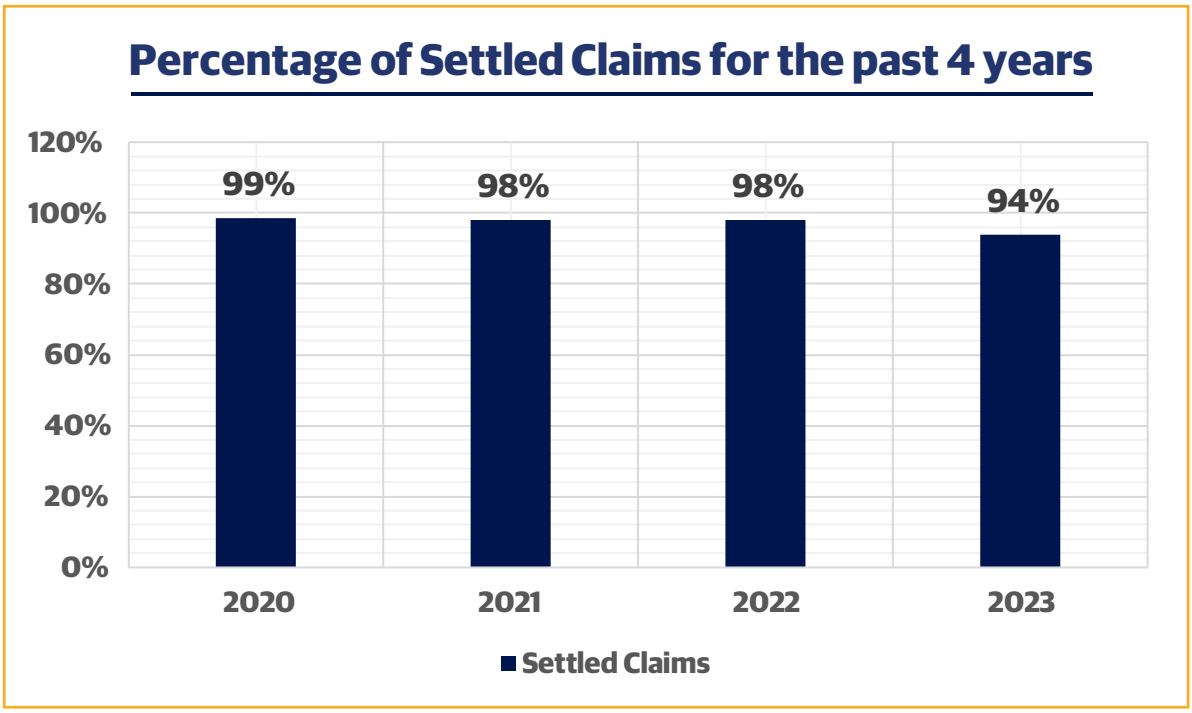
Benefit	Description
Death Benefit	The benefit provides the member with the peace of mind that their loved ones will be taken care of if they are no longer there to cater to their needs. Pays out a lump sum in the event of death of the client/member before the end of the loan term or while still in employment.
Permanent & Total Disability (PTD)	The benefit protects the member against the loss of earning potential if he or she becomes disabled and is unable to work. It pays a lump sum in the event of a permanent disability of the member before the end of the loan term or while still employed.
Physical Impairment (PI)	The benefit protects the member against the loss of earning potential if he or 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.
Temporary & Total Disability (TTD)	The benefit provides a monthly instalment to a loan holder/ member in the event of them becoming disabled and unable to work. Payments are made monthly until the loan holder can return to work, the debt is repaid, or until the end of the payment period.
Critical Illness (CI)	The benefit provides a lump sum to help ease the financial burden of an outstanding loan or medical bills that the loan holder/member could suffer due to a critical illness.
Embedded Funeral	This 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.

Lives Covered

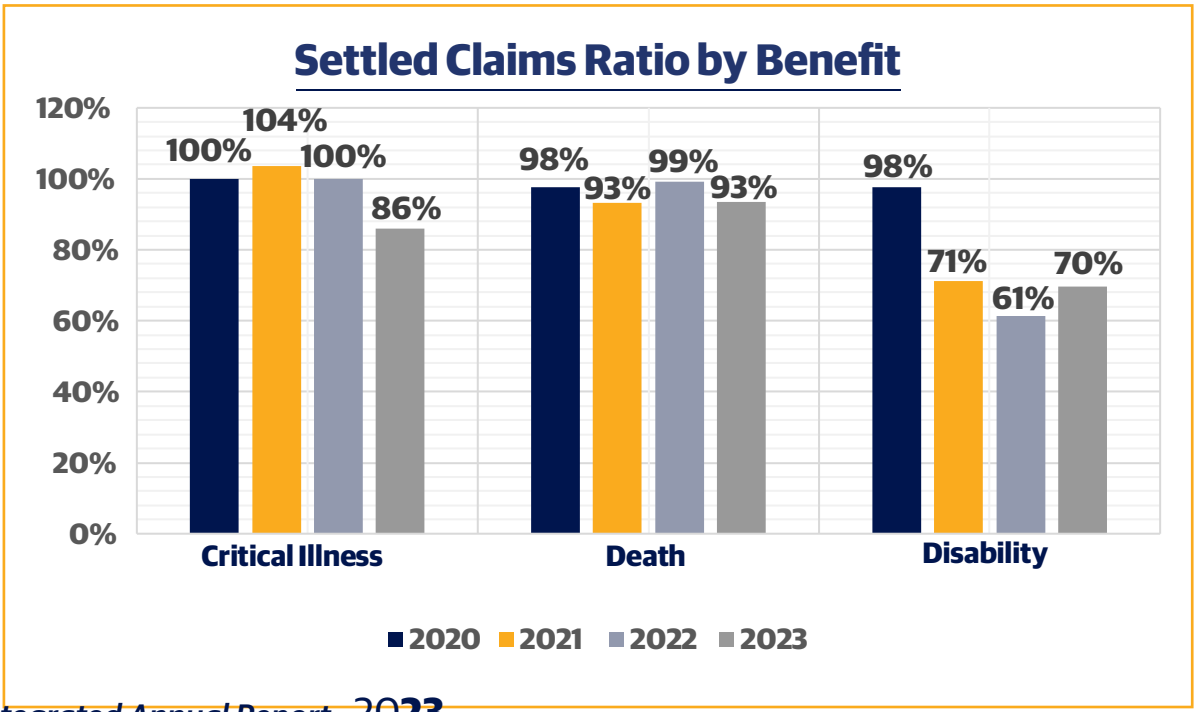
Product	31st December 2023
Group All Risk	9,476
Embedded Funeral	13,748
Credit Life	1,134,937
Health	12,359
Total	**1,170,520**

CLAIMS

Liberty Life Assurance Uganda (LLAU) consistently pays all claims. As shown below, Liberty boasts an approximate average claim settlement rate of 98% across 4 years, from 2020 to 2023. An industry highlight performance.



Studying this claims performance further by Benefit, we notice consistently high ratios across the years for the short term benefits like death, while the more long term benefits such as disability (temporary and permanent) show lower ratios, settled over a longer time period.



Our 2023 Highlights

2023



01 Capital Adequacy Ratio

Capital adequacy ratio - 358%, Above minimum prescribed Capital Adequacy Ratio of 200% (2022 - restated - 289%)

02 Total Assets

Total assets - Shs 41.2 billion (2022 restated - shs 36.8 billion)

03 Claims Paid

Paid out to Policy holders in death and disability claims - Shs 4.3 billion (2022 - Shs 3.4 billion)

04 Training Spend

Investment in employee training and development - Shs 74 million (2022 - shs 103 million)

05 Lives Covered

Covered under our various policies 1.2 million lives (2022 - 1.1 million lives)

06 Retained Earnings

Retained earnings - shs 19.7 billion (2022 restated - shs 10.4 billion)

07 Expense Ratio

Expense ratio - 38% (2022 restated - 30%)

08 Environmental Impact

Environmental impact - Paper Usage 2.6kgs (2022 - 2.2 kgs)

09 Water Consumption

Water Consumption - 301 unites (2022 - 253 units)

10 Energy Consumption

Energy Consumption - 57,680 units (2022 - 48,470 units)

Financial review

2023



We are stewards of our clients' funds, and to deliver exceptional financial outcomes, sustainability consideration is essential to create value and protect capital.

Mrs Dorothy Nalumansi . K.
Finance Manager

IFRS 17 Insurance contracts replaces IFRS 4 Insurance Contracts for annual periods starting on or after 1 January 2023. As such, this is the first set of the Company's annual financial statements in which IFRS 17 has been applied. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

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. The Company invested significant effort in data collection and storage, modelling development, general ledger and supporting sub ledger configuration to meet the requirements of IFRS 17.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17are summarised below as recognition, measurement, and presentation of insurance contracts.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The contract classification analysis was performed by the Company to assess the range of products offered and to determine whether they should be accounted for under IFRS 17 and which IFRS 17 measurement approaches(s) would apply for each product.
The approach for the contract classification consisted of assessing the various terms and conditions of each product type within the scope of the exercise and analyse the following:

01 Benefits offered under the contract, to ascertain whether there is any transfer of insurance risk from the policyholder to Liberty,

02 Circumstances (e.g., risk events) under which a benefit become payable to the policyholder; and

03 Contract clauses such as the premium review, cancellation, and termination clauses. These were used to determine when the contract boundary or coverage period of the contracts ends.

Most of the Company's products are eligible for the premium allocation approach ("PAA") as the premiums are usually annually reviewable resulting in a contract boundary of 12 months (short-boundary contracts), except for the education saver product and the deposit administration fund. The education saver product has been classified as an insurance contract with direct participations and therefore accounted for under the Variable Fee Approach ("VFA"). The investment component (saving element) cannot be unbundled from the insurance contract as the saving benefit is not distinct from the premium waiver benefit. The deposit administration fund has been classified as an investment product as it does not transfer any insurance risk. It is therefore to be accounted for under IFRS 9. The reinsurance contracts held are all eligible to be measured by applying the PAA.

Further Details on the IFRS 17- insurance contracts as adopted by the company are included in the notes to the financial statements, note 3 – changes in significant accounting policies.



Financial Difinitions

Insurance Revenue:
For contracts measured under the Premium Allocation Approach it is the amount of gross written premium for the period adjusted for changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration, thus is the amount of expected premium receipts allocated to each period.

For contracts not measured under the Premium Allocation Approach –it is the amount relating to services provided for each year representing the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration comprised of;

01 A release of the CSM, measured based on coverage units provided.

02 Changes in the risk adjustment for non-financial risk relating to current services.

03 Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.

01 Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

02 Allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue.

Insurance service expense:
Amounts below arising from insurance contracts recognised in profit or loss when they are incurred.

01 Incurred claims

02 Directly attributable expenses

03 Amortisation of insurance acquisition cash flows

04 Losses on onerous contracts and reversals of such losses

05 Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

06 Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses

07 Additional PAA liability for onerous contracts

Net expense/ income from reinsurance contracts held:
Amount of reinsurance premiums paid less amounts recovered from reinsurers.

Risk Adjustment:
Best estimate liability reflecting the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils its insurance contracts obligations.

Insurance finance income and expenses:
Amounts comprising changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses.

Contract Service Margin:
The unearned profit the entity will recognise as it provides services under the insurance contracts.

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.

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

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

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

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

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

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

Net commission expense: Commission expense less commission income.

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

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

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

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

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

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

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

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

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

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

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

Five-year performance

Amounts here in are stated under IFRS 4 for comparison purposes with prior years

Year	2023	2022	2021	2020	2019
Statement of comprehensive income (Shs'M)					
Gross written Premium	57,277	50,116	42,550	40,195	41,630
Reinsurance premium ceded	18,480	15,370	15,010	14,271	12,970
Net insurance premium revenue	38,797	34,746	27,540	25,924	28,660
Investment and other income	2,129	1,685	1,640	1,801	1,057
Total income	40,926	36,431	29,180	27,725	29,717
Net claims expense	6,160	5,097	7,845	4,560	5,645
Net commission expense	7,658	6,980	5,453	5,277	3,856
Administration expenses	21,748	18,934	14,555	14,047	17,409
Profit before tax	5,037	5,342	2,270	3,702	3,664
Profit after tax	3,670	3,842	1,705	2,604	2,638
Statement of financial position (shs'M)					
Financial instruments	19,684	20,571	16,410	15,594	13,743
Total Assets	41,799	39,478	32,493	31,660	30,402
Policy holder liabilities	7,346	6,320	5,937	6,675	7,198
Total liabilities	17,583	17,316	14,172	15,045	16,390
Shareholders' Equity	24,216	22,163	18,321	16,616	14,012
Return on Equity	15%	17%	9%	16%	19%
Statement of cashflows (shs'M)					
Net cash from operating activities	4,002	4,912	470	814	36
Net cash from investing activities	481	-4,315	-1,081	-2,175	1,208
Net cash used in financing activities	-2,173	-219	-86	-265	-232
Total cash at the end of the year	5,661	3,355	2,985	3,704	5,872
Key ratios					
Reinsurance Ratio	32%	31%	35%	36%	31%
Net claims ratio	16%	15%	28%	18%	20%
Net commission expense	20%	20%	20%	20%	13%
Gross expense ratio	38%	38%	34%	35%	42%
Net expense ratio	46%	43%	39%	39%	47%
Combined ratio	82%	78%	87%	77%	81%

The Company believes that ESG is a material consideration in delivering sustainable returns to its stakeholders. We continue to support transparency, integrity and accountability in the financial reporting process.

The company's IFRS 17 results for 2023 against budget and 2022 (restated for IFRS 17 reporting) are as shown below.

Details	Actual 2023	Budget 2023	Prior year 2022 Restated
Insurance revenue	57,294	58,150	48,566
Insurance service expense	44,653	41,870	37,504
Net insurance service result before reinsurance contracts held	12,641	16,280	11,062
Net expense/income from reinsurance contracts held	1,174	2,912	17
Insurance service result	11,467	13,368	11,079
Net investment income	2,182	2,174	1,893
Net insurance finance expenses	73	-	15
Profit share allocations under bancassurance and other agreements	6,501	6,426	6,442
Net insurance and investment result	7,075	9,116	6,515
Administrative and other (losses)/ income	159	-	24
Other finance costs	254	-	231
General marketing and administration expenses	1,943	2,038	1,771
Profit before tax	5,037	7,078	4,537
Income tax expense	-1,367	-2,123	-1,097
Net profit after tax	3,670	4,955	3,440

Key performance measures

Our financial performance for the 2023 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

1. Return on Equity – 15% (2022-restated:17%, Target 15-18%)

The return on equity decreased to 15% from 17% in the prior year, mainly driven by the dividend payment made of shs 2 billion in the current year Compared to nil in the prior year. Achieving sustainable returns underpins our ability to fulfil our promises to policyholders and other stakeholders.

2. Capital Adequacy Ratio – 358%
(2022-restated: 289%, Target Capital Adequacy Ratio: 300%)

The Company is solvent as at 31 December 2023 with the Capital Adequacy Ratio increasing by 24% from the prior year. This was mainly driven by the growth in the shareholders' funds from the profit generated during the year.
The CAR of 358% was above the prescribed regulatory minimum CAR of 200% and was also above the internal target of 300%.

LIBERTY
In it with you

The Comfort of an insured life

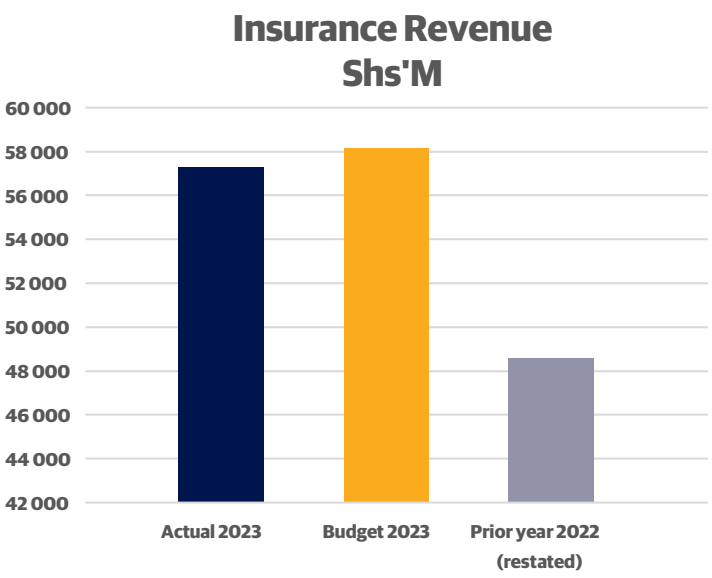


3. Value of new business (VoNB) margin- 2.2%
(2022 restated: 2.9%, Target 5%-10%)
This measures the present value of theprojected net profit expected from business covered arising from sale of new policies and from one off premium increase arising from increase in benefits offered on existing business. The Company's value of new business increased from shs 900 million (VNB margin of 2.9%) as at 31 December 2022 to shs 1 billion (VNB margin of 2.2%) as at 31 December 2023. The increase is mainly due to the increase in the New Business for the Group Credit Life product line.

2023 financial performance overview

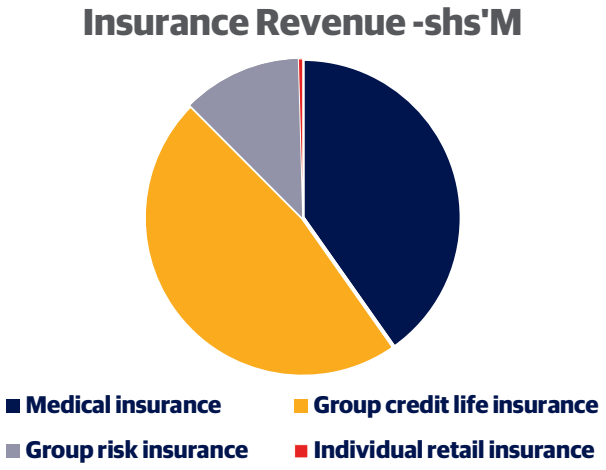
Statement of comprehensive Income

Insurance Revenue

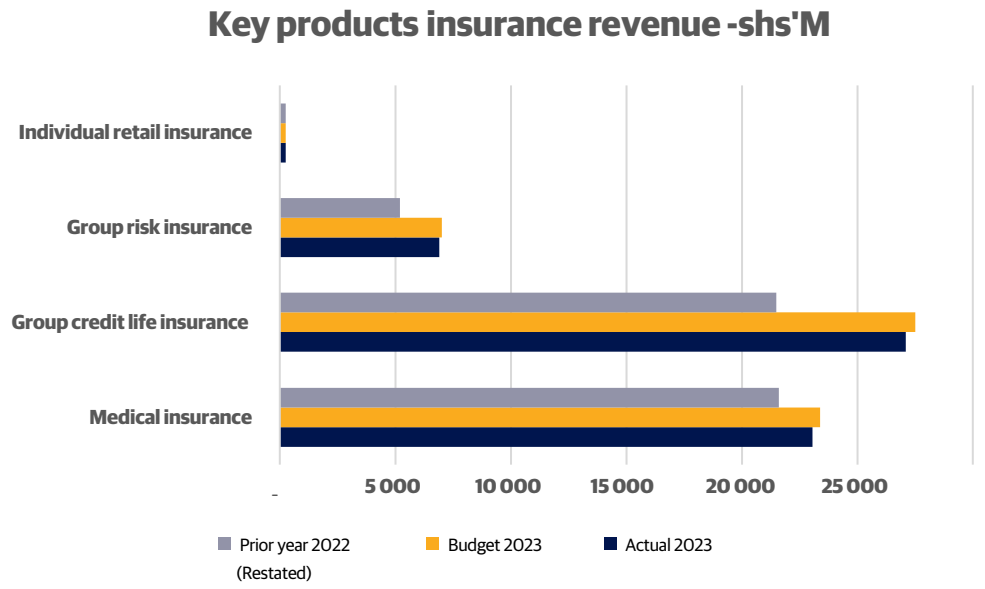


Insurance revenue for the year of Ushs 57.2 billion is 1% lower than budgeted premium of Ushs 58.2 billion and 18% higher
than previous year's premium of Ushs 48.5 billion with the medical insurance department posting Ushs 23.1 billion (budget Ushs 24.4 billion) and Life insurance department posting Ushs 34.1 billion (budget Ushs 33.8 billion).

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

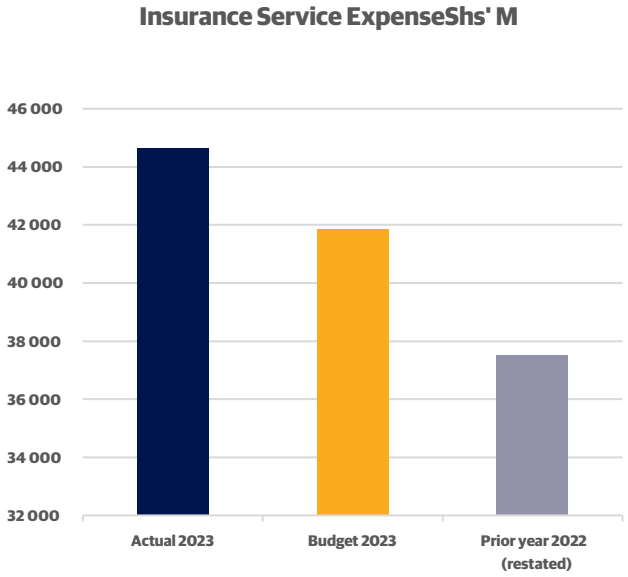


Key products insurance revenue -shs'M



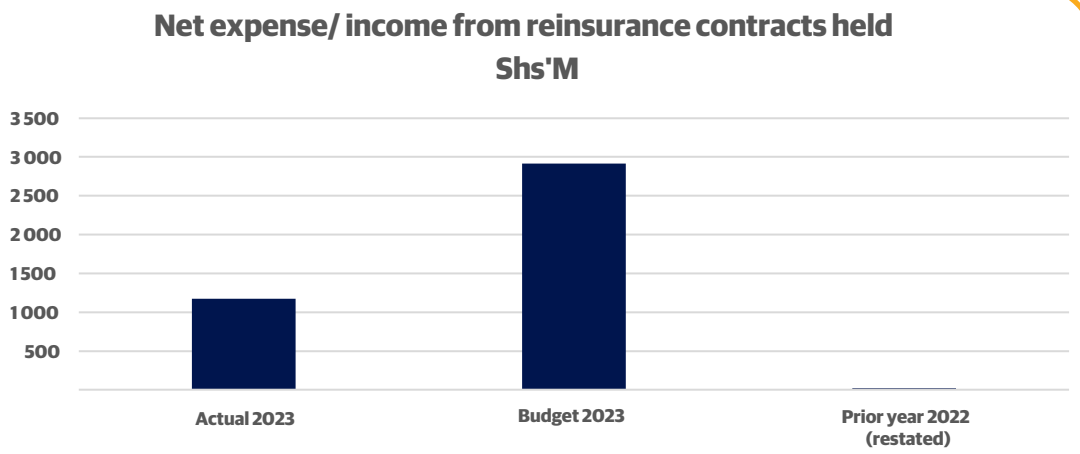
The growth on prior year is mainly explained by the 29% growth in new business sales to Shs 24.9 billion in 2023 from Shs 19.4 billion in 2022. This was largely driven by the increase in new business volumes for the Personal Loan Protection, Group Life Assurance, Group Credit Life products and Group Medical product line. There was a minimal gap of 1% on budget due to new business shortfalls mainly on the individual retail line of business.

Insurance Service Expense



This was mainly comprised of the gross claims expense, gross commission expense, directly attributable expenses and change in the liability for incurred claims. 19% and 7% growth on prior year and budget respectively was mainly due to the growth in Stanbic bancassurance claims and bancassurance other banks personal loans claims. Commission expenses also grew due to the growth in the insurance revenue and directly attributable expenses grew due to the increased retail and marketing expenses incurred in line with the Company strategy to grow these lines of the business. There was also an increase of shs 607 million in the provision for claims incurred but not reported in line with change in methodology and assumptions to align to IFRS 17 reporting.

Net expense/income from reinsurance contracts held



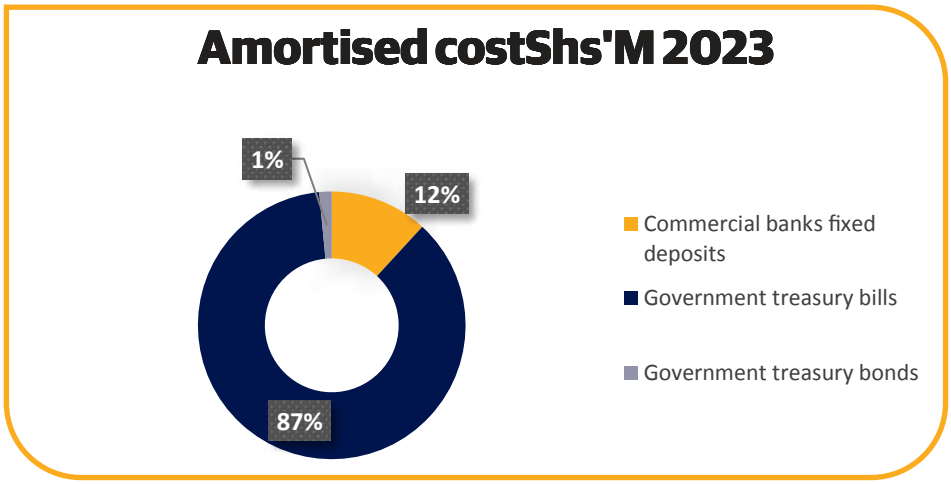
There is over 100% increase from prior year due to the reduction in the Company's retention on the health treaty from 10% in 2022 to 5% in 2023, thus a growth in the health reinsurance expense. Claim recoveries for the period were Ushs 17.1 billion compared to Ushs 14.94 billion in 2022. In 2022 there were higher claims recoveries compared to reinsurance expense leading to a positive result. In 2023 there were lower recoveries compared to the expenses incurred leading to the significant variance between the two years. This led to an insurance service result of Ushs 11.5 billion which is a growth of 4% over prior year amount of Ushs 11.1 billion, but a shortfall of 14% on the budget of Ushs 13.4 billion. The reinsurance ratio closed at 32%, 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. 20% increase in the reinsurance expense year on year (2023: Ushs 18.5 billion Vs 2022: shs 15.3billion) is in line with the growth in the gross written premium as explained above.

Review of the 2023 reinsurance arrangements

	Stanbic Credit Life Ushs'm	Group Credit Life Ushs'm	Group Risk Ushs'm	Medical Ushs'm	Total Ushs'm
Reinsurance premiums	(102)	(2 457)	(941)	(14 828)	(18 328)
Claim recoveries	9	1 558	-	14 567	16 134
Reinsurance commission margin	-	-	-	-	-
LLAU share of reinsurance profit	-	-	-	-	-
Increase in net reserves	(2)	(41)	(16)	(249)	(308)
Reinsurance profit(loss)	**(95)**	**(940)**	**(957)**	**(510)**	**(2 502)**

The reinsurance loss to the company in 2023 was Ushs 2.5 billion as shown in the table above split into a Ushs 0.5 billion loss for Group Medical (Health) business and a Ushs 2.0 billion loss for Life insurance. On the Life insurance book, the claim recoveries were low in 2023 on the ZEP Re led reinsurance treaty due to the low claims experience on the Life insurance business overall. T he reinsurance profit share was nil at the time of reporting. The reinsurance loss on the medical book is related to the lower claim recoveries in 2023 on the 95% 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. 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 the Company namely risk protection and technical support and services. LLAU 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 19.5 Billion; comprised as below.



The 15% increase in the investment income year on year is mainly attributed to the increase in the interest rates on treasury bills and fixed deposits in the current period in line with market movements and due to new/ additional investment placements of Ushs 1.9 billion during the current period. 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 insurance finance expenses
The over 100% growth on prior year and budget was due to the growth in the soma plan (VFA) interest income earned during the period due to the growth in deposits and lower withdrawals compared to prior year.

Profit share allocations under bancassurance and other agreements
The profit share payable in respect of the 2023 financial year was Ushs 6.5 billion and the comparative figure for 2022 was UShs6.4 billion. The 1 % increase in the profit share payable was due to the 16% net earned premium income growth achieved under the bancassurance channel during the current period.

Administrative and other (losses)/ income
Administrative and other income was higher than prior year as this included the reinsurance profit commission earned in 2023 of Ushs142 million compared to none in 2022.

Other finance costs
Other finance costs were 10% above prior year and mainly include interest on finance lease and foreign exchange losses.

General marketing and administration expenses
These were 10% above prior year due to the growth of non-directly attributable expenses incurred during the year. There was a 5% saving on the current year budget.

Combined ratio below
The combined ratio increased by 5% to 82% in 2023 compared to 78% in 2022. 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 increase in the insurance service expenses as explained above.

Statement of financial position

Total assets
The total asset base as at 31 December 2023 was shs 41.8 billion. This was mainly comprised of 47 % investment in financial instruments of Ushs 19.6 billion, 17% reinsurance contract assets of Ushs 7.2 billion, 14% cash and bank balances of Ushs 5.6 billion and 11% prepayments and other receivables of Ushs 4.8 billion.There was a 14% growth in the total assets value year on year arising from growth in the various asset values above. Management is focused on the growth of the asset base through premium revenue growth and investment in well secured institutions that deliver good returns.

Total liabilities
The company's total liabilities increased by 24% to Shs 17.6billion in 2023 from Shs 14.2 billion in 2022. The increase was mainly due to increase in key liabilities mainly insurance contract liabilities, other financial liabilities – relating to profit share payable under bancassurance agreements and other 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 2023, the Company's CAR was 358% (2022- restated: 289%) 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 futureincrease 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 i simpacted 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
Liquidity risk represents the risk that the Company 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. The Company is registered as a financial institution thus required to hold minimum capital liquid assets to reduce policyholder exposure to the entity's liquidity risk.
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. The company did not have any capital commitments for the current period, and none budgeted/ planned for the next year. Further details on the company's liquidity profile are included in the notes to the financial statements on page 159.

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. The capital expenditure for 2023 against budget and prior year as as below. The current year capital expenditure forecast is included as well.

Details	Actual 2023 Ushs' M	Budget 2023 Ushs' M	Var %	Prior year 2022	Var %	Forecast 2024
Computer Equipment	90	83	8%	43	109%	63
Fixtures, Furniture and Fittings	15	57	-74%	14	7%	161
Office equipment and office machines	45	47	-4%	82	-45%	131
Motor vehicles	123	150	-18%	-	100%	-
Grand Total	**273**	**337**	-19%	**139**	**96%**	**355**

Statement of cashflow analysis

The Company's cashflow from operating activities decreased by 19% from Ushs 4.9 billion in 2022 to Ushs 4 billion in 2023. 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 increased by over 100% in 2023 to shs 481 million in 2023 compared to shs (4.3) billion in 2022 mainly explained by a cash inflow resulting from additional investments placed during the period.

There was over 100% increase in the cashflow used in financing activities to shs 2.2 billion from shs 219 million in 2022, mainly due to payment of a dividend of Ushs 2 billion in the current year. The rest of the balance 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 2.3 billion compared to cash inflow of shs 378 million in 2022.



Awards

2023



Judges Special Award
Liberty Life Assurance Uganda Ltd
(Insurance Innovation Awards)



Certificate of recognition
Liberty Life Assurance Uganda Ltd
(Insurance Innovation Awards)



1st Runner-Up
Liberty Life Assurance
Uganda Ltd (Fire Awards)
Insurance Companies



Liberty Team recieve an award at the Financial Reporting Award Ceremony

We are the stewards of our investors' financial capital and we value their trust and confidence

LIBERTY
In it with you

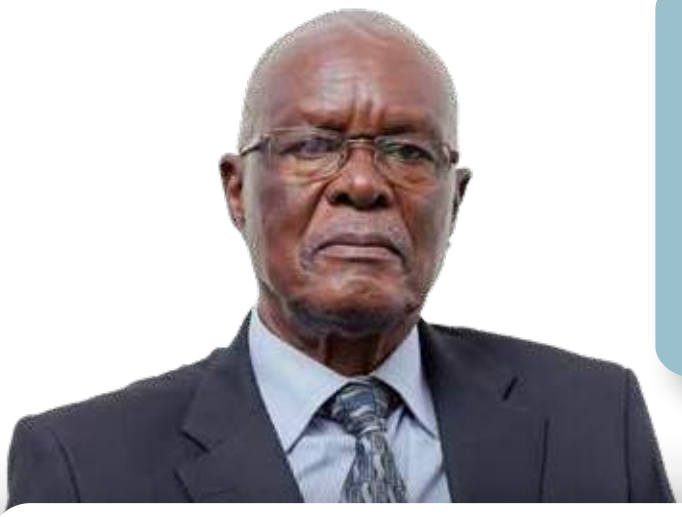
ADVICE INSURE INVEST HEALTH



How we are Governed

- Chairman's statement
- Board of Directors
- Corporate Governance Report
- Risk management and control report

Chairman's statement 2023



> "When the financial services industry works well, it creates growth, prosperity,and peace of mind for hundreds of millions of people. No other industry touches so many lives or shapes so many futures, as the insurance industry, how we invest and who we partner with have the potential to create meaningful social and economic development."

Mr. Gerald Ssendaula
Chairman Board of Directors

The year in review

In my chairman's review a year ago, I wrote that I was confident that initiatives to address our immediate challenges and a refreshed strategy would guide us to success.

I am pleased to report that management's efforts have started to bear fruit. The net earnings improved significantly, and the value of new business was well up on the previous year. The investment performance showed encouraging progress, and the Company's Capital Adequacy Ratio was much stronger. Further detail was out in the Leadership message on page 7.

The board closely monitored and challenged the progress made by the management team in addressing the challenges identified and the achievement of the goals articulated at the beginning of the year.

Liberty's capital position remains strong under the new IFRS 17 – Insurance Contracts reporting requirements. Regulatory and policy changes affect both our short-term performance and longer-term strategy.

Accordingly, the board places great importance on constructive and effective relationships with the regulators and policymakers who supervise our business and markets.

The board believes that Liberty is now in a much stronger position to grow and regain its rightful position in the market. 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.

Business performance

It gives me much pleasure to report that the Company continued with its strong performance in 2023. The net profit after tax for the year ended 31 December 2023 increased by 7% to shs 3.67 billion from shs 3.4 billion in 2022. Our insurance revenue for the year grew by 18% to shs 57.2 billion in 2023 verses shs 48.5 billion in 2022.

The shareholders' equity grew by 7% to shs 24.2 billion compared to shs 22.5 billion in 2022.

Full details of the Company's performance are set out in the financial review on page 46.

Outlook and Strategies

Our strategy must constantly respond to changing client, industry, and market dynamics. We will continue to focus on the prioritised actions required to adapt and grow our business sustainably as set out in the Company strategy.

Our clients remain our key priority, providing trusted investment advice and products to help them to plan and to manage the uncertainty and risk they face. The structures established will continue to focus on the prioritised actions required to adapt and grow our business sustainably.

Transformation and economic inclusion remain a priority—we are committed to ensuring that we create a culture of inclusivity within our business and meaningfully contribute to transformation. Our corporate social investment programmes continue to have a strong focus on education and financial literacy.

Liberty will also continue to develop innovative customer tailored products, invest in the right technology, and develop strategic partnerships to deliver appropriate risk solutions. We continue to adhere to robust governance principles, support and challenge the Managing Director and his Executive team as they focus on building the robust base required to ensure reliance and profitable growth going forward.

Appreciation

We demanded exceptional commitment from management and our employees in 2023. I would like to express my gratitude to them for their hard work and dedication during the year. Through all the actions they took in meeting and exceeding our clients' expectations, they are the key to Liberty's future success.

To my fellow directors who serve Liberty with the highest levels of diligence and enthusiasm, I extend my sincere appreciation.

Your able insights have been very helpful in dealing with the many challenges experienced during the year.I would finally like to thank our investors for their continued support.I am confident that we are on track to sustainably grow shareholder value over the medium to longer term.



Gerald Ssendaula
Chairman, Board of Directors
Date: 27 March 2024



Board Members 2023



Mr. Gerald M. Ssendaula

Chairman Board
Independent
Non-Executive Director
Bachelor of Commerce
Diploma in Banking
APPOINTED- May 2013
Committee: None

Mr. Gerald M. Ssendaula is a former Minister of Finance, Planning and Economic Development, a Senior Presidential Advisor on Financial Matters and a Crop and Animal Farmer. He is also a seasoned Banker; and a Director at Private Sector Foundation, National Union of Coffee Agribusiness and Farm Enterprises, Uganda Revenue Authority, East African Business Council, Tropical Bank and Madhvani Tourism Sector.



Mr. Mike du Toit

Non-Executive Director
APPOINTED: March 2010
COMMITTEE: Investment Committee, Remuneration and HR committee

Mr. Mike du Toit is a professional banker with qualifications from South Africa and the United Kingdom. He has had a successful career in the financial services industry in sub-Saharan Africa, having worked and lived in Botswana, Mozambique, South Africa, and Uganda.

He joined Liberty in 2008 and served as the Managing Director for Liberty Kenya Holdings and Liberty Group's Regional Executive for East and Central Africa until March 2022, during which he was primarily responsible for strategic growth initiatives, governance and stakeholder engagement. His extensive experience and strategic leadership extend to his roles on the boards of all Group associated insurance companies across the region.



Mr. Mayur M. Madhvani

Non-Executive Director
APPOINTED: May 2007
COMMITTEE: None

Mr. Mayur M. Madhvani is the Joint Managing Director of the Madhvani Group of companies, a family-controlled diversified conglomerate with business interests in East Africa, India, North America and Canada. He is a second-generation entrepreneur with a wealth of experience in developing businesses in challenging circumstances.

He is a Director of Kakira Sugar Limited, Madhvani Group Limited, Marasa Holdings Limited, Turks & Caicos Islands, East African Holdings Limited and Emco Limited, Bermuda, Emco Holdings Limited, Kenya, Mweya Safari Lodge Limited, Paraa Safari Lodge Limited, Chobe Safari Lodge Limited, Silverback Lodge Limited, The Ark Limited, Mara Leisure Camp Limited, Steel Corporation of East Africa Limited, East African Packaging Solutions Limited, Marasa Tourism Hotels, Mujibhai



Patricia Adongo Ojangole
Independent Non-Executive Director
B. Com (Hons.) ,
Fellow of the Association of CPA (UK),
Member of the Institute of Internal Auditors
Member of Institute of CPA of Uganda
MBA- (ESAMI)
Master of Philosophy in Development Finance
PhD in Development Finance – On going
APPOINTED: 12th November 2020
COMMITTEE: Audit committee,
risk committee

Patricia is the Managing Director of Uganda Development Bank since 2013, a key policy organ of Government, helping the country accelerate economic growth by intervening in accordance with its mandate in productive economic sectors. She has over 20 years of working experience in the banking sector, audit and advisory, Investment Services, and Strategy.
She is a Board member, TradeMark East Africa Limited, Member of the Board Audit Committee, The New Vision Group, Board Member, Busitema University Fund, 1st Vice President, Association of African Development Finance Institutions (AADFI) and a Member of the Management Board of the European Union's Funded START facility.
She is committed to high levels of governance practices as well as strategic contribution to organizations aimed at enabling organizations achieve their strategic goals and objectives through leading and inspiring teams.



JOSEPH. F. ALMEIDA

Managing Director

Associate of the Chartered Insurance Institute (ACII UK)

Joined Liberty:2005

JOINED EXCO:2005

Mr Joseph Almeida is the Managing Director of Liberty Life Assurance (U) Limited since 2007.
Joseph has a passion for insurance, reading and financial research. He has 40 years of working experience in Life and Pensions, Investment Services, Business Development, People Management, Strategy and has setup various divisions in the Insurance Companies he has worked in over the years.

Prior to joining Liberty Life Assurance Uganda Limited, Joseph worked in various reputable Companies in the insurance industry in Senior Management positions. Some of the Companies in East Africa include and not limited to East African Underwriters Limited, Old Mutual Investment Services Limited, Cannon Assurance Kenya Limited, and Employee Benefit Trustees Limited (ICEA Ltd affiliate).



Liberty EXCO share a pictorial with Liberty Board of Directors

Corporate Governance Report

2023

At the core of our corporate governance framework is a steadfast commitment to ethical practices and transparency. This year, we have continued to enhance our governance structures to ensure rigorous compliance with all relevant regulations. Our dedication extends beyond the interests of the business and our stakeholders; it reflects our fundamental belief in doing what is right. We remain devoted to upholding these principles, fostering trust, and creating long-term value through responsible and transparent governance.

Corporate Structure

Liberty Life Assurance Uganda Limited, a distinguished life insurance entity established in 2006, remains steadfast in its vision to be the preeminent leader in insurance and investment across Africa and selected international markets. As of 31 December 2023, our shareholder composition includes Liberty Group Limited, which holds a 51% stake—and Madhvani Group Limited, a venerable and prominent private enterprise in Uganda, with a 49% share. We continue to operate under Licence number IN/023/2020, as per the Insurance Act, 2017 of the Laws of Uganda. Our corporate structure is meticulously crafted to align with our strategic goals, underscoring our unwavering commitment to leadership and excellence in the insurance industry.

During 2023, the Company became part of the Insurance and Asset Management (IAM) business unit of Standard Bank. The IAM management committees provide oversight and report to the Liberty board committees as well as the IAM business unit.

Regulatory and corporate governance framework

We operate in a highly regulated environment that is at the same time ever-growing. In an effort to remove Uganda from the Financial Action Task Force (FATF) grey list, the year 2023 evidenced the amendment of the Anti-Money Laundering Regulations and the establishment of Anti-Terrorism Regulations, which majorly introduced a new sanction regime in the plight to combat money laundering and enforcement of the Anti-terrorism Act, respectively. The above legislation was passed in the first week of January 2023, in time to be included in the Company's Annual Compliance work plan that was eventually approved at the Company's first Risk Committee sitting of the year held on 28th February 2023.

Other new legislation included the Competition Act 2023 and Companies (Beneficial Owners) Regulation 2023. The new legislation majorly affected our customer onboarding process with t he introduction of the beneficial owner register requirement for all corporate clients.
Within the year, the Management proactively informed the board on the various changes in the legislative and governance environment both via round robin and through the quarterly reports submitted and presented at the physical board and committee meetings. The board supported and positively reacted to review of policies in line with the ever-changing regulatory climate. Our regulatory climate is majorly comprised of;

- Uganda Companies Act, 2012
- Uganda Insurance Act, 2017
- Insurance (Licensing & Governance) Regulations 2020

•Insurance (Capital Adequacy & Prudential Requirements) Regulations 2020
•Articles of Association of Liberty Life Assurance Uganda Limited
•King IV Report on Corporate Governance as adopted by Liberty Life Assurance Uganda Limited
•Board/Committee mandates & Policy Framework

Liberty Life Assurance Uganda Limited is regulated by the Insurance Regulatory Authority, Uganda Revenue Authority, Financial Intelligence Authority, and the Personal Data Protection Office.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 corporate governance

At Liberty, our Board of Directors are entrusted with the critical role of steering our company with integrity and sound judgment. We are committed to fostering an environment where ethical decision-making and leadership are paramount. This commitment permeates every level of our organization, guiding our employees and representatives to embody our core values, build trust, and inspire confidence in our brand.

Our dedication to ethical conduct and our responsibilities to clients, advisors, shareholders, employees, representatives, suppliers, the public, and regulatory bodies are articulated in our comprehensive Code of Ethics. Liberty pledges to uphold the highest standards of integrity, ensuring that our actions are aligned with ethical principles and comply with all relevant laws and regulations in both public and private sectors. This unwavering commitment reflects our resolve to lead with excellence and maintain the trust placed in us by all our stakeholders.

Reporting ethics misconduct

Our forensics and risk departments protect our clients and business by preventing financial crime, fraud, theft and corruption. Liberty has zero tolerance for fraud and theft and cultivates a culture of honesty and integrity within the business.

Liberty's Forensic Services is a member of the Association of Certified Fraud Examiners, an international body that provides guidelines, standards and training in fraud risk management. Our board approved fraud risk management, whistleblowing and conflict of interest policies detail our approach to preventing, detecting, investigating and remediating fraud and corruption. Our employees and intermediaries receive fraud awareness and training via several mediums to maintain a risk-conscious culture across the organisation. We conduct regular fraud risk assessments within the business to ensure that our control environment is robust to detect and mitigate fraud risk.

All allegations of fraud, theft and corruption are promptly investigated, and the appropriate sanctions are taken against all perpetrators.We remain committed to strong partnerships within the financial sector and with law enforcement to progress the criminal prosecution of ethical matters, and we actively drive industry-wide collaboration to combat the scourge of fraud in Uganda.Our independently operated ethics hotline is a safe space for employees and other stakeholders to report ethical breaches and misconduct within the business.

Reporting can be done anonymously if preferred, while our responsible review system ensures that information is comprehensively verified. Employees can also report ethics misconduct through their manager, the People and Culture department, the Employee Relations department or Forensic Services. These channels represent a safe route for employees and other stakeholders to report knowledge of misconduct without threat of retribution.

Governance Framework:
A Pillar of Excellence
In 2023, the company continued to uphold its robust governance framework, which serves as the foundation of its commitment to exemplary corporate governance within

This framework, which is fortified by a comprehensive policy suite derived from the broader Group's policies, is meticulously tailored to align with the company's articles of association. At the heart of this governance structure lies the Board of Directors, who are entrusted with embodying key corporate values such as proactivity, integrity, and a steadfast focus on maximizing value for both shareholders and policyholders.
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.

Liberty's governance structures and process create value for all stakeholders by:



Operating in a dynamic environment characterized by increasing complexity and rapid regulatory changes, the Board remains steadfast in its commitment to providing effective oversight and meeting the evolving expectations of shareholders and stakeholders alike. The Board's approach integrates traditional oversight responsibilities with a forward-looking perspective, considering macroeconomic trends and digital transformation in the insurance industry.

The Code of Ethics serves to clearly define our company's ethical standards and to communicate these principles to employees and stakeholders alike. It offers guidance for aligning workplace behaviour with our organizational values, ensuring that all interactions with our company reflect our commitment to ethical conduct. By supporting our efforts to manage ethics effectively, the Code fosters an environment where ethical behaviour is the standard and integral to our corporate culture.

Reflecting on our social, economic and environmental Impact

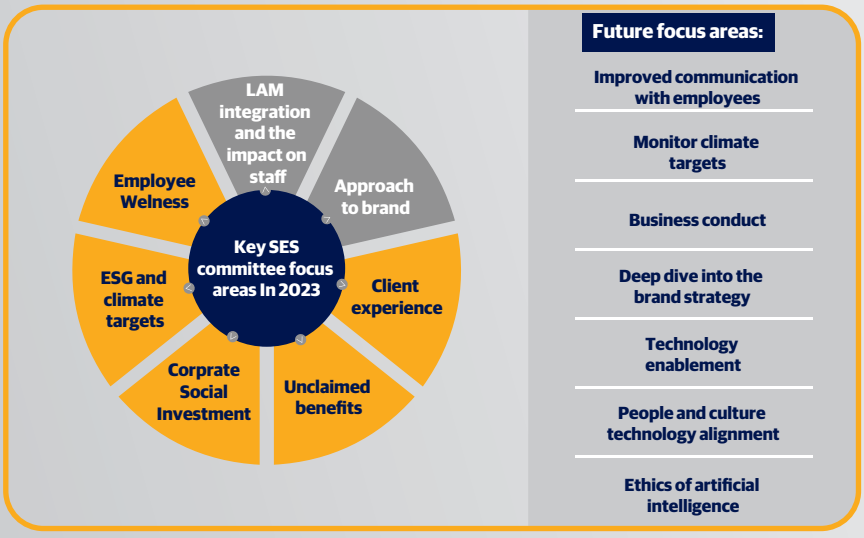
In an environment marked by high unemployment and inflation, which pose challenges to economic growth, Liberty remains steadfast in its commitment to bolstering the Ugandan economy. Our contributions are substantial, encompassing both direct and indirect taxes amounting to shs 5.2 billion, which we collect and remit on behalf of the government. Through our efforts, we provide ongoing financial protection to our clients, empowering them to secure their futures.

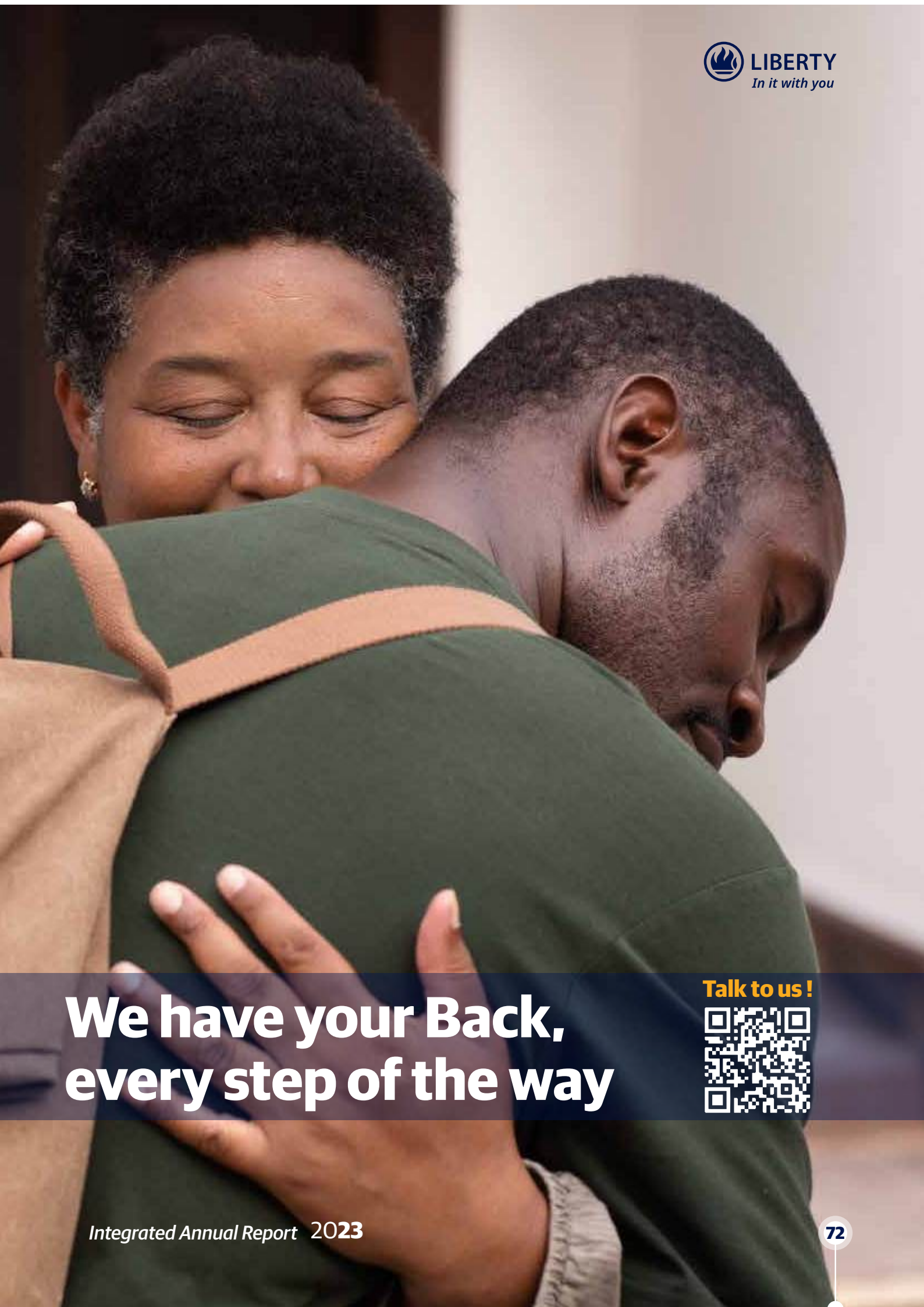
Our commitment to innovation is exemplified by our notable product advancements. Among these, the "Sunset Product," accessible via the Airtel platform, stands out for its accessibility and convenience. Another key innovation, "Flexi-Protect," offers flexible funeral cover options, allowing clients to choose between lump-sum payouts or prepaid funeral services. Additionally, our 2023 Insurance Innovation Awards Judge's Special Award-winning Life Insurance Product – Afya Plan provides a comprehensive suite of coverage—including protection against death, critical illness, permanent total disability, and hospital cash—at an affordable premium of shs 36,000 or shs 60,000. Moreover, our growth is evidenced by our expanding workforce, which has increased from 48 to 59 staff members.

The board is supported by our risk committee with the implementation of Liberty's positive impact value driver. The risk committee ensures that Liberty is a responsible corporate citizen that always acts ethically. Our Managing Director, Joseph Almeida, serves as Liberty's ethics champion and is supported by our head of risk and compliance.

Our risk management committee oversees and manages our stance on transformation, social and economic development, client fairness, ethical conduct, good corporate citizenship, sustainability, the impact of our brand, marketing and stakeholder management.

As at 31 December 2023, the committee comprised four members with extensive experience, skills and knowledge to ensure Liberty receives the best possible advice and guidance on social, economic and environmental matters.




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We have your Back, every step of the way
Talk to us !

Our social, economic and environmental working group

We established our social, economic and environmental working group in 2023 to consolidate and coordinate ESG and climate stewardship activities across the business and to further enable Liberty's social, economic and environmental value drivers as set out in our sustainability report.

The working group comprises members from relevant business units/ departments to encourage collective action and integrate ESG factors into business processes. The working group is headed by our Chief Executive and Principal officer – who is the personnel in charge of sustainability risks and opportunities in the organisation and is supported by the head of risk and compliance. Reports on sustainability related issues are submitted to the board and the risk management committee on a quarterly basis.

The working group's goal is to assign responsibility to the relevant business areas and to reduce duplication and/or misalignment of related efforts, reporting and outputs. The working group meets quarterly and includes ad hoc focus groups for specific workstreams. The key tasks of the group are to:

•Develop, track and set targets for social, economic and environmental metrics
•Manage social, economic and environmental and climate activities
•Maximise positive social, economic and environmental impact

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.

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.

Performance is assessed against targets which incorporate assessments of risk established through the strategic planning process. Details of the 2023 performance assessment against the above metrics are included in the Financial review on page 46

Regarding the 2023 performance targets, Liberty's market share for 2023 was 9.4% representative of the gross written premiums for the year 2024 of shs 57.2 billion as a percentage of the life insurance industry total of shs 606 billion. (Source: Insurance Regulatory Authority Quarter 4 2023 Report).

There is an assessment of the constraints likely to impact the achievement of the Company's objectives. These are the main categories of risks:

•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 xx (insert link and page to risk report)
The board oversees the preparation of publicly available quarterly and annual financial reports, ensuring they present comprehensive, integrated information. This provides users with a holistic, clear, and concise understanding of Liberty's performance, highlighting its contribution to sustainable value creation within its social, economic, and environmental context.

Governing structure, function, and delegation of authority

As the principal guardian of corporate governance, our board ensures a clear separation of duties by delegating specific roles and responsibilities to the appropriate individuals, teams, or committees. The day-to-day operations of Liberty are entrusted to our Managing Director and senior leadership, fostering a transparent and accountable culture throughout the organization.

Our governance framework is meticulously crafted to promote both effective and efficient management of the business. Its implementation guarantees prudent oversight and responsible stewardship, safeguarding the interests of all stakeholders. Complementing this overarching framework are specialized structures for risk management, financial capital management, and human capital management, ensuring a comprehensive and robust approach to the sustainable governance of Liberty's operations.

Our board meets quarterly, with additional meetings arranged as and when necessary. The board is satisfied with its compliance with applicable governance and regulatory requirements, and governance framework best practices are regularly reviewed.

The executive committee (exco) plays a strategic and advisory role and is the custodian of the strategy as approved by the board. The committee assists the chief executive and other executive directors in managing, directing, controlling and coordinating Liberty's business activities. The committee also acts as a communicator and coordinator between business units, the board, shareholders, regulators and other key stakeholders.

Relationship with Shareholders

The Board acts as the steward of the business on behalf of its shareholders, to whom it remains fully accountable. A key element of this stewardship is maintaining a robust and transparent relationship with shareholders, recognizing that effective engagement not only strengthens the Company's reputation but also fosters trust in its governance and strategic direction.

The Annual General Meeting (AGM) serves as a cornerstone for shareholder interaction, offering a unique and invaluable forum for direct dialogue with both the Board and executive management. During this pivotal event, shareholders are provided the opportunity to engage in meaningful discussions, pose questions, and gain insights into the Company's performance, vision, and future plans.

By fostering open communication, the Board ensures that shareholders remain well-informed and confident in the company's leadership, while also reinforcing their crucial role in shaping its long-term

Dividends
The Company adheres to a dividend policy that outlines the strategies and considerations for dividend distribution. Our approach is to ensure dividends grow steadily over time, remain sustainable, and appropriately reward shareholders for their capital investment. At the same time, the dividends paid should not compromise the Company's capital strength, liquidity needs, or hinder its strategic growth objectives.

The policy allows for dividends to be declared when the Company's Capital Adequacy Ratio (CAR) exceeds the regulatory minimum of 200%. As of 31 December 2023, the Company achieved a CAR of 358%, reflecting its strong capital position and consistent profitability, even amidst inflationary pressures throughout the year.

Despite these economic challenges, Liberty maintained a healthy balance sheet and delivered solid financial performance, allowing for a dividend payout of shs 2 billion for 2023. The Company's commitment to prudent financial management ensures that this distribution is aligned with shareholder expectations while continuing to support its long-term growth and strategic ambitions.

Our governance and leadership structure

Board: Ultimate accountability for the effective governance of Liberty resides with the board.
The duties of individual board members include
•Acting in good faith, honestly and reasonably
•Exercising due care and diligence
•Acting in the best interests of the group and its clients
•Exercising independent judgement and objectivity in decision-making

Company secretary:
The company secretary provides the directors of the company, collectively and individually, with guidance in respect of their duties, responsibilities, and powers.

Managing Director:
The board delegates authority to the managing director to manage, direct, control and coordinate the business activities and affairs of the company.
Appropriately mandated board governance committees enable the board to oversee the effectiveness of the governance framework.

Exco Team:
Exco supports the managing director who is ultimately responsible for formulating the company's overall strategy and targets that are to be approved by the board. Exco assists the managing director in monitoring the operational performance of the company and, where appropriate, significant businesses, and ensures the company has adequate financial and operational systems for the management of risk and internal control.

Management oversight committees: Board delegates responsibility for overseeing the implementation of the governance, risk management and capital management frameworks to management and oversight committees.

Board of Directors

At Liberty, the Board of Directors serve as the ultimate custodians of the business, bearing responsibility for driving both its short- and long-term success. They ensure the company's sustainability and value maximization, benefiting shareholders and stakeholders alike. While the day-to-day operations are delegated to key executives and senior management, the Board's governance oversight remains critical, particularly in navigating challenges that have arisen during past crises.

Liberty operates with a unitary board structure, deemed both effective and appropriate for the size and scope of the group. The Board's composition is carefully balanced in terms of skills, experience, tenure, independence, and diversity in gender and race. The clear division of responsibilities ensures that no single director holds undue influence, preserving a healthy balance of power. This delegation of authority enables the Board to focus on strategic decision-making, while expertise at both the committee and management levels is harnessed to oversee critical areas of the business.

The Board's effectiveness is regularly assessed, and directors are kept updated on relevant legislation, regulations, industry trends, and standards. Both internal and external experts provide ongoing training to ensure that the Board is well-equipped to steer the Company in a rapidly evolving business environment. The Board also schedules additional time outside of formal meetings for strategic discussions.

The Board is supported by key committees the Investment, Audit, Risk, and Remuneration Committees – which provide specialized oversight in their respective areas. These committees enhance the Board's governance by ensuring that Liberty remains financially sound, strategically

Liberty continues to leverage international expertise from the Liberty Group to ensure best-in-class advice for achieving its strategic goals.

In alignment with best governance practices, the roles of the Chairman and the Managing Director are clearly separated, with the Chairman being an independent leader. Liberty's leadership remains committed to the highest standards of competence, integrity, and professionalism, with a fit and proper policy in place to ensure that all responsible persons fulfil their roles effectively.

Composition of the board

We recognize that a well-balanced board is essential for sustainable value creation. We embrace the value of each unique contribution. Our diversity policy describes our approach to promoting diversity on our board. We review the board's composition annually, considering skills, experience, background, culture, race and gender. We also continuously evaluate our progress in promoting diversity on the board. Currently, the board consists of seven non-executive directors, six of whom are male and one female, a structure deemed appropriate for the Company's size and needs.

The directors' profiles are included in this report on page 65.

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

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Recruitment and Succession Planning
The Company's recruitment process for Directors and Senior Management is a thorough and transparent procedure. Candidates are chosen based on merit and assessed against specific criteria related to their skills and experience. An external consultant assists in developing a pool of qualified candidates, with selections made to address both current and future gaps identified through an annually updated skills matrix. This process adheres to the Company's Articles and Memorandum of Association. Candidates undergo interviews by a panel of select directors, and those who succeed are recommended to the Board for approval. Appointments are then confirmed at the Annual General Meeting (AGM).

The Board maintains an ongoing review and refreshment of its succession plan for both the board and senior management. This approach ensures alignment with the organization's strategic objectives and identifies candidates with the necessary skills, experience, and expertise to support the company's vision and direction.

Succession management is a structured process conducted across Liberty with a view to;
•Identify and mitigate organisational risk in the context of business continuity and scarce and critical capabilitiesrequired to achieve the business's strategic goals
•Minimise succession gaps for critical positions through proactive sourcing and developing a strong talent pool of future leaders and critical specialists
•Provide opportunities for top talent to develop the skills necessary for future roles
•Drive talent mobility across the business for talent retention
•Enable and support our transformation goals
Our current areas of focus include:

• Improving female representation through succession planning
• Identifying successors and evolving meaningful development plans to enable promotions
• Ensuring successor strength for anticipated retirements (five years ahead of retirement)
• Transforming our junior, middle and senior representation in line with our sector targets

Director Induction, Board Development and Evaluation
Continuous development is essential for upholding effective governance. The Board participates in regular learning opportunities, including workshops, seminars, and online courses, on crucial topics such as AML/CFT, digital transformation, and risk management. New directors benefit from a thorough induction program that acquaints them with the company's operations and governance framework.
The Board's annual evaluation process is pivotal for maintaining accountability, transparency, and effective governance. In 2023, an external corporate governance expert conducted the evaluation, which explored various aspects including board structure and composition, roles and responsibilities, key functions and processes, information architecture, board dynamics, and the performance of board committees and individual directors.
The positive outcomes of this evaluation, combined with valuable feedback, have been crucial in developing the Board Evaluation Action Plan. This plan is reviewed quarterly to ensure continuous progress and to address any identified areas for improvement.

Board & Committee Meetings
The Board meets regularly in accordance with the Company's Articles of Association. Non-executive Directors also hold separate meetings at least once annually. Board and committee meetings are conducted at least quarterly to support effective and efficient decision-making.

The Board benefits significantly from the specialized support provided by its committees, which streamline its governance responsibilities. The Audit Committee ensures rigorous oversight of financial reporting and internal controls, offering the Board independent, expert assessments that enhance transparency and accountability. The Investment Committee refines the Board's investment strategy, delivering informed recommendations and performance evaluations to align with the company's risk appetite and strategic objectives. The Risk Management Committee integrates risk assessment into strategic planning, enabling the Board to make informed decisions while safeguarding the company's assets and reputation. The Remuneration Committee ensures that compensation policies align with strategic goals and ethical standards, facilitating objective decision-making on executive remuneration. Collectively, these committees simplify the Board's role by providing detailed analysis, recommendations, and oversight, allowing the Board to focus on strategic direction and overall governance.

The committees, each consisting of four members with the Managing Director, Chief Executive Officer, Country Head of Finance and the Head of Risk and Compliance attending by invitation, meet at least three times a year. They have approved Mandates to execute their responsibility towards the Board of Directors as highlighted below;

Audit Committee: The Audit Committee ensures accurate financial reporting and compliance with accounting standards by reviewing financial statements and disclosures. It assesses internal controls and risk management, oversees the external audit process, ensures regulatory compliance, and evaluates the internal audit function to enhance controls and operational effectiveness. Key functions are as summarised below;
•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.

•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.

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.

There was an effective communication flow between the audit committee, management, internal and external auditors, the country head of finance and finance department, as well as the board of directors through various engagements and report submission both via round robin and physical meetings and through submission of various reports as required.

For the year ended 31st December 2023, 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 coordination of assurance services deemed these reasonable and sufficient for the Company's operations.

Investment Committee: Its key functions include setting and monitoring the company's overall investment strategies and policies, reviewing and approving the use of investment managers, recommending investment strategies and mandates, monitoring asset performance, and managing capital requirements in line with regulatory standards. Key functions are as summarised below.

•Determine and monitor the company's overall investment strategies and policies.
•Review and approval of the engagement and continued use of investment managers.
•Recommend investment strategies, investment mandates and appropriate asset managers.
•Monitor performance of the assets against agreed mandates.
•Capital management in terms of minimum regulatory capital requirement and solvency capital requirements as set by LAI.
•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.

Risk Management Committee: The Risk Management Committee is tasked with identifying, assessing, and managing risks to ensure that risk management practices are thoroughly integrated into the company's strategic and operational processes. This committee plays a crucial role in safeguarding the company's assets and reputation. Key functions are as summarised below.
•Reviews the company's risk and capital philosophy, strategy, policies and processes. These include the technological, Environmental, Social and Governance Risk (ESG), Strategic, business and Insurance Risk.
•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 risk committee proactively monitors cyber risk through review of the IT status report submitted by management quarterly. Management through the IT and risk and compliance department proactively monitor, identify and respond to any IT and cyber risks. They also conducted training for all staff in the various IT security areas to minimise risk of attacks.

Remuneration Committee: The Remuneration Committee is responsible for overseeing the company's remuneration policies and practices, ensuring they align with strategic goals and promote ethical conduct. It provides recommendations on executive compensation and staff performance incentives. Key functions are as below.

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

The Directors' attendance of scheduled main Board meetings for the year 2023 was as below.

Name	03rd March 2023	09th August 2023	19th October 2023
Mr. Gerald Ssendaula - Chairman	✓	✓	✓
Mr. Mike du Toit	✓	✓	✓
Ms Patricia Adongo Ojangole	✓	✓	✓
Mr. Jenkins Gustav	✓	✓	✓
Mr. Mayur Madhvani	✓	✓	✓
Mr. K. P. Eswar	✓	✓	✓
Mr. K. N. Nair	✓	✓	✓

The Investment Committee meetings attendance during the year 2023 was as below.

Name	28th February 2023	07th August 2023	17th October 2023
Mr. K. N. Nair - Chairman	✓	✓	✓
Mr. Jenkins Gustav	✓	✓	✓
Mr. Mike du Toit	✓	✓	✓
Mr. Pammi Sarma	✓	✓	✓

The Remuneration and HR Committee meetings attendance during the year 2023 was as below.

Name	28th February 2023	07th August 2023	17th October 2023
Mr. K. N. Nair - Chairman	✓	✓	✓
Mr. Jenkins Gustav	✓	✓	✓
Mr. K. N. Nair	✓	✓	✓
Mr. Pammi Sarma	✓	✓	✓

The Audit Committee meetings attendance during the year 2023 was as below.

Name	28th February 2023	07th August 2023	18th October 2023
Ms Patricia Adongo Ojangole - Chairperson	✓	✓	✓
Mr. Jenkins Gustav	✓	✓	✓
Mr. Parag Shah	✓	✓	✓
Mr. K. N. Nair	✓	✓	✓

The Risk Management Committee meetings attendance during the year 2023 was as below.

Name	28th February 2023	08th August 2023	18th October 2023
Mr. Jenkins Gustav -chairperson	✓	✓	✓
Ms Patricia Adongo Ojangole	✓	✓	✓
Mr. Parag Shah	✓	✓	✓
Mr. K. N. Nair	✓	✓	✓


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In it with you
When you feel like giving up, just remember the reason why you held on for so long.
- Hayley Williams
Talk to us !

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 2023.

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

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 remuneration and HR 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 twelve members of which are six females and six 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 xx (insert page number and link). of this report. The managing director, supported by the head of risk and compliance department oversee sustainability related risks and opportunities at Liberty.

The Company has completed the mapping of key roles and responsibilities in the Company and has a succession plan in place for these across the various departments.

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

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 page 108.

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 3 – changes in significant accounting policies of the financial statements.

Group Internal Audit Services (GIAS)

Liberty Life Uganda does not have its own internal audit function. Internal audit services are provided by GIAS. GIAS is responsible for providing independent and objective assurance to management and the board on the adequacy and effectiveness of the group's risk management, governance, business processes and controls. GIAS is responsible for validating compliance to the group's overall risk framework and risk governance structures and for providing independent assurance to management and the board on the effectiveness of the first and second lines of defence.

Internal audits are based on an assessment of risk areas, as well as on issues highlighted by GAAC and management. GIAS maintain a formal "Findings Tracking System" to ensure that all audit findings raised are addressed through clear action plans in a timely manner.
The group internal audit charter that defines the role and associated responsibilities and authority of the internal audit function as well as the internal plan for 2023 were presented to the audit committee and approved in the audit committee meeting held on 28th February 2023.

For the year 2023, the internal auditors held meetings to discuss key matters with the audit committee chairperson before the quarterly audit meetings held on 28th February 2023, 8th August 2023 and 18th October 2023.
The 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 2023 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 2023 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 committee and meetings with management during and after the various quarterly internal audit engagements.

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 Company's external auditor, Ernst & Young, was appointed during the year and being eligible for reappointment, has expressed willingness to continue in office in accordance with Section 167(2) of the Companies Act, 2012 Laws of Uganda and Section 51 of the Insurance Act, 2017 Laws of Uganda.

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

- Presentation of the External Audit plan to the Audit 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 committee meetings.

For the year 2023, the external auditors held meetings to discuss key matters with the audit committee chairperson before the quarterly audit meetings held on 8th August 2023 and 18th October 2023.



The significant matters that the Audit and risk Committee considered in relation to the 2023 financial statements are as below:

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims	
At 31 December 2023, the Company held insurance contract assets and liabilities as well as reinsurance contract assets and liabilities as a result of its insurance operations. As disclosed in Note 3 to the financial statements, the Company adopted IFRS 17 Insurance Contracts (IFRS 17) for the first time in 2023. The value of the liability for incurred claims is the sum of the present value of expected future cash flows and the risk adjustment and was Ushs 5.6 billion as at 31 December 2023 (2022: Ushs 4.3 billion). The Company's approach for the classification of insurance contract for the purpose of measurement of insurance liabilities consisted of assessing the various terms and conditions of each product type and analyse the following: •Benefits offered under the contract, to ascertain whether there is any transfer of insurance risk from the policyholder to the Company; •Circumstances including risk events under which a benefit become payable to the policyholder; and, •Contract clauses such as the premium review, cancellation and termination clauses which were used to determine when the contract boundary or coverage period of the contracts ends. Most of the Company's products are eligible for the Premium Allocation Approach ("PAA") as the premiums are usually annually reviewable resulting in a contract boundary of 12 months, except for the education saver product and the deposit administration fund.	Our audit procedures included, but were not limited to: •Understanding the Company's claims handling and reserve setting process and the related key controls. •Understanding the Company's IFRS 17 implementation process including the approach for classification of insurance contracts for the purpose of measuring insurance contract liabilities. •Evaluating that the Company's policies on insurance contracts are in accordance with IFRS 17. •Testing the workings for the conversion of the IFRS 4 balances to IFRS 17 including agreeing the opening and comparative balances used in the conversion workings to the prior year audited financial statements. •Involving our actuarial specialists to evaluate whether the actuarial valuation process and methodologies used by the Company are in accordance with the principles of determining liabilities for incurred claims, including the risk adjustment, under IFRS 17 and the assumptions and judgements applied by management are reasonably supported. •On a sample basis, we tested the data used in the model calculating the IBNR liability by comparing the data to the claims information in the underlying system such as date of loss, gross claim amount paid, gross outstanding claims amount and claim number. We assessed completeness of the above data by testing the claims data in the underlying system and the data applied in the model used to determine the liability for incurred claims.

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims	
The most significant assumptions made in the valuation of the liability for incurred claims balances as it relates to the Company's insurance contracts are the future cash flow projections anda risk adjustment for non-financial risk. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. The best estimate provision for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (Outstanding claims) or Incurred but not reported claims (IBNR). The cash flow projections comprise estimates of all future claim payments, receivables from salvage as well as the directly attributable claims administration expenses arising from these events within the boundary of each group of contracts. The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts.	•On a sample basis, for outstanding claims, we tested the claims information recorded in the underlying system (such as loss event, claim estimate, and item being claimed) by tracing the claims to the relevant documentation which detailed the loss event. We further compared the claim values used by management to the loss assessment reports. We assessed the validity of the claims by agreeing the nature of the claim in the assessment reports to the insured item in the claimant's original policy. ..We evaluated the adequacy of the Company's disclosures on liabilities for incurred claims in terms of IFRS 17.

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims	
We considered the valuation of the liability for incurred claims to be a matter of most significance to the current year audit due to the following: •The significant judgement and estimation uncertainties in the future cash flow projections and the risk adjustment for non-financial risk; and •The magnitude of the liability. We also considered that the following disclosures on these contract liabilities are critical to the understanding of the financial statements: •Note 3 changes in material accounting policies •Note 4H accounting policies for insurance contracts •Note 5v on insurance risk management •Note 32 for details on the related balances	

The audit committee is satisfied that Ernst & Young are independent of the company. This conclusion was arrived at, inter alia, after considering the following factors:
1. The representations made by Ernst & Young 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 2023 are set out in the external audit report included in the financial statements section on page 150.

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.



Integrated Annual Report 2023

Risk and Managment Control

2023



Liberty identifies, assesses, and prioritises risks to its strategy and execution. This more clearly identifies risks that arise from external forces, such as extreme weather events or supply chain interruptions due to climate change, and those risks related to the execution of existing strategies.

Davis Mugabi
Head of risk and compliance

Overview

The business of insurance is the assumption and spreading of risk to mitigate adverse financial consequences for both policyholders and shareholders. Accepting and managing risks within an appropriate risk appetite is the key element of our value creation journey.

Liberty's greatest environmental impact is where we choose to invest. As custodians of our clients' wealth and savings, we have a responsibility of delivering long-term returns by protecting and growing their capital. Integrating ESG factors into our investment process reduces risk and provides sustainable returns. We aim at anticipating, meeting, and exceeding the requirements of the increasing regulation of the Insurance 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.

Liberty identifies, assesses, and prioritises risks to its strategy and execution. This more clearly identifies risks that arise from external forces, such as extreme weather events or supply chain interruptions due to climate change, and those risks related to the execution of existing strategies. Common risks across all the different risk types are those related to people and resource prioritisation, identified, and assessed as part of the Enterprise Risk Management (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 Risk Management 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.

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.

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 2023, 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 : 358% (2022- restated: 289%)

The Company continues to exceed regulatory capital requirements. A increase in our solvency capital adequacy ratio to 358% compared to the 289% of 2022 is attributed to growth experienced in the business year on year. However, this is above the minimum regulatory capital requirement of 200% 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 issues and an inadequate control environment for new initiatives

•Inadequate issues 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, prudent 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 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 several smaller projects.

IFRS 17 was offically implemented in 2023. 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. The Company invested significant effort in data collection and storage, modelling development, general ledger and supporting sub ledger configuration to meet the requirements of IFRS 17.

Cybersecurity and resilience

We believe technological advances are not separate from human concerns; integration is necessary to capture the full value of technology and human capabilities. We extend this balance of digital and human interaction across our client engagements, and to create engaging,accessible, secure and relevant experiences for our employees, advisers and clients.

Management proactively monitors, identifies and responds to IT security risks including cyber attacks if any. Against the backdrop of an increasingly complex and evolving cyber and information security risk landscape, significant progress was made in 2023 with implementing remediation controls. Activities were balanced across capability,governance, people, process and technology to improve the Company's ability to detect and respond to potential threats. Liberty has further 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 Enterprise IT and data governance at Liberty continued to receive focused and appropriate consideration from the board and executive leadership. in 2023 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 2023, confirmed Liberty's IT governance capability maturity level. The positive feedback received in this report reflected good progress in 2023. The report also noted improved traction across each of the IT governance domains.The roadmap for Liberty's enterprisewide IT governance will continue over the next 18 to 24 months using the output of this report.

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

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

Liberty's IT regulatory universe continued to be closely monitored and we continued to monitor progress with the cyber crime trends and the implementation of general data protection regulation. Liberty's IT strategy was revisited and refreshed to closely align with the group's key focus areas. Group IT identified three focus areas supported by six foundational elements:

KEY FOCUS AREAS
•Client and adviser centricity
•Digitalisation
•Integration(UFSO*)

FOUNDATIONAL IT ELEMENTS
•Always on and always available
•Always secure(information security and cyber resilience)
•New ways of working(IT and business collaboration)
•Data and analytics
•IT employee engagement
•Simplification (simplicity for clients, advisers and employees)

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



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 possibility that Liberty will not meet its targets/ achieve its strategies such as revenue, new business and profitability due to various factors mainly the socio-economic impact.	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 Staff, customers and service providers pose risk of fraudulent activities such as fraudulent claims applications and forged documentation	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 Potential negative impact on the staff well being such as health, mental and emotional impact due to the challenges of the new ways of working as a result of the COVID-19 pandemic	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.

Risk	Likelihood	Impact	Key Preventive controls
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 revalution 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.

Liberty's Risk preferences
The Company's risk preferences are majorly classified into risks that are actively sought and those that are not actively sought. Risks that are actively sought because of being in the business of underwriting and managing risks are viewed as value enhancing risks which are 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
At Liberty Life Assurance Uganda Limited, our main objective is to provide value to all stakeholders through a long-term sustainable real return on capital because of taking business risks within an appropriate risk framework.

Liberty'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 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 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 Standard Bank Group.

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

Liberty's risk strategy is integrally linked to the business strategy, with risk mitigating actions designed to improve the prospects of achieving the business goals.

The Company – through the head of risk and compliance oversees the integration and embedding of risk management in the business activities and culture of the organisation.

This is done through requiring each department/ business unit to maintain/ update a departmental risk register containing risks specific to that department that is monitored both at the departmental level and at the Company risk and compliance level.


LIBERTY
In it with you
Have you considered how your family would cop e financially without you?
Talk to us !

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.

Ref	Risk Category	Risk Type
1	**Strategic Risk**	Strategic Risk
2	**Financial Risk**	Insurance Risk Market Risk Credit Risk Liquidity Risk
3	**NFR Risk Type**	Business Disruption Risk Compliance Risk Conduct Risk Cyber Risk Environmental, Social and Governance (ESG) Risk Financial Accounting Risk Financial Crime Risk Fraud Risk Information Risk Legal Risk Model Risk People Risk Physical Assets, Safety and Security Risk Tax Risk Technology Risk Third-party Risk Transaction Processing Risk

Management continues to drive actions to enhance the control environment and value of new business as well as dealing with risks the business is facing.

It is acknowledged that the many changes being driven at Liberty, in a complex environment are placing pressure on key people which is compounded by an increasingly tough external environment. The constantly evolving regulatory landscape also requires significant policy and procedural shifts within the organisation.

Risk appetite

Liberty's strategic plans are subject to a trade-off between risk and reward, considering the risk appetite and risk targets approved by the board. The company's risk appetite contains statements which express the quantitative limits for measurable risks that can be taken by the business as well as qualitative definitive constraints on acceptable and unacceptable behaviour in pursuit of business objectives.

The setting of 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 on-going solvency. The dual and, at times, conflicting objectives of creating shareholders' equity and minimising risks are controlled through these limits.

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, 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.

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

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

Risk 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.

The 3-lines of defence Model

The three-line model uses a comprehensive approach to manage risk. Business units, compliance, audit, and other risk management employees are among the groups that make up the three lines of defence and each has a specific function.
It involves the process of identifying, assessing, and prioritizing risks, as well as developing and implementing strategies to mitigate or minimize those risks.

1st line of defence	2nd 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
Business Units	**Risk management & 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.

Business Continuity Plan

At Liberty our commitment to resilience and operational continuity is embedded in our comprehensive Business Continuity Plan (BCP), a cornerstone of our risk management strategy. The BCP is designed to be activated when unforeseen events disrupt the execution of critical business activities, enabling us to manage crises effectively while minimizing disruption to our operations and, most importantly, to our valued customers.

Our Business Continuity and Crisis Management Policy sets the framework for responding swiftly and decisively to such events, ensuring the safety of our people and the continuity of our services. This policy is regularly reviewed and updated to remain robust and fit for purpose in an ever-evolving risk environment.

In 2023, we conducted a rigorous test simulating the potential impacts of a crisis, reinforcing our preparedness for potential operational disruptions across the Organization. The lessons learned from this exercise have been instrumental in refining our response mechanisms and strengthening our ability to maintain uninterrupted service under challenging conditions.

Our proactive approach to business continuity reflects our unwavering dedication to protecting the interests of both the company and our customers, ensuring that we remain steadfast, even in the face of adversity.

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 is 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.

Risk Register

A risk register is a document that is used as a risk management tool to identify potential setbacks/risks within an organisation. It records all the company's identified risks, the likelihood and consequences of a risk occurring, the actions you are taking to reduce those risks and who is responsible for managing them.

At Liberty, the risk register has been decentralised at departmental level to enable risk owners/first line of defence identify, capture, and suggest possible mitigating strategies for various risks. The risk department reviews these departmental registers with the risk managers during risk cafes and later consolidates one enterprise risk register every month for continuous tracking and mitigation.

Combined Assurance

Combined Assurance is the adoption of a coordinated approach to attaining assurance on the management of risk. It is built on the adoption of a robust risk management process; And at Liberty, it is the Enterprise Risk Management (ERM) process and the three lines of defence risk management model. Combined assurance provides the board with comfort that the ERM and risk governance model are operating efficiently and effectively to manage risk within Liberty.

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.

COMPLIANCE RISK

The risk of legal or regulatory sanction, financial loss or damage to reputation that Liberty may suffer because of its failure to comply with laws, regulations, codes of conduct, internal policies, and standards of good practice applicable to its financial services activities.

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 license.

Liberty has no appetite for intentionally breaching regulatory requirements or compliance related policies and have limited appetite for unforeseen breaches.

We aim at minimising breaches and non-compliance with Laws, regulations, codes of conduct, internal policies, and standards of good practices. We maintain robust management through regular reviews of the Regulatory Compliance Universe, training and awareness and Governance tools.

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 2023, 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 Risk and Compliance provides guidance to business on how to discharge their responsibilities of complying with statutory, supervisory, and regulatory requirements.

Compliance employees within Liberty ensure to promote a culture "Compliance Culture" that brings about awareness of managing compliance risks and exposures by applying the Compliance Risk Management Process.

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

A periodic review of the effectiveness of the company's risk management and internal control systems is done through continued monitoring and assessment by the Group Internal Audit team to ensure that the controls are adequately operating for the success of the organisation.

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.

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 Intentional 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.

Compliance Awards
The Risk and Compliance staff attended the Risk and Compliance conference organised by Liberty Africa Insurance in Johannesburg in September 2023.
The conference was so successful and was blessed with the presence of all Liberty Africa Insurance companies EXCOs, including Gustav, Ruwaida, Ziv, Sameer, Nyasha, Vyette, and many other group personnels speaking to us on various topical issues.
LLAU represented very well and went home with the below accolades.



1. **Most outstanding and consistent team.**
2. **Most improved risk conscious culture**
3. **Most engaged member (Raymond Barigye)**
4. **Various medals (3 gold and 1 silver) for team activities.**


LIBERTY
In it with you
Life Insurance is not an Investment,
It is a RISK managment tool to
Protect your income.
Dr. Sanjay Tolani
Talk to us !

Liberty's sustainability Report 2023



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.

Joan Musiime Mwondha
Country Head Finance
& Sustainability Champion

At Liberty, we have continued to ensure that we achieve our sustainability goals across our strategic themes whilst ensuring that our clients have a superior customer experience, our people feel deeply connected to our purpose, doing the right business the right way, using technology and data to better serve and protect our clients, allocating resources diligently to deliver attractive shareholder returns and aiming to create value for society by living our purpose of improving people's lives by enabling their financial freedom.

We recognize that as one of the leading insurance companies in Uganda, our mission is to help develop a sustainable economy to empower people to build better futures.

We are invested in our social, economic and environmental strategy, which leverages our resources to create solutions that benefit society and creates growth, innovation and differentiation opportunities.

Our report provides a holistic assessment of the Company's sustainability performance for the year ended 31

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.

During the year, we were able to deliver on our sustainability goals by launching low cost insurance products that are targeted to the everyday person (Afya plan, Munno Mukabi, Sunset Plan, Equishield) and rolled out Mind my Money (MMM), which is our financial literacy programme to our various stakeholders, partnership with the Buganda Kingdom to provide affordable and accessible insurance to its people, partnership with Stanbic Bank and Safe Boda, celebrated and appreciated our customers and service providers during our customer service week. More details are included in the pages ahead.

Our Sustainability Statement.
At Liberty, we strive to maximise our positive 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, and society.

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.

We are invested in our social, economic and environmental strategy, which leverages our resources to create solutions that benefit society and creates growth, innovation and differentiation opportunities for Liberty. Our six value-driver model is based on our three strategic pillars, describing our approach to delivering sustainable growth and societal value.

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We are liberty and we are *in it with you!*

Our Strategic Pillars

01 Transform the client

02 Execute with Excellence

03 Drive Sustainable growth

CLIENT AND ADVISER
Placing the client at the heart of our business and understanding the critical role that our financial advisers play

EMPLOYEE ENGAGEMENT
Providing an environment for our people to thrive

RISK AND CONDUCT
Enhancing our reputation and building trust

OPERATION EXCELLENCE
Using technology and data to better serve and advisers reduce costs and scale our platforms

FINANCIAL OUTCOME
Delivering competitive sustainable returns

SEE IMPACT
Creating societal value and preserving our natural capital

Growth and Scale | Efficiency and Intelligence | Legitimacy

Success measures

- Cultivating the next generation of financial adviser leaders
- Increased employee experience net promoter scores
- Women in active leadership
- Future-focused learning and development
- Annual compliance training
- Delivering innovative client solutions
- Enabling financial inclusion
- Meeting TCFD recommendations

As part of the Standard Bank Group, we continue to use 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.

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. We align our approach to the UN SDGs we consider to be the most impactful to the communities in which we operate.





Good health and wellbeing
Our social focus is on financial inclusion, education, skills development, and financial



Quality education
We understand the value of education and its power to change lives.



Decent work and economic growth
As an employee centric organisation we are deliberate about crafting and embedding our culture.



Industry, innovation, and infrastructure
We assess emerging trends anticipate client needs and subsequently build creative and sustainable solutions and products.



Reduced inequalities
We focus our transformation efforts on gender equality, diversity, and education in the workplace.



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.



Climate action
We aim to be a catalyst for change by continuing to find innovative ways to save resources and reduce our environmental footprint.



Partnerships for the goals
Sound partnerships and processes should be in place to enable investment arrangements and activities that reflect and promote

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.

Material matters are those that have the potential to significantly impact Liberty's ability to create long-term, sustainable value for our stakeholders.

We identify our material matters through detailed assessments, surveys, interviews and research whereby we consider strategy, stakeholder concerns and expectations, ethics and governance matters, and risks and opportunities.

Material matters are those that have the potential to significantly impact Liberty's ability to create long-term, sustainable value for our stakeholders.

We identify our material matters through detailed assessments, surveys, interviews and research whereby we consider strategy, stakeholder concerns and expectations, ethics and governance matters, and risks and opportunities. This process guides our report topics and informs our social, economic and environmental strategy and targets.

Our process for identifying our material matters:

1

Step 1: Engage with internal and external stakeholders through online materiality surveys, a series of key interviews and additional desktop research.

We conducted a **materiality survey** engaging internal and external stakeholders to rate the importance of the potentially material topics. We also held in-depth interviews to gather more qualitative data, and these processes were supplemented by desktop research to provide broader insight into the topics.

2

Step 2: Identify the potential material topics based on the materiality surveys and interviews.

We analysed quantitative and qualitative data from the research to create a **materiality matrix** identifying key themes and the relative significance of each topic. Respondents were asked to elaborate on their scoring. Internal and external stakeholders considered the highest-rated topics closely aligned to Liberty's purpose and culture.

3

Step 3: Establish materiality based on our strategy and the relative importance to internal and external stakeholders.

Our **materiality assessment** highlighted the matters most material to Liberty in the short to medium term, which we then ranked in a matrix according to priority.

Social, economic and environmental material matters

Financial literacy and consumer education programmes

Positive impact
Management actions

We believe in providing tools for people to manage their futures and create financial wellbeing. Through our collaboration with SBG and STANLIB, our comprehensive financial literacy programme for consumers, communities and students aims to create significant impact and reach.

UN SDG contribution



Financial freedom and inclusion, especially for the black middle class

Positive impact
Management actions

We aim to contribute to transforming the financial sector to reflect the demographics of our country.

We implement several initiatives relating to employment equity, financial literacy and ESG, among others to support economic inclusion and transformation. By enabling our clients' financial freedom, and strengthening our broader communities and the economy, we create sustainable value for our stakeholders.

UN SDG contribution



Quality education through CSI programmes for english, maths and science

Positive impact
Management actions

We believe that education fosters meaningful economic development. Therefore, we are dedicated to investing in educational initiatives that equip the youth with critical skills. In this way, we contribute to sustainable economic inclusion and participation.

UN SDG contribution



Future-focused development and talent nurturing

Positive impact
Management actions

To ensure that we adapt to the constantly changing environment in which we operate, we maintain a philosophy of life-long learning with our people development programmes. This is aligned to our focus on innovation, technology and infrastructure, and allows us to prepare our business for the future, ensuring that we can create value for our stakeholders in the long term.

UN SDG contribution



Good governance and efforts to combat crime and corruption

Positive impact
Management actions

We recognise that we must show leadership in building a responsible financial services sector to foster sustainable economic growth.

UN SDG contribution



Focus on ESG principles and climate change

Positive impact
Management actions

We monitor our environmental impact and contribution to climate change. We are committed to responsibly and transparently stewarding the natural resources our business relies on.

UN SDG contribution



Value Creation for all our stakeholders

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

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

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

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

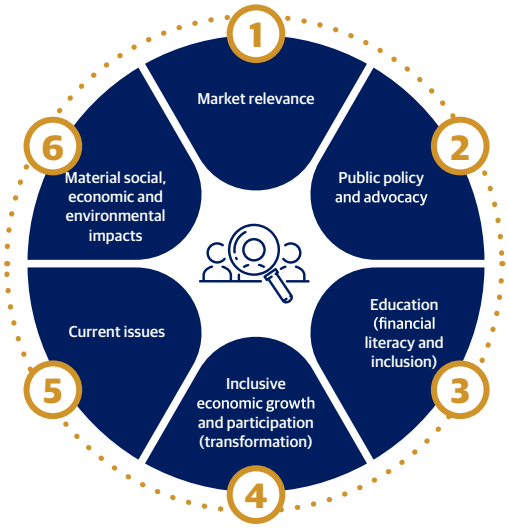
Stakeholder engagement.

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

Our key stakeholder groups

- **Business partners and suppliers**
- **Civil society**
- **Clients**
- **Employees**
- **Financial advisers**
- **Government**
- **Media**
- **Organised business and professional bodies**
- **Regulators, policy and lawmakers**

Proactive engagement areas



Six proactive engagement areas represent the chosen fields within which we engage our stakeholders. These fields are identified according to context, objectives, timelines, performance measures, stakeholder groups and action plans.

Stakeholder engagement

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. 99% of our procurements during the year were done with local suppliers. (2022- 98%)

Key engagements in 2023

- Ushs 8,171 BN (2022: Ushs 7,091 BN) in commissions paid to our business partners. Growth of 15% (2022: 30%)
- Amounts paid out to medical service providers – 2023 – shs 14.9 billion Vs 2022 – shs 15.2 billion.
- Other service provider payments –2023 – shs 1.7 billion Vs 2022 – shs 1.4 billion

Liberty appreciates its service providers



1. Liberty team and service providers
2. Apreciating Norvik hospital
3. Apreciating International Hospital Kampal
4. Apreciating Nakasero Hospital
5. Nakasero Hospital 2
6. Mengo Hospital
7. Liberty team with their top service providers
8. Liberty team with their top service providers share a light moment

Civil society

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.

Key engagements in 2023

•We continue to contribute to financial literacy through our MMM program where we have trained a total of 1,025 people (2022: 497 People). Our financial literacy program also includes school outreaches, and we conducted a meaningful financial literacy training session at Aga Khan Primary School-Uganda dedicated at equipping the pupils with essential skills in financial goal setting, saving, money multiplication and investments.

We also participated in their Road safety week reaffirming our dedication to community engagement. CLICK HERE

•We continue to contribute to Mental health issues through our health talks to spread awareness and support to Butabika hospital through our annual sponsorship program in partnership with Soul Foundation. Through our health talks we were able to reach 951 lives (2022: 480 lives) an increase of 98% from prior year. CLICK HERE

•We continue to carry out health and wellness camps with free medical checkups and were able to reach 5986 people in 2023 through this program. CLICK HERE

•On the 28th of August 2023, Liberty staff participated in the 12th edition of the Rotary Cancer Run, at Kololo Airstrip in Kampala, to improve Ugandans' health. Over 50 staff members participated in the run that had 5km, 10km and 21km distance. The aim for the run was to bridge the gap in the fight against the cancer scourge by building a one stop cancer screening and treatment center at Nsambya Hospital – Kampala.
The Rotary Cancer Run 2023 had a large fundraising goal of about 1.5 billion shillings, which they successful raised. This will make a substantial contribution to the building of a radiotherapy unit at St. Francis Hospital Nsambya. We have made considerable progress in the fight against cancer in Uganda, but we must continue the struggle. Fighting cancer in Uganda, as in many other developing nations, necessitates a multifaceted strategy that requires research, improved healthcare, prevention, early diagnosis and treatment, community education and public awareness. CLICK HERE





•We launched Munno Mukabi in conjunction with Weerinde Insurance brokers aimed at offering affordable insurance services to the common person in the Central Region of Uganda for a premium of only Ushs36,000 and Ushs60,000 per year and covers protection against death, critical illness, permanent total disability, and hospital cash.

•Through the launch of our low-cost insurance products like Afya plan that won a special judges award at the insurance innovation awards, we are catering to the needs of various vulnerable groups like the farmers in Kakira in Eastern Uganda, the Sheema CLICK HERE old People's association and various SACCOs. We also partnered with UWEZO CLICK HERE to launch the Solace plan, to provide one-stop funeral service packages, to the traders in downtown Kampala for a premium of only Ushs72,000.

•We also partnered with the Ghetto kids by sponsoring them through providing to them medical and education insurance covers for 3 years in line with our support to vulnerable groups program.

CLICK HERE



Ghetto kids recieving their sponsorship



Ghetto kids performing at one of the Liberty events

•In partnership with Safe boda and Stanbic bank, we launched Safe insured rides for riders, drivers and passengers for a cost as low as Ushs6,000 a month or Ushs72,000 a year to provide insurance coverage in case of accident and permanent disability and death.

•As part of our response to current issues like school fires, we also launched the EquiShield product, a school insurance policy that will provide school owners coverage and protection of their school assets, students, and teachers against several events such as theft, fire, accidents, and natural disasters. The product was launched to all schools under Church of Uganda.

•We are committed to tracing, identifying, and paying out unclaimed benefits to beneficiaries as fast as possible. We were able to trace beneficiaries for unclaimed benefits to the tune of Ushs115M and 549 lives in 2023.

•We continue to contribute to skills development in the insurance sector by supporting the Insurance Training college through prompt remittance of the Insurance training levy and through sponsorship of our staff to attend the various training programmes. We also have an internship program where we are assisting to skill students in insurance. Total spend of Ushs15.7M.

•We launched our digital awareness and educational campaign by participating in the mancave twitter space event dubbed "Understanding Insurance" jointly hosted by Mancave Uganda and contributed to unravelling the complexities of insurance for the Ugandan community with attendees spanning ages 22 to 77, the event captivated a diverse audience showcasing a universal thirst for insurance knowledge across generations. The conversation reached 5,369 individuals paving the way for a more informed and empowered society.

•We continued to contribute to the growth of the insurance industry by paying the Insurance regulatory fees to the tune of Ushs859M (2022: Ushs728M.)



Liberty staff that paticipated in our mancave events



At liberty we embrace all cultures

Clients

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.

We endeavour to create a holistic, relationship-based experience for our clients acknowledging the importance of the human experience. 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.

Client feedback

We conducted our annual Voice of the Customer survey during July and August 2023. 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.

Key engagements:

•We were able to recognize and thank our clients that have shown loyalty to us by visiting them at their premises appreciating them recognizing them during the annual customer service week. CLICK HERE

•We were able to give back to our Soma Plan policyholders through premium refunds for 1,248 out of 1,818 policy holders.

•We launched our digital FAQs (Frequently asked questions) program run on our various digital platforms to de-mystify our policies to our clients and enlighten them to their policy benefits and navigate them through various pain points they encounter. CLICK HERE

•We continue to enhance the client experience through surveys, feedback and analytics to explore customer needs and provide personalisation. In 2023, we piloted several initiatives based on this, such as a complete digital onboarding process for the new Sunset Plan.

We value your feedback please **SCAN HERE**

•We continued to innovate and provided notable product advancements among these, "Flexi-Protect," which offers flexible funeral cover options that allows clients to choose between lump-sum payouts or prepaid funeral services, Afya Plan provides a comprehensive suite of coverage—including protection against death, critical illness, permanent total disability and hospital cash at an affordable premium ofUshs36,000 and the "Sunset Product," accessible via the Airtel platform, stands out for its accessibility and convenience.

•We partnered with Stanbic bank to launch the Flexi Protect Plan where clients are onboarded using salesforce to give our clients a seamless experience with less information requirements at onboarding.

•We continued our pop-up market days where we give back to our clients by providing free body checks (BMI), counselling, blood pressure checks and also show casing our various products and answering their queries and receiving their feedback. CLICK HERE

•We continue to support our customers during tough times by paying death and disability c laims to
the tune of Ushs4.3BN (2022: Ushs3.4BN)

•We settled gross claims to the tune of Shs 22.3 billion in 2023 (Shs 20.4 billion in 2022)

•We launched the online claims portal where our Liberty Health clients can upload their claims documents for reimbursement, and these are received for processing. Additionally, the portal offers access to member portfolio, benefit utilisations and past visits. CLICK HERE

This innovation won two awards at the prestigious insurance innovation awards 2022 as the most innovative insurance solution and special judge's award.

Below is an example from our key client engagements in 2023

The sound of joy
Damalie Sajjabi-Liberty Life Assurance Beneficiary

Amidst life's unpredictable symphony, there are stories that touch our hearts deeply, like that of Damalie Sajjabi, a mother and her twin sons. When Damalie discovered that one of her twin boys was totally deaf, she faced an overwhelming challenge. Yet her unwavering love and determination led her to seek help from Liberty Life Assurance Uganda. Liberty Life Assurance supported Damalie by providing cochlear implants for her son and restoring his ability to hear, walked the journey with her all through and gave her hope for a brighter future. The joy of her son's laughter now fills their home.

Damalie opened her heart and shared her extraordinary story and inspired many as we were all moved by the unwavering love of a devoted mother who brought back the beautiful sound of son's laughter.

This journey is a testament to the power of hope and resilience and a reminder of the impact we can make when we stand together in support. At Liberty Life Assurance, we are humbled to have played a role in this transformative story living our commitment to empowering families and making brighter futures possible.

May Damalie's experience inspire us to strive for greater heights as we continue to nurture hope and touch the lives of many more families like hers. Together, we celebrate the power of community and unity.
Please watch Damalie's story here:



LIBERTY
In it with you

Key Highligts

Liberty's Net promoter score (NPS) was 77% (2022:75%)

Liberty's retail products distributed through >25 intermediaries, 48 agents and 14 corporate agents.

8,263 retail policies in force (2022- 7,770 policies)

1,158,161 life policies in force. (2022 - 995,354 life policies)

12,033 lives covered under medical. (2022 - 13,797 lives)



Financial Advisors
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.

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.

Key engagements:
•Total agency spend Ushs 694M (2022: Ushs 552M)
•We embarked on key training programmes for our financial advisors by equipping them with relevant skills including product knowledge, sales skilling, insurance knowledge, mental health wellness and financial literacy.



Employees

Liberty is an employee-centric organisation. Our culture is the springboard from which processes, systems and human touch points are developed.

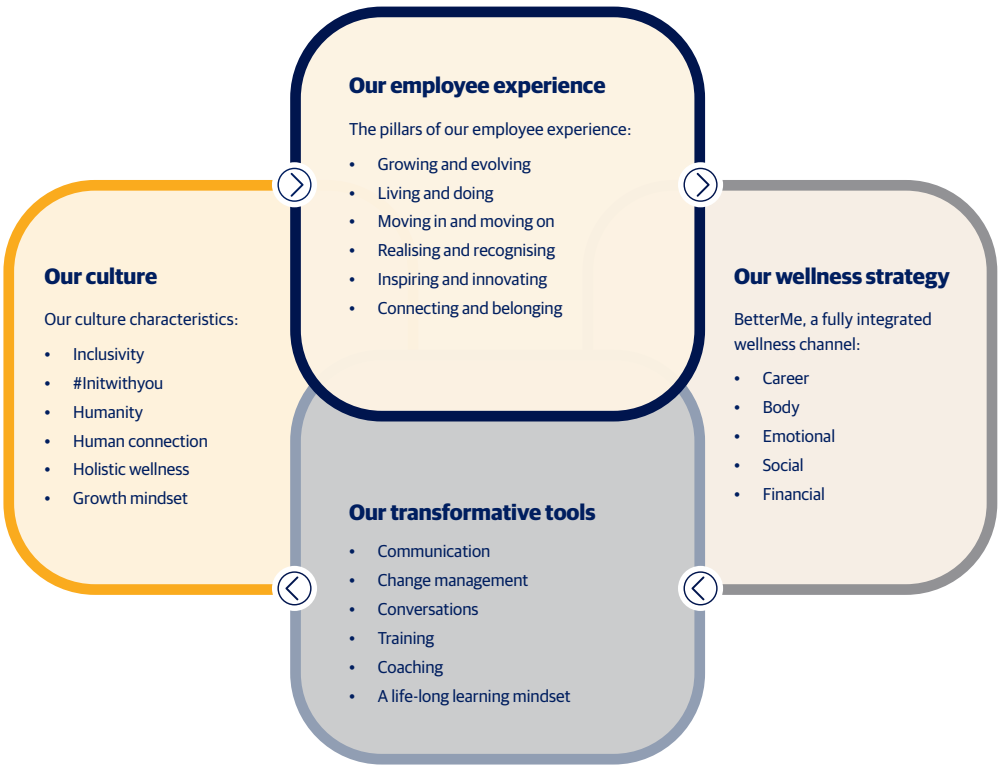
Our people philosophy

We nurture a culture of humanity while empowering and motivating our employees in their personal growth. We leverage neuroscience to identify behaviours and define programmes to positively impact our employees and enable mindset shifts in a safe environment.

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.

Creating a unified human experience



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



Key engagements in 2023
•Total training spend: Ushs 74M (2022: Ushs 103M)

•We launched the 'Bravo' awards and "Wall of Fame" to reward and recognize staff with outstanding contributions, high performance in sales and service to both our internal and external clients and value champions quarterly during the year. This enhanced the employee experience, improved job satisfaction, boosted performance and created a positive workplace culture.

•We launched the "Karibu" program for the welcome and orientation of new staff engaged at Liberty overall creating a more seamless onboarding experience for our people and creating an overall effective and productive workforce.

•We launched the Liberty Exco leadership training and mentorship program where our Exco members were trained and equipped in various leadership skills to enhance value creation, create efficiencies and enhance employee engagement for overall organisational transformation.

•We carried out a compensation benchmarking exercise during the year to align staff salaries to the market to improve employee morale and overall employee retention and talent management.

•The above interventions led to Liberty Life being awarded the most improved eNPS at the LAI Group awards from 42% to 59%.

•We are also ensuring a smooth and defined process of guiding employees through change as we transition into the greater SBG.

Karibu Session for new staff



Training Session for LLAU staff



Bravo Session for LLAU staff



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.

Enabling a seamless onboarding experience for our people while allowing them to move on to the next phase of their career with dignity, remaining connected to the organisation.

Integrating our people's lives at work with their personal working circumstances and preferences, creating true work-life integration.

Creating the platform for our people to take control of their career, role and learning evolution, encouraging non-linear and self-driven growth.



Uniting our people across functions, levels and backgrounds to create a cohesive organisation where everyone feels included and valued.

Driving meaningful and inspirational work that aligns with our purpose and values, creating an engaged and motivated organisation.

Intentionally aligning employee performance outcomes and Liberty's business outcomes, shifting the cultures and habits around performance management.



As an employee-centric organisation, we create leadership programs that provide a foundation for each Liberty employee to challenge and shift their mindsets, allowing us to evolve our mindset through ongoing development.

Working at Liberty. CONTINUED

Continuous evolution

As an employee-centric organisation, 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.

Our journey to a future-fit mindset

2020 – The foundation

We developed our leadership principles and behaviours by refining our three most important concepts: defining the future we want to build, caring for our people and seeing the right results

Imagine it's possible
Be a pioneer
Be brave
Embrace the crazy

Act with humanity
Be human
I see you
Listen more, speak less

Do what matters
Have fun
Create clarity upfront
Be better than yesterday

2021 – A growth mindset

We built on our principles by solidifying our holistic employee experience framework. Our growth mindset programme enables each Liberty employee to embrace behaviour change, raising awareness, deepening empathy and understanding, and sharpening leadership skills.

2022 – A future-fit mindset

We consolidated our leadership principles and behaviours into easily accessible **habits** shared throughout the organisation.

Our enablers for a future-fit mindset are built on our **evolution of work** and transformation strategies.

2023 – An integrated mindset

Our foundational work around a growth mindset and self-efficacy is evolving into a **collective culture** of seeking possibilities and solutions as we transition into the SBG.

Our agility draws on previous experience and continuous evolution, creating a strong foundation for introducing group-wide leadership practices in 2024.

The evolution of work

We optimise our employee experience to attract and retain the best talent by providing an environment where our people feel included and psychologically safe so they can flourish. One of the principles we emphasise is self-evolution of the individual. Our workforce model allows each business unit its differences while ensuring that the team is empowered for the future while being aligned with the company's needs.

Adapting to change

Our transition into the greater SBG follows a pragmatic approach, ensuring a smooth and defined process to guide employees through changes in their daily work lives. Our experienced change and culture managers are actively involved in managing operational model and structure changes while assisting in embedding ways of working.

Supporting people during this period of transition

The transition as Liberty merges into the broader SBG represents a period of adjustment for employees. According to McKinsey & Company, significant changes that affect employee experience are culture and ways of work. As such, we understand the importance of managing change, supporting our employees and being responsive to our people during the transition.

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

Our leadership toolkit includes offerings such as leader guides, organisational information, leadership effectiveness and team effectiveness offerings, and individual and team 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.

Our Coaching Framework for individual support

In 2023, we built on our previous coach-on-call programme and enhanced our coaching panel with additional coaches. We recognise that coaching is an effective method of supporting and enabling individuals in both their personal and professional development.

The aim of a personalised development partnership is to unleash individual potential and enable personal evolution in an evolving world of work. The coach helps the individual align their desired coaching objectives and outcomes to organisational goals.

Our Coaching Framework goals

- Enable employees to navigate imminent change and flux with a growth mindset
- Facilitate meaningful conversations to unlock the diverse potential of our people in contributing to individual, team and organisational performance
- Support in embedding leadership principles and behavioural competencies to deliver on our vision and strategy
- Increase employee engagement with culture initiatives

Checking in regularly

Our annual employee experience check-in survey helps us determine our employees' needs and whether they are met during the year. Our 2023 survey achieved an excellent 82,13% response rate – up from 73,1% in 2022.

Our **employee net promoter score** indicates overall employee satisfaction and loyalty and enables us to understand the underlying reasons contributing towards our employee sentiment. The score increased by 2,13 points to 21,42.



Employee benefits



60 full time employees (2022: 48)	4 temporary employees (2022: 3)	Women as a percentage of full-time staff 48% (2022:56%)	Ushs 7billion Paid in employee costs (2022: Ushs5.3 billion.)	Total training spend - 88 million (2022: 103 million)
Average training hours per employee 64 (2022: 58)	Average training hours per financial adviser 219 (2022: 199)	Women as a percentage of financial advisers trained 56% (2021: 44%)	Women as a percentage of employees trained 60% (2021: 58%)	Number of advisers trained 59 (2022: 48)

Future-focused development and learning
Developing our employees' life-long learning and personal growth mindset.
Our learning and development philosophy enables our employees to define their career and learning evolution. We encourage self-growth supported by guidance, mentorship and coaching for maximum efficiency and effectiveness.

Our learning and development programmes follow a targeted approach, enabling Liberty to achieve its digital transformation objectives. Our learning culture is suitable for the evolution of work and continues to enhance our employees' technical, leadership and compliance capabilities. We present learning and development opportunities via our virtual platform, including training programmes, coaching and mentorship initiatives, and in-house technical training courses. We constantly improve and update our interactive content and video training to maintain relevance and enhance user experience.

Our development initiatives are designed to be flexible and varied. We created self-driven learning initiatives so our employees can take responsibility for managing their careers and development. We also offer diverse courses in partnership with various institutions of higher learning, like the Insurance Training college, Fundamental programmes include digital skills, leadership and women in leadership.

We use technology as a training and development enabler, and our learning methods encourage nonlinear growth. Our curriculums are frequently enhanced to ensure we remain agile and fit for the future. 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.

Internships, learnerships and bursaries

Our learnership and internship programmes allow matriculants and graduates to build a career in the financial services industry. In 2023, we enrolled four 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. In 2023 we had the following participation in conditional bursary program

Year	2023	2022
Female	8	6
Male	6	7
Total	14	13

Compliance training

Liberty delivers on our commitment to comply with financial crime compliance (FCC) training obligations. Employees must complete mandatory training on antimony laundering, counter terrorist financing, combating proliferation financing, antibribery and corruption and fraud awareness

We put significant effort into our regulatory compliance rollouts each year to ensure our e mployees remain updated and compliant in their respective roles. In 2023, we implemented a multi-delivery approach for our regulatory and compliance training, offering staff the flexibility to choose between eLearning, online webinars or face-to face sessions for FCC advanced and awareness training.

The compliance team actively participated in fraud awareness week, executing various initiatives to enhance awareness of FCC matters. Training was also provided to the Liberty board and executive committee (exco), along with tailored board training for the Africa regions boards.

Nurturing our talent

Investing in talent and identifying opportunities for growth. The high demand for actuarial skills and qualified executives and senior managers means we prepare for our future by retaining and growing our talent and building core capabilities. We invest in future talent through structured succession planning and training to ensure a healthy talent pipeline.

We aim to minimise gaps for critical positions, focus on solid talent pool development, and provide opportunities for top talent skills development.

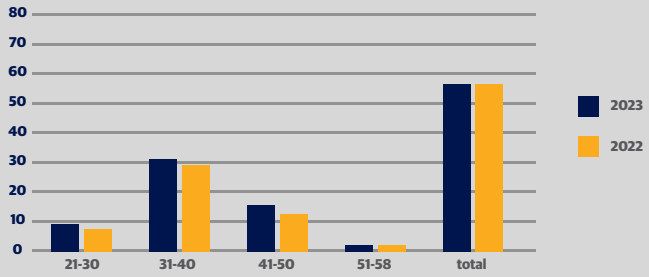
Leadership

Liberty's leadership definition aligns with the broader SBG's, focusing on leading our self, our culture and our strategy. Our leadership initiatives continue to be a foundation for our culture and the way we work. We continually evaluate our offerings related to leadership growth, development and enhanced effectiveness to equip our leadership with relevant tools. We invest a significant portion of our skills spend in developing leaders across all levels of the business. Our growth mindset programme continues to build our leadership initiatives on the principles of growth, inclusivity and psychological safety. The programme is based on embedding employee experience, leadership principles and a future-fit mindset.
Our leadership effectiveness programmes aim to help leaders and teams lead themselves, implement our culture and deliver our strategy effectively in the current Liberty context and beyond.

Growth opportunities and future skills development
Our talent management practices are aimed at providing opportunities for growth; as such, we are conscientious in our approach to succession for key leadership roles, in alignment with SBG practices. We are also provided the opportunity to expose talent to the wider group and drive talent mobility.

•Identifying young emerging talent (under 35) enables us to consider and identify talent deeper in our pipelines, to drive transformation and manage our succession bench strength of key leadership roles.

Staff Age Demographic



•We focus on initiatives that proactively manage retention, such as developing "the stay conversation", a practice and tool that enables and empowers leaders in managing retention of key talent. This tool will provide us meaningful insights and trends that can inform our investment in talent.

Improved performance management
In this fast-paced digital world, our success is determined by how well we connect with other people and through the conversations we have with those around us. This humanity is essential if we want to remain relevant, future-fit and high-performing. Our ability to have high-quality, impactful and meaningful conversations is Liberty's differentiator, and we encourage all employees to master this skill at all levels of the business. Our performance management system helps build this ability internally and with clients.

Employee wellness in a new age:
Promoting healthy lives and minds.
Liberty has a unique employee wellbeing strategy which outlines the context, methodology and aspirations for effective execution. The strategy elevates the importance of holistic wellbeing (Living and doing) centred around an environment where macroeconomic/ social issues, continuous change, and the pressure to deliver, places additional demands on employee wellbeing. This approach enables employees to identify and achieve their own personal wellness goals in a way that increases engagement and productivity. The Liberty betterME strategy, developed in 2019 has remained relevant with nuances on execution in support of how the world has evolved over time.

The correlation between wellbeing and productivity is conclusive.

At Liberty, we know that looking after our employees and financial advisers will benefit everyone – from increasing job satisfaction and productivity to decreasing employee absenteeism and stress; ensuring our employees' wellness secures our business's sustainability.

We aim to develop a motivated and passionate workforce, attracting and retaining the right people by providing appealing benefits, showcasing our hybrid working model and evolution of work environment, and ensuring ongoing skills development by offering a diverse and relevant wellness programme.

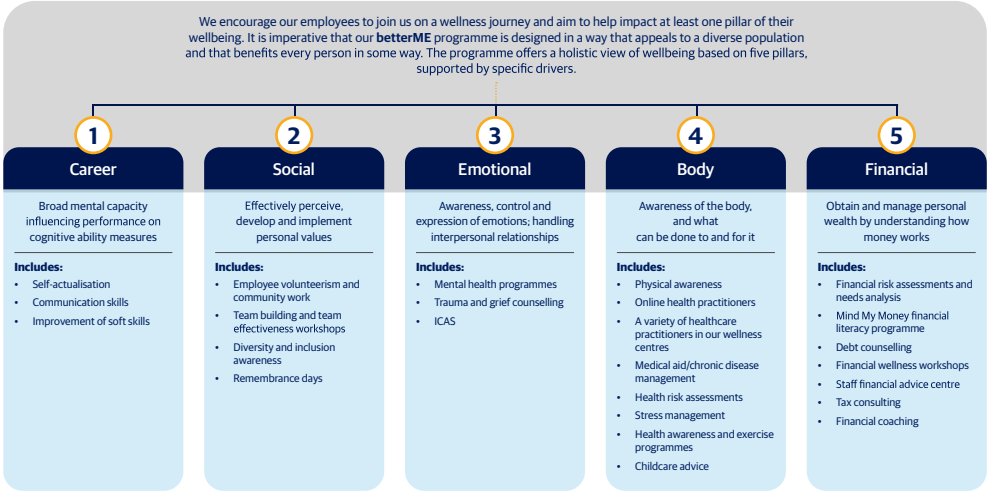
Liberty Health provides our employees with access to comprehensive medical aid cover fully covered by the company.

Our ICAS employee assistance programme at Liberty Group provides support and counselling for mental health with support services to over 8 800 group employees and their immediate family members living under the same roof. The programme is freely accessible, completely confidential.

Through our ICAS HUB app, employees can receive instant feedback with live-text interaction – as well as wellbeing support from a counsellor, nurse or life management specialist – and quickly search articles on any number of topics regarding mental and financial wellness. The app also provides access to other services, such as legal assistance and financial resources.

A wellness journey through betterME

In an environment where the pressure to deliver places demands on an employees' wellbeing, betterME enables employees to identify and achieve their personal wellness goals in a way that increases employee engagement and productivity and provides employees with the skills to improve communication, cognitive ability, manage change and build resilience. We encourage our employees to join us on a wellness journey and aim to help impact at least one pillar of their wellbeing. It is imperative that our betterME programme is designed in a way that appeals to a diverse population and that benefits every person in some way. The programme offers a holistic view of wellbeing based on five pillars,supported by specific drivers.



Financial peace of mind through education

We encourage our employees to achieve financial peace of mind by teaching them money management and planning, which is the foundation of financial literacy.

Our Mind My Money masterclasses are a key pillar of our financial wellbeing strategy. They empower our people to adopt appropriate financial behaviours, such as avoiding and settling debt and creating a financial plan to guide their life journey.

Mind My Money content pillars

Budget	How to adapt and change a budget to accommodate unforeseen crises
Debt	How to manage debt in situations of job or business loss, or salary cuts
Support	What is available in times of retrenchment
Insurance	What it covers and what claims are valid
Protection	Protecting the future of one's family or self



LLAU Team building exersise










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 2023 was 358% (2022:283%) 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.

1) Insurance (Insurance Training College) Regulations 2020

2) Insurance (Licensing and Governance) Regulations 2020

3) Insurance (Reinsurance) Regulations 2020

4) Insurance (Fees) Regulations 2020

5) Insurance (Mobile Insurance) Regulations 2020

6) Insurance (Index Contracts) Regulations 2020

7) 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. Total tax paid Ushs 5.6M (2022: Ushs4.4M).

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 5.2 billion (2022-Ushs 4.4 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. The Annual Contribution for 2023 was Shs 859million (2022 -Shs 728 million). The 2023 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.

Key highlights:

•Training levy paid to ITC – 2023 – shs 286M Vs 2022 – shs 243M

•Annual deposit contribution to IRA – 2023 – shs 859M Vs 2022 – shs 728M

•Local Service Tax paid to KCCA – shs 5.6M Vs 2022 shs4.4M

•NSSF contributions paid – shs939M vs 2022 shs705M

•Taxes paid to URA – 2023 – shs 5.2BN Vs 2022 – shs 4.4BN

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.

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.

Under the new IFRS 17 reporting framework, Liberty made a net profit of Shs 3.67 billion for 2023 compared with a net profit (restated) of Shs 3.4 billion in 2022. The shareholder investment portfolio (SIP) asset value was Shs 9.8 billion for the year compared to Shs 9.5 billion in 2022.

Return on equity was 15% compared to 9% for 2022. The value of new business (VNB) margin was at 6.2% compared to 8% in 2022.

More details on the financial performance of the Company are detailed in the Financial review on page xx (include link to financial review).

The annual report and Annual General Meetings are also some of the ways in which contacts are maintained with the shareholders. The Board approved a dividend payment of Ushs2bn for the year 2023.

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 2023 our printing and stationery costs were amounting to Ushs20 million down from Ushs25 million in 2022, amounting to a 20% reduction. We used 1.9kgs of paper in 2023 compared to 2.2kg in 2022.

We continue to promote power saving by use of energy saving equipment and energy saving bulbs across all our branches. In 2023 our energy consumption was 11,520 units down 26% from 15,470 units in 2022 due to various cost containment measures initiated by management.
Total water consumption at Liberty was down 12% to 120 units in 2022 from 136 units in 2022 due to cost containment measures initiated by management. Water consumption includes usage in kitchens

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 2023, we saved 0.3Kg of paper, 3,950 units of electricity and 16 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 2023, 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 continued focus 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.

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. 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.

Capital transformation and outcomes
1.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 5.2 billion one of Uganda's large taxpayers
Annual Deposit Contribution paid to IRA Uganda Shs 859 million

2.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 48% Female 52% Male
•Total Salaries and staff costs Shs 7.0 billion
•Employee satisfaction survey from 42% to 59%.

3.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.
•Six times winners of the Financial Reporting Awards in the Insurance category
•2023 Winner – Most innovative insurance solution – Life awarded by IRA Uganda (Online portal for member claim reimbursements)

4.Financial capital
A sound capital base supports our operations
Liberty's financial capital includes:
•Equity – Shs 24 billion
•15% Return on investment
•Shs 19.5 billion financial assets under investment

5.Manufactured Capital
Liberty has the following digital and physical infrastructures used in service delivery to its customers.
•Three Agent office in Jinja. Mbarara, Kakira and Kampala
•Online claims reimbursement portal
•Over 100 health service provider networks
•Diligent online board packs portal
•Liberty online retail system
•Everest and Orbit policy administration systems
•SAP and Fusion accounting systems

6.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

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 December 2023, our soma plan Education Saver product was invested in the ICEA Savings Fund.

We created sustainable value for our clients by providing a return of 12.4% on amounts invested. The fund value was Ushs 643 million as at end of December 2023 (2022 – Ushs 511 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 12,033 lives (2022: 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.

Value Added Statement for the year ended 31st December 2023

Value Added is measured by subtracting business expenses like finance expense, fair value adjustments and general marketing and administrative expenses from Insurance service result and investment income. Insurance service result is derived by subtracting insurance service expenses like claims, commissions, reinsurance, directly attributable expense and reserves from insurance 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 2023 is shown in the value-added statement below.

Value added statement for the year ended 31st December 2023

	2023	% of wealth	2022	% of wealth
Value Added	**Ushs'000**	**Created**	**Ushs'000**	**Created**
Insurance service result	11 609 736	101%	11 078 627	101%
Investment income	2 141 245	19%	1 886 795	17%
Finance/fee income	1 283	0.01%	1 252	0.01%
Fair value adjustment to long-term policyholders liabilities under investment contracts	(12 308)	-0.1%	(12 566)	-0.1%
Finance expense	(72 750)	-1%	(15 447)	-0.1%
General marketing and administration expenses	(2 128 317)	-18%	(1 959 831)	-18%
Wealth created	11 538 889	100%	10 978 830	100%
Distribution of Wealth				
Employees	743 547	6%	621 058	6%
Government	1 724 745	15%	1 167 058	11%
Shareholders	6 501 226	56%	6 442 365	59%
Retention to support future business growth	2 569 371	22%	2 748 349	25%
	11 538 889	100%	10 978 830	100%

Our CSR strategy

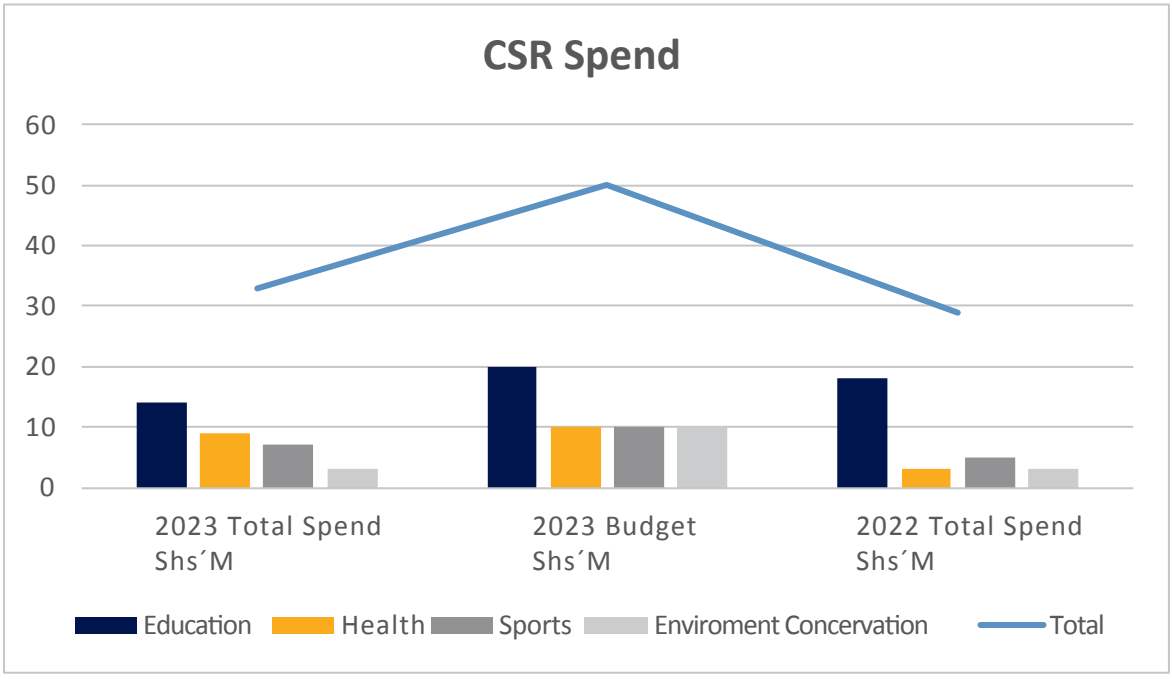
We believe the path to financial freedom includes exposing individuals to the tools they need earlier, giving them the power to manage their futures and create financial wellbeing. Our CSI initiatives and socio-economic development programmes empower communities to make informed decisions through education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

Our principles guide us in acting with humanity and doing what matters:
•Enabling enhanced performance in literacy and numeracy
•Providing tools for people to manage their futures and create financial wellbeing
•Empowering communities to make informed and prudent decisions through financial education
•Reaching disadvantaged or inadequately serviced communities
•Creating a shared culture of passionate employee volunteerism

The total budget for CSR activities in 2023 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.



The specific CSR initiative undertaken in 2023 was as summarized as below. Details on these have been included in the report above under key engagements with various stakeholders.
•Participation in the rotary cancer run

•Sponsorship of the ghetto kids Uganda – for both medical and education insurance

•Partnership with the Soul Foundation Uganda in a fight to end the stigma surrounding mental health in society at Butabika National Referral Hospital.

•Contribute to financial literacy through our MMM program
•Tree planting Campaign

•Participation in the annual Insurance sports gala



Management team contacts

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Liberty Life Assurance Uganda Limited
Registration number 75913
Incorporated on 06 September 2005

Audited financial statements for the year ended 31 December 2023

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In it with you

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Liberty board of directors and EXCO Members

Directors who held office during the year and to the date of this report:

Gerald Ssendaula*	(Chairman)
Mayur M. Madhvani*	(Director)
Mike du Toit***	(Director)
Muljibhai Madhvani & Company Limited*	(Director)
Liberty Holdings Limited***	(Director)
East African Holdings Ltd****	(Director)
Patricia Adongo Ojangole*	(Director)

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

DIRECTORS´ REPORT



Mr. Joseph Almeida
Managing Director

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 2023.

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 Company's results for the year are set out in the statement of comprehensive income.

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 and five hundred million Uganda Shillings in the case of a Life (long-term) Insurance business. The issued share capital as at 31 December 2023 was
Ushs 4.5 billion (2022: Ushs 4.5 billion).

Dividends

During the year, the directors approved and paid an interim dividend of Ushs 2 billion or Ushs 44,444.44 per share (2022: Nil). The dividend was subject to deduction of withholding tax where applicable.

Holding company

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

Auditor

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

Directors

The directors that held office during the year and to the date of this report are indicated under the General Information.

Approval of financial statements

The financial statements were approved and authorized for issue at the meeting of the Board of Directors held on 27th March 2024.

By order of the Board,



Company Secretary

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 2023, 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 material accounting policy information and other explanatory notes,in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, 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 IFRS and in the manner required by the Companies Act, 2012 Laws of Uganda and Insurance Act, 2017 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 and authorised for issue on 27th March 2024.



Gerald Ssendaula
Chairman



Joseph Almeida
Managing Director

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 **155 to 236** , which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Liberty Life Assur- ance Uganda Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of 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 stan- dards 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 Interna- tional Independence Standards) (IESBA Code) together with the 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 Matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key audit matter Valuation of the liability for incurred claims

At 31 December 2023, the Company held insurance contractassets and liabilities as well as reinsurance contract assets and liabilities as a result of its insurance operations. As disclosed in Note 3 to the financial statements, the Company adopted IFRS 17 Insurance Contracts (IFRS 17) for the first time in 2023.

The value of the liability for incurred claims is the sum of the present value of expected future cash flows and the risk adjustment and was Ushs 5.6 billion as at 31 December 2023 (2022: Ushs 4.3 billion).

The Company's approach for the classification of insurance contract for the purpose of measurement of insurance liabilities consisted of assessing the various terms and conditions of each product type and analyse the following:

• Benefits offered under the contract, to ascertain whether there is any transfer of insurance risk from the policyholder to the Company;

• Circumstances including risk events under which a benefit be- come payable to the policyholder; and,

• Contract clauses such as the premium review, cancellation and termination clauses which were used to determine when the contract boundary or coverage period of the contracts ends.

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to:

• Understanding the Company's claims handling and re- serve setting process and the related key controls.

• Understanding the Company's IFRS 17 implementation process including the approach for classification of insurance contracts for the purpose of measuring insurance contract liabilities.

• Evaluating that the Company's policies on insurance con- tracts are in accordance with IFRS 17.

• Testing the workings for the conversion of the IFRS 4 balances to IFRS 17 including agreeing the opening and comparative balances used in the conversion workings to the prior year audited financial statements.

• Involving our actuarial specialists to evaluate whether the actuarial valuation process and methodologies used by the Company are in accordance with the principles of de- termining liabilities for incurred claims, including the risk adjustment, under IFRS 17 and the assumptions and judge- ments applied by management are reasonably supported.

Key audit matter	How our audit addressed the key audit matter
Most of the Company's products are eligible for the Premi- um Allocation Approach ("PAA") as the premiums are usu- ally annually reviewable resulting in a contract boundary of 12 months, except for the education saver product and the deposit administration fund. The most significant assumptions made in the valuation of the liability for incurred claims balances as it relates to the Company's insurance contracts are the future cash flow pro- jections and a risk adjustment for non-financial risk. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ulti- mate claims costs. These methods extrapolate the develop- ment of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. The best estimate provision for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (Outstanding claims) or Incurred but not reported claims (IBNR). The cash flow projections comprise estimates of all future claim payments, receivables from sal- vage as well as the directly attributable claims administration expenses arising from these events within the boundary of each group of contracts.	• On a sample basis, we tested the data used in the model calculating the IBNR liability by comparing the data to the claims information in the underlying system such as date of loss, gross claim amount paid, gross outstanding claims amount and claim number. We assessed completeness of the above data by testing the claims data in the underlying system and the data applied in the model used to determine the liability for incurred claims. • On a sample basis, for outstanding claims, we tested the claims information recorded in the underlying system (such as loss event, claim estimate, and item be- ing claimed) by tracing the claims to the relevant doc- umentation which detailed the loss event. We further compared the claim values used by management to the loss assessment reports. We assessed the validity of the claims by agreeing the nature of the claim in the assessment reports to the insured item in the claim- ant's original policy. • We evaluated the adequacy of the Company's disclosures on liabilities for incurred claims in terms of IFRS 17.

Key audit matter	How our audit addressed the key audit matter
The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. We considered the valuation of the liability for incurred claims to be a matter of most significance to the current year audit due to the following: •The significant judgement and estimation uncertainties in the future cash flow projections and the risk adjustment for non-financial risk; and •The magnitude of the liability. We also considered that the following disclosures on these contract liabilities are critical to the understanding of the financial statements: •Note 3 changes in material accounting policies •Note 4H accounting policies for insurance contracts •Note 5v on insurance risk management •Note 32 for details on the related balancests.	

Other matter

The financial statements of Life Assurance Uganda Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2023.

Independent auditor's report (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Other Information (Continued)

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of 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 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Building a better working world

Independent auditor's report (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iii. The statement of financial position, income statement and statement of 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 Julius Rwajekare – P0307.

Ernst & Young

.....

Ernst & Young
Certified Public Accountants
Kampala, Uganda

.....

Julius Rwajekare
Partner

28 March 2024

Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 Ushs'000	2022 Ushs'000 Restated*
Insurance revenue	6	57,294,001	48,565,612
Insurance service expense	7	(44,652,743)	(37,503,848)
Net insurance service result before reinsurance contracts held		**12,641,258**	**11,061,764**
Net (expense)/income from reinsurance contracts held	8	(1,173,686)	16,863
Insurance service result		**11,467,572**	**11,078,627**
Investment income on financial assets measured at amortised cost	9	2,191,686	1,895,486
Increase in expected credit losses on financial assets	9	(9,605)	(2,097)
Net investment income	9	**2,182,081**	**1,893,389**
Finance expense from insurance contracts issued	10	(72,763)	(15,446)
Finance income from reinsurance contracts held	11	13	-
Net insurance finance expense		**(72,750)**	**(15,446)**
Bancassurance related expenses	12	(6,501,226)	(6,442,365)
Net insurance and investment result		**7,075,677**	**6,514,205**
Other income	13	159,059	24,134
Other finance costs	14	(253,935)	(231,103)
Increase in expected credit losses on premiums receivable from intermediaries	15	(9,423)	(21,525)
Other operating expenses	15	(1,933,715)	(1,749,245)
Profit before income tax	**17**	**5,037,663**	**4,536,466**
Income tax expense	18	(1,367,614)	(1,096,546)
Profit for the year		**3,670,049**	**3,439,920**
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		**3,670,049**	**3,439,920**

The notes set out on pages 159 to 236 form an integral part of these financial statements.

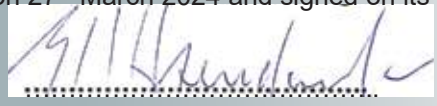
**Certain amounts shown here do not correspond to the 2022 financial statements and reflect adjustments made. Refer to Note 3.*

Statement of financial position as at 31 December 2023

	Note	2023 Ushs'000	2022 Ushs'000 Restated*	2021 Ushs'000 Restated*
ASSETS				
Cash and bank balances	19	5,660,709	3,355,193	2,984,943
Financial assets at amortised cost	20	19,499,150	20,394,492	16,253,395
Statutory security deposit	20	757,947	684,481	634,201
Equity financial asset at fair value through profit or loss	20	185,083	176,320	156,978
Unit trust investments	21	643,198	510,842	547,633
Other assets	22	4,776,654	3,934,275	2,345,726
Current income tax recoverable	18	152,033	-	215,988
Reinsurance contract assets	23	7,230,793	4,982,349	5,092,599
Property and equipment	24	538,749	437,663	429,901
Right-of-use asset	25	1,196,312	1,278,190	1,505,037
Deferred tax asset	26	1,158,562	1,012,580	611,360
TOTAL ASSETS		**41,799,190**	**36,766,385**	**30,777,761**
LIABILITIES AND EQUITY				
Liabilities				
Other liabilities	27	1,427,301	976,057	1,651,601
Employee benefits payable	28	470,963	376,268	406,293
Current income tax payable	18	-	114,720	-
Amounts due to related parties	29	109,322	541,772	557,261
Other financial liabilities	30	6,501,226	6,442,365	3,922,906
Financial liabilities under investment contracts	31	127,018	116,800	127,262
Insurance contract liabilities	32	7,309,334	4,048,656	3,243,044
Lease liabilities	25	1,638,249	1,604,019	1,763,586
Total liabilities		**17,583,413**	**14,220,657**	**11,671,953**
Equity				
Share capital	33	4,500,000	4,500,000	4,500,000
Contingency reserve	34	-	5,917,039	5,415,881
Capital reserve	34	-	1,728,037	1,535,954
Retained earnings	35	19,715,777	10,400,652	7,653,973
Total equity		**24,215,777**	**22,545,728**	**19,105,808**
TOTAL EQUITY AND LIABILITIES		**41,799,190**	**36,766,385**	**30,777,761**

*Certain amounts shown here do not correspond to the 2022 and 2021 financial statements and reflect adjustments made. Refer to Note 3.

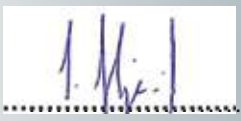
The financial statements on pages 155 to 236 were approved and authorized for issue by the Board of Directors on 27th March 2024 and signed on its behalf by:



Signature

Gerrald SSendaula

Director's Name



Signature

Joseph Almeida

Director's Name

The accounting policies and notes on pages 159 to 236 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2023

	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 2023						
At the start of the year		**4,500,000**	**1,728,037**	**5,917,039**	**10,400,652**	**22,545,728**
Comprehensive income:						
Profit for the year		-	-	-	3,670,049	3,670,049
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**3,670,049**	**3,670,049**
Transfer of contingency reserve to retained earnings	26	-	-	(5,917,039)	5,917,039	-
Transfer of capital reserve to retained earnings	26	-	(1,728,037)	-	1,728,037	-
Dividend paid		-	-	-	(2,000,000)	(2,000,000)
At end of year (Restated)		**4,500,000**	**-**	**-**	**19,715,777**	**24,215,777**
Year ended 31 December 2022						
At 1 January 2022 - as previously reported		4,500,000	1,535,954	5,415,881	6,869,265	18,321,100
Adjustment on initial application of IFRS 17, net of tax	3	-	-	-	784,708	784,708
At 1 January 2022 - Restated* balance		**4,500,000**	**1,535,954**	**5,415,881**	**7,653,973**	**19,105,808**
Comprehensive income:						
Profit for the year (Restated)*	3	-	-	-	3,439,920	3,439,920
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year (Restated)*		**-**	**-**	**-**	**3,439,920**	**3,439,920**
Transfer to contingency reserve	26	-	-	501,158	(501,158)	-
Transfer to capital reserve	26	-	192,083	-	(192,083)	-
At 31 December 2022 (Restated)*	**3**	**4,500,000**	**1,728,037**	**5,917,039**	**10,400,652**	**22,545,728**

During the year, the directors approved and paid an interim dividend of Ushs 2 billion or Ushs 44,444.44 per share (2022: nil). The dividend was subject to deduction of withholding tax where applicable.

**Certain amounts shown here do not correspond to the 2022 financial statements and reflect adjustments made. Refer to Note 3.*

Statement of cash flows for the year ended 31 December 2023

	Note	2023 Ushs'000	2022 Ushs'000 Restated*
Operating activities			
Cash generated from operations	36	5,957,846	6,196,180
Leases interest payments	25(b)	(175,575)	(186,964)
Withholding tax paid on interest on government securities	18	(338,273)	(330,714)
Income tax paid	18	(1,442,076)	(836,344)
Net cash flows from operating activities		**4,001,922**	**4,842,158**
Investing activities			
Financial assets at amortised cost	20	814,283	(4,193,249)
Investment in unit trusts	21	(151,349)	(172,574)
Proceeds from redemption of investment in unit trusts	21	91,298	260,023
Purchase of property and equipment	24	(273,207)	(139,050)
Net cash flows from / (used in) investing activities		**481,025**	**(4,244,850)**
Financing activities			
Payment of lease liability – principal	25(b)	(173,100)	(219,144)
Dividends paid		(2,000,000)	-
Net cash flows used in operating activities		**(2,173,100)**	**(219,144)**
Net increase in cash and cash equivalents		**2,309,847**	**378,164**
Cash and cash equivalents at 1 January		3,355,193	2,984,943
Effects of exchange rate variations on bank balances		(4,331)	(7,914)
Cash and cash equivalents at 31 December	**19**	**5,660,709**	**3,355,193**

The notes set out on pages 159 to 236 form an integral part of these financial statements.

**Certain amounts shown here do not correspond to the 2022 and 2021 financial statements and reflect adjustments made. Refer to Note 3.*

Notes to the financial statements

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 in these financial statements by the statement of financial position and the statement of comprehensive income respectively.

2. Basis of preparation

The 2023 financial statements of Liberty Life Assurance Uganda Limited have been prepared in accordance with IFRS as issued by the International Accounting Standards Board 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 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 relevant accounting policies.

3. Changes in material accounting policies

The financial statements have been prepared in compliance with the standards and interpretations applicable for financial periods commencing on or after 1 January 2023.

New and amended standards and interpretations in issue but not yet adopted by the Company

The following standards and interpretations were issued but were not mandatory for the current reporting period.

New standard or amendment	Effective for annual periods beginning on or after
Classification of Liabilities as Current and Non-Current (Amendments to IAS 1)	1-Jan-24
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1-Jan-24
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	1-Jan-24
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Indefinitely deferred

The Company has not early adopted any of these pronouncements but rather the Company will adopt the pronouncements that are applicable at their effective dates.

Notes to the financial statements (Continued)

3. Changes in significant accounting policies (continued)

New and amended standards and interpretations that were effective during the reporting period

The Company's accounting policies have been applied consistently to all periods presented unless stated otherwise except for the impact of adopting IFRS 17 *Insurance Contracts* (IFRS 17) which was applied for the first time in the current period. The following pronouncements which were effective for the current reporting period did not have a significant impact on the Company's financial statements:

- Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2
- Definition of accounting estimates - amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12
- International tax reform – pillar two model rules – amendments to IAS 12

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 was effective for reporting periods commencing on or after 1 January 2023, and replaced IFRS 4 Insurance Contracts (IFRS 4), regarding the accounting treatment for insurance and reinsurance contracts.

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 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. 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.

IFRS 17 implementation project governance

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

Summaries of the IFRS 17 accounting policy elections were noted, or submitted for recommendation where appropriate, by the Company's Audit, Risk and Compliance Committee for approval to the Company's Board of Directors. Representatives from Liberty Group were 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 Liberty Group. The Company's external auditors were involved in this process as part of their early audit in preparation for IFRS 17 adoption.

Notes to the financial statements (Continued)

3. Changes in significant accounting policies (continued)

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 was mindful of the possibility of interpretation differences. Management was 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 invested significant effort in data collection and storage, modelling development, general ledger and supporting sub ledger configuration. While there were certain delays arising from application testing, which identified several enhancements or required corrections, actions were implemented to mitigate the impact of these delays on financial reporting.

Overview of IFRS 17

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 IFRS 17, 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 (LIC). 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 LIC 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 the measurement model is applied, whereas the measurement of the LIC component is the same under all three measurement models.

A General Measurement Model (GMM) is applicable to longer contract duration insurance contracts (long boundary 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 IFRS 17 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 Company 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 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 Company still has an obligation for service, and not to the LIC. 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, IFRS 17 requires the Company 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.

3. Changes in significant accounting policies (continued)

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 Approach (VFA) measurement method. 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 life 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 between the VFA and GMM approach is that the CSM is not locked in at the original discount rate.

The simplified Premium Allocation Approach (PAA) is available for contracts that have a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the liability for remaining coverage (LRC) that would not materially differ from the one produced by applying the GMM. Contracts measured under the PAA approach do not have a CSM.

Key revenue recognition changes between IFRS 17 and IFRS 4 as applied by the Company

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. Considering that the Company has no GMM measured contracts, a key change is the creation of the CSM and the establishment of the non-financial Risk Adjustment (RA) (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 the accounting policies applied in 2022 and before.

Under accounting policies applied in 2022 and before, margins are established and deferred over future service periods, but:

- these are not locked in at discount rates applicable on the 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 (mainly systematic time-based) approach to releasing the deferred margins applied in 2022 and before
- allowed for day one profit on initial recognition, if the expected service revenue was higher than required to meet the service obligations, within a Company 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 IFRS 4 treatment which impacted the profit or loss in the year of change.

IFRS 17 introduces a significant change to the statement of comprehensive income by removing a cash flow presentation (gross premiums and claims) approach. IFRS 17 introduces the concept of insurance service 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.

Notes to the financial statements (Continued)

3. Changes in significant accounting policies (continued)

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. IFRS 17 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 IFRS 4 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)

The Company's insurance contracts generally have short contract periods (one year or less), that is, short-boundary contracts. 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 the IFRS 4 based accounting policies. However, under IFRS 17, the LIC requires the calculation of a RA and also includes future claims handling expenses to be incurred in settling the LIC, which is different to the IFRS 4 accounting policies.

Therefore, the PAA measurement approach is not expected to materially impact profit emergence on applicable policy portfolios going forward, when compared to the IFRS 4 basis.

Transition approaches

IFRS 17 requires retrospective application of the standard 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 the Company).

Accounting policy elections and key judgements have been 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 2022, as follows:

PAA approach: The Company has elected, as permitted by IFRS 17, to apply the simplified PAA model, for insurance contracts and reinsurance contracts held where the coverage period is less than 12 months, or on inception of groups of contracts where the coverage period is over one year and the groups meet the eligibility criteria (in that the measurement result of the PAA and general model are not materially different). 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.

3. Changes in significant accounting policies (continued)

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 Company 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.

Tax implications

There are no corporate income tax implications to the Company due to the adoption of IFRS 17. However, there is a deferred tax impact due to changes in temporary differences.

Adoption of IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods starting on or after 1 January 2023. As such, this is the first set of the Company's annual financial statements in which IFRS 17 has been applied. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17are summarised below:

i) Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The contract classification analysis was performed by the Company to assess the range of products offered and to determine whether they should be accounted for under IFRS 17 and which IFRS 17 measurement approaches(s) would apply for each product.

3. Changes in significant accounting policies (continued)

The approach for the contract classification consisted of assessing the various terms and conditions of each product type within the scope of the exercise and analyse the following:

- Benefits offered under the contract, to ascertain whether there is any transfer of insurance risk from the policyholder to Liberty,
- Circumstances (e.g., risk events) under which a benefit become payable to the policyholder; and
- Contract clauses such as the premium review, cancellation, and termination clauses. These were used to determine when the contract boundary or coverage period of the contracts ends.

Most of the Company's products are eligible for the premium allocation approach ("PAA") as the premiums are usually annually reviewable resulting in a contract boundary of 12 months (short-boundary contracts), except for the education saver product and the deposit administration fund. The education saver product has been classified as an insurance contract with direct participations and therefore accounted for under the Variable Fee Approach ("VFA"). The investment component (saving element) cannot be unbundled from the insurance contract as the saving benefit is not distinct from the premium waiver benefit. The deposit administration fund has been classified as an investment product as it does not transfer any insurance risk. It is therefore be accounted under IFRS 9. The reinsurance contracts held are all eligible to be measured by applying the PAA.

ii) Methods used and judgements applied in determining the IFRS 17 transition amounts

The Company determined the opening balances on adoption of IFRS 17 at the first retrospective restatement date, being 1 January 2022, as if IFRS 17 had always been in place. Where it was impracticable to apply the full retrospective approach, the Company chose between the modified retrospective approach or the fair value approach to measure the IFRS 17 opening balances on the first retrospective restatement date. The Company used a combination of all three transition approaches.

IFRS 17 was applied using the full retrospective approach to all contracts measured under the PAA. For contracts measured under the VFA, the full retrospective approach has been applied for all of contracts recognised from 1 January 2022 onwards. For contracts entered into prior to 1 January 2022, the Company concluded that it was impracticable to apply the full retrospective approach, mainly as a result of the following:

- The lack of accessibility and reliability of key sources of historical data at the level of aggregation required for IFRS 17,
- Assumptions and estimates at initial recognition could not be determined without the use of hindsight; and
- Data prior to 1 January 2022 from the use of the risk adjustment methodology, even though aligned to the risk margin approach used in capital regulatory reporting, Solvency Assessment and Management (SAM), was unavailable without undue cost and effort.

The Company did not recognise any insurance acquisition cash flows assets for any insurance acquisition cash flows paid (or for which a liability had been recognised applying another IFRS standard) before the transition date.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to the full retrospective approach, using reasonable and supportable information without undue cost or effort, applying specified modifications. For the modified retrospective approach, the Company maximised the use of information that would have been used to apply the full retrospective approach. The Company applied modifications in the following areas:

Notes to the financial statements (Continued)

3. Changes in significant accounting policies (continued)

- The Company classified the contracts into homogenous portfolios, and, in general, determined which groups of contracts should be included in the annual cohort groups. Cash flows that could be sourced without undue cost or effort and at the level of granularity required to perform the calculation were used in the assessment of the contracts. Alternatively, the Company applied the modification permitted not to combine groups of contracts issued more than one year apart.
- Due to impracticability, undue cost and effort to determine the profitability criterion for each individual contract, the Company applied the modification where the CSM group under the modified retrospective approach was only classified by product and cohort period and not by profitability criteria.
- If groups of insurance contracts, based on portfolio and cohort period, were profitable or onerous, then either a CSM or LC was recognised for that group of insurance contracts at the first retrospective restatement date.
- Where a discount rate could not be applied at the date of initial recognition, the Company determined a discount rate using an observable yield curve which approximated the curve used by the Company for at least three years before the transition date. If an observable yield curve did not exist or was not available without undue cost and effort, the Company estimated the yield curve using an average spread over three years between the Company's curve and another observable curve that is readily available; and
- The Company applied the risk adjustment at the earliest application date, adjusting for the expected risk release. The expected release of risk was determined with reference to the release of risk for similar contracts issued.

The modified retrospective approach replaced expected values with actual values at inception. This enabled an approximate value to be calculated for future FCF and risk adjustment at inception to determine the CSM. The CSM was projected to the transition date using coverage units.

Service provided in each period was determined by comparing the remaining coverage units at the transition date with those provided under the group of contracts before the transition date.

iii) Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets,
- Portfolios of insurance and reinsurance contracts issued that are liabilities,
- Portfolios of reinsurance contracts held that are assets and,
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Reinsurance premiums ceded
- Net written premiums
- Claims and policy holder benefits
- Insurance claims recovered from reinsurers
- Change in policyholder liabilities (net of reinsurance)
- Commission expense
- Commission income

Notes to the financial statements

3. Changes in significant accounting policies (continued)

Statement of comprehensive income for the year ended 31 December 2022

	As previously stated Ushs'000	IFRS 17 adjustments Ushs'000	As restated Ushs'000
Insurance premium revenue	50,115,830	(50,115,830)	-
Reinsurance premium ceded	(15,369,542)	15,369,542	-
Net insurance premium	**34,746,288**	**(34,746,288)**	**-**
Insurance revenue	-	48,565,612	48,565,612
Insurance service expense	-	(37,503,848)	(37,503,848)
Net insurance service result before reinsurance contracts held	**-**	**11,061,764**	**11,061,764**
Net income from reinsurance contracts held	-	16,863	16,863
Insurance service result	**-**	**11,078,627**	**11,078,627**
Investment income on financial assets measured at amortised cost	1,895,486	-	1,895,486
Expected credit losses on financial assets	(2,097)	-	(2,097)
Net investment income	**1,893,389**	**-**	**1,893,389**
Finance expense from insurance contracts issued	-	(15,446)	(15,446)
Finance income from reinsurance contracts held	-	-	-
Net insurance finance expense	**-**	**(15,446)**	**(15,446)**
Fair value adjustment to financial liabilities	-	(6,442,365)	(6,442,365)
Net insurance and investment result	**36,639,677**	**(30,125,472)**	**6,514,205**
Other income	22,882	1,252	24,134
Other finance costs	(231,103)	-	(231,103)
Total income	**36,431,456**	**(30,124,220)**	**6,307,236**
Claims and policyholder's benefits	(20,412,879)	20,412,879	-
Insurance claims recovered from re-insurers	15,315,965	(15,315,965)	-
Changes in policyholder liabilities (net of reinsurance)	(79,310)	79,310	-
Commission expense	(7,271,462)	7,271,462	-
Commission income	291,583	(291,583)	-
Other operating expenses	-	(1,749,245)	(1,749,245)
Increase in ECL on premiums receivable from intermediaries		(21,525)	(21,525)
General marketing and administration expenses	(18,933,688)	18,933,688	-
Profit before income tax	**5,341,665**	**(805,199)**	**4,536,466**
Income tax expense	(1,499,996)	403,450	(1,096,546)
Profit for the year	**3,841,669**	**(401,749)**	**3,439,920**

Notes to the financial statements

3. Changes in significant accounting policies (continued)

Statement of financial position as at 31 December 2022

	As previously stated Ushs'000	IFRS 17 adjustments Ushs'000	As restated Ushs'000
ASSETS			
Cash and bank balances	3,355,193	-	3,355,193
Unit trust investments	510,842	-	510,842
Financial assets at amortised cost	20,394,492	-	20,394,492
Statutory security deposit	684,481	-	684,481
Prepayments, insurance and other receivables	11,535,623	(7,601,348)	3,934,275
Reinsurance contract assets	-	4,982,349	4,982,349
Equity financial assets at fair value through profit or loss	176,320	-	176,320
Property and equipment	437,663	-	437,663
Right-of-use asset	1,278,190	-	1,278,190
Deferred tax asset	1,105,656	(93,076)	1,012,580
TOTAL ASSETS	**39,478,460**	**(2,712,075)**	**36,766,385**
LIABILITIES AND EQUITY			
Liabilities			
Accruals and other payables	-	976,057	976,057
Employee benefits payable	376,268	-	376,268
Current income tax payable	114,720	-	114,720
Amounts due to related parties	6,968,313	(6,426,541)	541,772
Policyholders' liabilities	6,320,805	(6,320,805)	-
Insurance and other payables	1,931,566	(1,931,566)	-
Other financial liabilities	-	6,442,365	6,442,365
Financial liabilities under investment contracts	-	116,800	116,800
Insurance contract liabilities	-	4,048,656	4,048,656
Lease liabilities	1,604,019	-	1,604,019
Total liabilities	**17,315,691**	**(3,095,034)**	**14,220,657**
Equity			
Share capital	4,500,000	-	4,500,000
Capital reserve	1,728,037	-	1,728,037
Contingency reserve	5,917,039	-	5,917,039
Retained earnings	10,017,693	382,959	10,400,652
Total equity	**22,162,769**	**382,959**	**22,545,728**
TOTAL LIABILITIES AND EQUITY	**39,478,460**	**(2,712,075)**	**36,766,385**

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Notes to the financial statements

3. Changes in significant accounting policies (continued)

Statement of financial position as at 31 December 2021

	As previously stated Ushs'000	IFRS 17 adjustments Ushs'000	As restated Ushs'000
ASSETS			
Cash and bank balances	2,984,943	-	2,984,943
Unit trust investments	547,633	-	547,633
Financial assets at amortised cost	16,253,395	-	16,253,395
Statutory security deposit	634,201	-	634,201
Prepayments, insurance and other receivables	8,657,348	(6,311,622)	2,345,726
Reinsurance contract assets	-	5,092,599	5,092,599
Current income tax receivable	215,988	-	215,988
Equity financial assets at fair value through profit or loss	156,978	-	156,978
Property and equipment	429,901	-	429,901
Right-of-use asset	1,505,037	-	1,505,037
Deferred tax asset	1,107,886	(496,526)	611,360
TOTAL ASSETS	**32,493,310**	**(1,715,549)**	**30,777,761**
LIABILITIES AND EQUITY			
Liabilities			
Accruals and other payables	-	1,651,601	1,651,601
Employee benefits payable	406,293	-	406,293
Amounts due to related parties	4,474,548	(3,917,287)	557,261
Policyholders' liabilities	5,937,049	(5,937,049)	-
Insurance and other payables	1,590,734	(1,590,734)	-
Other financial liabilities	-	3,922,906	3,922,906
Financial liabilities under investment contracts	-	127,262	127,262
Insurance contract liabilities	-	3,243,044	3,243,044
Lease liabilities	1,763,586	-	1,763,586
Total liabilities	**14,172,210**	**(2,500,257)**	**11,671,953**
Equity			
Share capital	4,500,000	-	4,500,000
Capital reserve	1,535,954	-	1,535,954
Contingency reserve	5,415,881	-	5,415,881
Retained earnings	6,869,265	784,708	7,653,973
Total equity	**18,321,100**	**784,708**	**19,105,808**
TOTAL LIABILITIES AND EQUITY	**32,493,310**	**(1,715,549)**	**30,777,761**

Notes to the financial statements

D. Financial Instruments (continued)

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 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 2023.

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 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 profit or loss when the right of payment has been established.

Notes to the financial statements

4. Material accounting policy information

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

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 profit or loss.

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 under other income or other operating expenses respectively.

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 profit or loss as it is incurred.

Customer relationships and contracts
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.

Notes to the financial statements

B. Intangible assets (continued)

Amortisation of intangibles
Amortisation of intangibles is charged to profit or loss. The expected useful lives are as follows:

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

Goodwill is not amortised.

C. Impairment

Financial assets carried at amortised cost
The Company assesses at each reporting 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.

Notes to the financial statements

C. Impairment (continued)

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 profit or loss.

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 profit or loss 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.

D. Financial Instruments (continued)

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 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:

a) The rights to receive cash flows from the asset have expired; or
b) 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, or financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Notes to the financial statements

D. Financial Instruments (continued)

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

Financial liabilities at fair value through profit or loss
These 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 had no held for trading financial liabilities as at year-end.

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.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities at amortised cost
After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) 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 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.

iii) Offsetting

Financial assets and financial 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 IFRS.

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.

Notes to the financial statements

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.

G. Dividend distribution

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

H. Insurance and reinsurance contracts

Background to actuarial valuation of insurance liabilities
The actuarial valuation of insurance liabilities determines the amount of technical reserves required to be set aside to provide clients the benefits promised to them under their policies when they are due (on death, surrender, maturity, etc.). The calculation of the actuarial liabilities is done in compliance with the relevant actuarial, IFRS and regulatory guidance for each reporting basis.

The timing and amount of the benefits promised to policyholders is uncertain. Hence, best estimate assumptions are set based on experience, current trends and expectations of the future following the assumption setting policy approved by the Company's directors.

IFRS17 has been applied and this provides guidance on the calculation of technical insurance liabilities in order to achieve the profit release that is in line with the insurance coverage provided to policyholders.

IFRS17 requires setting up the best estimate liabilities, the risk adjustment (to reflect the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils its insurance contracts obligations) and a contractual service margin (CSM) which represents the unearned profit the entity will recognise as it provides services under the insurance contracts. For the Company, the risk adjustment on short-boundary contracts has been calculated at 75% confidence level and at 90% confidence level for long boundary contracts in alignment with the Liberty Group approach.

The Insurance Regulatory Authority of Uganda approved that insurers adopt IFRS17 effective 1 January 2023. There has not yet been any extensive review of the existing regulatory guidance on the calculation of the technical insurance actuarial liabilities under the regulatory solvency basis to harmonise this with the IFRS 17. Given that the reserving methodologies and margins that were prescribed in the existing Ugandan regulatory guidance, the Insurance (Capital Adequacy and Prudential Requirements) Regulations 2020) were linked to IFRS 4, the directors have assumed that the technical insurance liabilities for solvency purposes will continue to be aligned with the IFRS basis. Hence, the technical actuarial liabilities for the solvency basis statement of financial position have been consistently calculated based on the IFR 17 basis.

Majority of insurance contracts sold by the Company are annually renewable or allow for premium rates to be reviewed on a regular basis (i.e., short boundary contract business) with no long-term premium guarantees. These have been measured under the Premium Allocation Approach (PAA) measurement approach under the IFRS 17 guidance. The PAA liabilities held comprise of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC) which are computed gross of reinsurance. The corresponding reinsurance leg of these liabilities are also calculated, and these are the Asset for Remaining Insurance Coverage (ARIC) and the Asset for Incurred Claims (AIC). A Risk Adjustment (RA) liability is also held against the applicable PAA liabilities.

The Company also sells predominantly investment products with some risk benefits which have been measured under the Variable Fee Approach (VFA) under the IFRS 17 guidance. The reserves held for these VFA contracts comprise of the Best Estimate Liabilities (BEL) also known as the Present Value of Fulfilment Cash flows (PVFCF) which can further be broken down into the Unit Fund BEL and the Non-Unit BEL as well as the Contractual Service Margin (CSM) and the Risk Adjustment (RA).

Notes to the financial statements

H. Insurance and reinsurance contracts (continued)

Further, the Company has some pure investment contracts with no investment return guarantees. These were measured using the IFRS 9 guidance where the reserve held is essentially an accumulation of contributions net of withdrawals plus actual investment returns (net of charges).

Assets in excess of all the technical insurance policyholder liabilities and other liabilities represent the shareholder funds. Part of these funds must be held as capital to protect the solvency of the Company in the event of extreme experience shocks (Required Capital as per the Risk Based Solvency requirement). Shareholder funds must exceed the Required Capital at all times, even after an extreme experience shock. Shareholder funds in excess of the Required Capital are the Free Assets.

Measurement of the LRC - Initial recognition
The LRC at initial recognition is equal to the premium received at initial recognition, as well as an allowance for the additional PAA liability if the group is onerous. This is a retrospective calculation.

Measurement of the LRC – Subsequent measurement
At the end of each subsequent reporting period, the Company calculates the carrying amount of the LRC as the carrying amount at the start of the reporting period, plus premiums received in the reporting period, less insurance revenue recognised over the period, plus any adjustment to the financing component and/or additional PAA liability, if applicable.

Insurance revenue is the amount of expected premium receipts allocated to each period. This allocation will either be based on the passage of time, or the release of risk if this is not linear over time. If expected premiums and actual premiums differ over the reporting period, a residual liability for remaining coverage asset or liability will remain. This will be stored until the debtor is removed.

Insurance service expenses – Initial recognition
Insurance service expenses arising from insurance contracts are recognised in profit or loss when they are incurred. They exclude repayments of investment components and comprise the following items:

- Incurred claims
- Directly attributable expenses
- Amortisation of insurance acquisition cash flows
- Losses on onerous contracts and reversals of such losses
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses

For onerous contracts, the additional PAA liability will be raised through Insurance Service Expenses at initial recognition.

Insurance service expenses – Subsequent measurement
When the above amounts are incurred, they will be incurred as Insurance Service Expenses (ISE) and raised in the Liability for Incurred Claims (LIC) until settled or until the obligation to pay has been extinguished. The release or re-estimation of the additional PAA liability will be incurred as ISE as well.

In terms of IFRS 17, defined insurance liabilities are measured under existing local practice at the date of adoption of IFRS 17. Given that the Company is part of the Liberty Holdings (based in South Africa), the Company has adopted the South African Practice Guidance Notes (PGNs) issued by the Actuarial Society of South Africa to determine the liability in respect of insurance contracts issued in Uganda.

Incurred But Not Reported (IBNR) 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 IBNR claims at that date.

Notes to the financial statements

H. Insurance and reinsurance contracts (continued)

Incurred But Not Reported (IBNR) claims (continued)
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 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.

Insurance revenue
For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period. Deposit (investment) components of contractual premiums are excluded from insurance revenue.

For contracts not measured under PAA, the Company recognises insurance revenue as it satisfies its performance obligations or as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM
The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Notes to the financial statements

H. Insurance and reinsurance contracts (continued)

Net expenses from reinsurance contracts
Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is
- entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance finance income and expenses
Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals). The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the discount rates determined on initial recognition of the group of contracts. and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

I. Premiums receivable from intermediaries

The Company contracts intermediaries including insurance brokers specifically to advertise and sell its insurance products to its clients. The Company holds the underwriting licence to issue insurance products to its clients before the intermediary can enter into an insurance contract with clients. Without the underwriting licence the intermediary cannot provide insurance products to clients. The Company has the contractual obligation to provide insurance services under the contract which an intermediary entered into with the clients on its behalf. An intermediary is therefore merely acting as an agent. Therefore, the Company is acting as principal in all issued insurance contracts advertised and sold by the intermediary. The Company is obliged to fulfil its obligations to the policyholder under the insurance contract for all premiums paid to the intermediary.

The payment of the premium by the policyholder to the intermediary discharges the Company's right to payment from the policyholder under the insurance contract, hence the Company is unconditionally obliged to fulfil its contractual obligations to the policyholder. The said unconditional obligation is with respect to the requirement for the policyholder to pay a premium.

Notes to the financial statements

I. Premium receivable from Intermediaries (continued)

The right to receive premiums from the intermediary is a separate right not arising under an insurance contract. Therefore, that right falls within IFRS 9 as it meets the definition of a financial asset. That is, on payment by the policyholder to the intermediary, the insurer (the Company) reduces the expected fulfilment cash inflows used to measure insurance assets and liabilities and recognises a separate receivable from the intermediary in terms of IFRS 9.

At initial recognition, the Company measures the premium debtor due from the intermediary as a trade receivable at its fair value being the total amount of premiums collected by the intermediary and not yet paid to the insurer within the group. At subsequent measurement (i.e., the end of such period in which the premium is due to the Company), the premium receivable from intermediaries is measured at amortised cost using the effective interest method. No financing component is adjusted for, as this is deemed to be insignificant due to the outstanding balance generally being paid over to the Company by the intermediary in less than a year. Premium receivable from intermediaries is subjected to expected credit loss provisioning in accordance with IFRS 9.

J. Offsetting

Non-financial assets and liabilities are offset and the net amount reported in the statement of financial position only when permitted by IFRS and 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 interest-bearing financial instruments measured at amortised cost or at fair value through other comprehensive income, are recognised within investment income and finance costs in profit or 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 recognised as 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 income and deferred tax. Tax is recognised in 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 reporting date.

Notes to the financial statements

M. Current and deferred taxation (continued)

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 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 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred 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 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 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

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.

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 the leased asset.

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 fixed payments, including in - sustance fixed payments

Notes to the financial statements

O. Leases (continued)

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.

Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

The Company presents right-of-use assets and lease liabilities on the face of 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 and low value leased assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

P. Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Insurance and reinsurance contracts

Except for the direct participation insurance contracts measured using the VFA, the Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Refer to Notes 23 and 32 for further disclosures on insurance and reinsurance contracts, including the carrying amounts.

Liability for remaining coverage

Insurance acquisition cash flows: Where eligible, the Company chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is applicable for insurance contracts issued within product lines that have a coverage period of one year or less. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Notes to the financial statements

P. Critical accounting estimates and judgements (continued)

Insurance and reinsurance contracts (continued)

Acquisition costs are deferred for the insurance contracts issued within the group credit life single premium scheme whereby premium is paid once upfront but covering risk for the entire loan period. The Company's other insurance contracts are issued within product lines that have a coverage period of one year or less and for these, the Company chooses to recognise insurance acquisition cash flows as an expense immediately as incurred.

Onerous groups: For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Time value of money: For the insurance contracts that are more than 1 year, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by period, but can also be further analysed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Liability for incurred claims analysis
The table below shows a split of the liability for incurred claims between insurance products where there is limited uncertainty in claim amount or where the uncertainty is typically resolved within twelve months and insurance products where the nature of the product leads to uncertainty about the amount and timing of claim payments typically extending beyond twelve months. The temporary or permanent disability claims (disability income benefit claims) incurred under the Company's permanent health incapacity product is the main product for which uncertainty typically extends beyond twelve months. Disability income benefit policies are offered to employers and individuals. These provide regular payments to claimants during periods of disability lasting longer than the selected waiting period. Claim payments continue until the earliest of recovery, death, and selected benefit termination age (collectively referred to as claim termination). Educator policies are provided to employers and individuals. These policies provide benefits designed to cover a life assured's children's education costs in the event of the death and/or disability of that life assured.

The risk adjustment is included to obtain the aggregate liability for incurred claims by reportable groups.

Notes to the financial statements

P. Critical accounting estimates and judgements (continued)

Insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

At 31 December 2023	Life risk measured under PAA Ushs'000	Reinsurance contracts held Ushs'000	Net of reinsurance Ushs'000
Balances excluding risk adjustment component:			
Life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months	4,828,061	(3,087,807)	1,740,254
Life insurance classes - uncertainty typically extends beyond 12 months	294,812	(122,066)	172,746
Disability income benefits claims in payment	294,812	(122,066)	172,746
Educator claims in payment	-	-	-
Other	-	-	-
Risk adjustment component	455,515	(302,598)	152,917
Total liability for incurred claims	**5,578,388**	**(3,512,471)**	**2,065,917**

At 31 December 2022	Life risk measured under PAA Ushs'000	Reinsurance contracts held Ushs'000	Net of reinsurance Ushs'000
Balances excluding risk adjustment component:			
Life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months	3,624,438	(2,165,138)	1,459,300
Life insurance classes - uncertainty typically extends beyond 12 months	320,441	(136,830)	183,611
Disability income benefits claims in payment	320,441	(136,830)	183,611
Educator claims in payment	-	-	-
Other	-	-	-
Risk adjustment component	311,868	(264,488)	47,380
Total liability for incurred claims	**4,256,747**	**(2,566,456)**	**1,690,291**

Expected future payments by year have been shown below for payments relating to the disability income benefit claims as this is the main product for which uncertainty typically extends beyond twelve months. Typically, the Company knows about disability income benefit claims either during the waiting period or soon after. The primary uncertainty with this class of business is the future claim termination experience. Hence, rather than show claims development triangles based on historical data, undiscounted future expected cash flows are shown based on best estimate claims termination assumptions. Stressed cash flows are also shown to indicate the impact of claim termination experience being 8% worse than expected.

Notes to the financial statements

P. Critical accounting estimates and judgements (continued)

Insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)

At 31 December 2023	Expected gross of reinsurance claim payments Ushs'000	Expected net of reinsurance claim payments Ushs'000	Stressed gross of reinsurance claim payments Ushs'000	Stressed net of reinsurance claim payments Ushs'000
Within 1 year	54,564	29,930	75,597	54,107
1-2 years	50,824	28,075	70,616	51,085
2-3 years	48,479	26,979	67,734	49,314
3-4 years	46,825	26,265	65,896	48,180
4-5 years	45,518	25,744	64,574	47,372
Over 5 years	651,431	401,425	803,540	757,748
Effect of discounting cash flows	(602,829)	(365,672)	(799,289)	(808,746)
Total disability income benefit liability for incurred claims (excluding risk adjustment component)	**294,812**	**172,746**	**348,668**	**199,060**

At 31 December 2022	Expected gross of reinsurance claim payments Ushs'000	Expected net of reinsurance claim payments Ushs'000	Stressed gross of reinsurance claim payments Ushs'000	Stressed net of reinsurance claim payments Ushs'000
Within 1 year	55,167	41,909	58,802	44,746
1-2 years	51,726	39,685	55,134	42,372
2-3 years	49,335	38,346	52,586	40,942
3-4 years	47,601	37,559	50,738	40,101
4-5 years	46,191	37,047	49,235	39,554
Over 5 years	633,533	482,648	675,284	515,319
Effect of discounting cashflows	(563,112)	(493,583)	(600,221)	(526,994)
Total disability income benefit liability for incurred claims (excluding risk adjustment component)	**320,441**	**183,611**	**341,558**	**196,040**

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

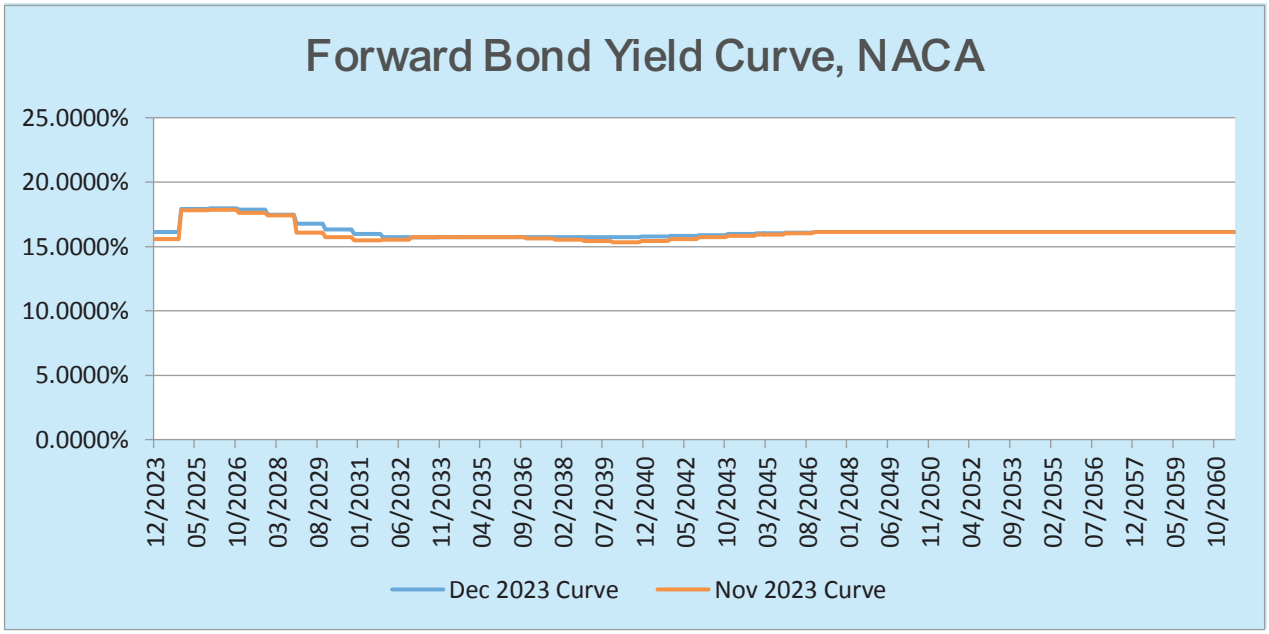
The discount rates applied were based on the treasury bond yield curve below:

Notes to the financial statements

P. Critical accounting estimates and judgements (continued)

Insurance and reinsurance contracts (continued)

Discount rates (continued)



Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a 75% confidence level (probability of sufficiency) for short-boundary contracts and 90% confidence level for long boundary contracts. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Group risk business

This includes group life, decreasing term, funeral and critical illness business. For the bancassurance 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, a provision for future renewal expenses and a contingency margin made. 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.

Notes to the financial statements

P. Critical accounting estimates and judgements (continued)

Profit share

Allowance has been made in respect of the profit share agreement relating to the group credit life policies that the Company has with Stanbic Bank Uganda Limited. The allowance was calculated in line with the profit share agreement. The presented assets are taken at market value and the published assets and liabilities are shown gross of reinsurance.

Property and equipment

Judgements are made by the directors in determining depreciation rates for property and equipment. The rates used are set out in Note 4A.

Premiums receivable from intermediaries

The Company has elected to apply IFRS 9 for premiums receivable from intermediaries. The Company reviews these 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 premiums receivable from intermediaries. All receivables that are past due by more than 180 days are deemed fully impaired.

Refer to Note 22 for further disclosures on premiums receivable from intermediaries, including the carrying amounts.

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.

Refer to Note 20 for further disclosures, including the carrying amounts.

Notes to the financial statements

5. Risk management

i. Introduction

The Company'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 (''Board'') 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.

One of our key risk management objectives is to continue to develop, implement and entrench a sustainable risk ethic and philosophy throughout the Company.

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 risk (market risk, credit risk and liquidity risk)	vi
Operational	vii
Reputational	viii
Concentration	ix

Notes to the financial statements

5. Risk management (continued)

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 under the Risk Taxonomy disclosures. 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 Company 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 Company'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 Company has an ERM governance structure which is complemented by governance processes. The Board of Liberty Life Uganda as well as the Liberty Group, through its Liberty Africa Insurance division ensures that sufficient oversight and governance structures are put in place with respect to the Company. These oversight and governance structures play a key role in assisting the Board of the Company 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 Company. The implementation of this model ensures that risk management is embedded in the culture of the Company 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.

5. Risk management (continued)

ii. Enterprise-wide Risk Management (continued)

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
Statutory actuaries: The statutory actuaries have a duty under the Insurance Act 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 the Company 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 Company'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 Company.

Group Internal Audit Services (GIAS): The Company 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 Company's risk management, governance, business processes and controls. GIAS is responsible for validating compliance to the Company'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 the Company on any weaknesses in accounting and operational controls, which come to their attention during their audits.

5. Risk management (continued)

ii. Enterprise-wide risk management (continued)

b) Risk taxonomy

The Board has approved the risk categories that reflect the diverse nature of the business activities. These risk categories form the Company'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 the Company 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 Company 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 Company's solvency, but at the same time allows for efficient returns to shareholders. At present, the Company has achieved a level of 158% surplus (2022: 90%) 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.

Notes to the financial statements

5. Risk management (continued)

iii. Risk appetite and capital management (continued)

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 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 2023 was Ushs 4.5 billion (2022: Ushs 4.5 billion).

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 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.

The Company had a capital surplus of 158% (2022: 89%) was shown below:

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Capital available	a)	21,501,013	20,268,948
Less: Capital required	b)	(6,000,000)	(7,001,738)
Capital surplus		15,501,013	13,267,210
Capital Adequacy Ratio		358%	289%
Less: Prescribed Capital Adequacy Ratio		(200%)	(200%)
Capital surplus (%)		158%	89%

In view of the RBS framework, the Company is deemed to have complied with capital requirements as at year-end.

5. Risk management (continued)

iii. Risk appetite and capital management (continued)

a) Capital available

Capital available under the RBS framework is computed as the sum of the total equity for the period less deductions as follows:

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Tier 1 Capital			
Share capital	33	4,500,000	4,500,000
Retained earnings		19,715,777	10,400,652
Statutory reserves	34	-	7,645,076
		24,215,777	**22,545,728**
Tier 2		-	-
Total equity		**24,215,777**	**22,545,728**
Less: Deductions			
Deferred tax asset	26	(1,158,562)	(1,012,580)
Deferred Acquisition Cost		-	-
Current tax recoverable		(152,033)	-
Prepaid expenses	22	(841,185)	(703,087)
Sundry debtors	22	(127,432)	(155,396)
Intangible assets		-	-
Encumbrances		-	-
Motor vehicle		-	-
Computer equipment		(177,338)	(135,219)
Furniture, fittings and office equipment		(258,214)	(270,498)
Total deductions		**(2,714,764)**	**(2,276,780)**
Available capital [Tier 1 capital + (Min of tier 1 capital and tier 2 capital) – deductions]		**21,501,013**	**20,268,948**

b) Capital required

Capital required under the RBS framework is a 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.

	2023 Ushs'000	2022 Restated Ushs'000
Capital required	6,000,000	7,001,738

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.

Notes to the financial statements

5. Risk management (continued)

iv. Strategic risk (continued)

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 entity level.

b) Risk identification

The Company's management continually review the strategy of the Company, with a formal annual review and refresh, taking into account the business, legal and regulatory environments in which the company and the wider group operates. Executive management identifies and assesses strategic and business opportunities and addresses the associated risks throughout the strategic planning process.

c) Risk management

Management monitor the external business environment (industry trends, regulations, customer behaviour, competitors) and report on risks and opportunities through the Company's risk reporting structure. The Board reviews the performance of the Company regularly and ensures that management takes corrective action to address potential strategic and business risks.

v. Insurance risk

a. Introduction

Insurance risk is the risk that future experience will differ from expectations only in respect of: underwriting, customer behavior, expense, tax and new business factors. This risk relates specifically to the expectations employed in determining expected financial outcomes; limited to pricing, provisioning, risk measures and value measures.

The assumptions that have the greatest effect on the statement of financial position and profit or loss 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.

Notes to the financial statements

5. Risk management (continued)

v. Insurance risk (continued)

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.

	2023		2022	
Type of risk	**Gross amount Ushs'000**	**Net of reinsurance amount Ushs'000**	**Gross amount Ushs'000**	**Net of reinsurance amount Ushs'000**
Group life	607,330	575,786	401,617	328,818
Group funeral	31,228	31,228	25,171	25,171
Group credit life	1,469,582	1,450,708	484,506	475,371
Personal loan protection	385,192	385,192	229,803	229,803
Vehicle loan protection	1,993	1,993	2,633	2,633
Home loan protection	77,571	77,571	34,243	31,056
Credit card protection	2,419	2,419	20,026	20,026
Health	3,797,357	303,300	2,050,102	171,451
Permanent health insurance	345,759	206,250	329,872	179,757
Education saver	590,903	590,903	470,683	470,683
Total risk	**7,309,334**	**3,625,350**	**4,048,656**	**1,934,769**

Notes to the financial statements

5. Risk management (continued)

v. Insurance risk (continued)

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate insurance liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

i) Market assumptions

At 31 December 2023	Change in variable	Impact on ordinary shareholder equity and attributable profit after taxation Ushs'000	Impact on CSM (net of reinsurance and taxation) Ushs'000
Interest yield curve			
Up	+1[2]	17,126	6,156
Down	-1[2]	(16,801)	(6,633)
At 31 December 2022 (Restated)			
Interest yield curve			
Up	+1[2]	23,815	47,097
Down	-1[2]	(29,696)	(53,187)

ii) Insurance assumptions

At 31 December 2023	Change in variable	Impact on ordinary shareholder equity and attributable profit after taxation		Impact on CSM (net of reinsurance and taxation)
		Gross of reinsurance Ushs'000	Net of reinsurance Ushs'000	Ushs'000
Stress over contract term				
Mortality				
Assured lives				
Up	4.5%	139,795	114,686	-
Down	-4.5%	(139,795)	(114,686)	-
Morbidity				
Up	10%	802,997	40,150	-
Down	-10%	(802,997)	(40,150)	-
Withdrawals				
Up	10%	145,317	140,429	-
Down	-10%	(145,317)	(140,429)	-
Expense per policy				
Up	5.5%	327,927	327,927	7,607
Down	-5.5%	(327,927)	(327,927)	(7,607)

Notes to the financial statements

5. Risk management (continued)

v. Insurance risk (continued)

At 31 December 2023	Change in variable	Impact on ordinary shareholder equity and attributable profit after taxation		Impact on CSM (net of reinsurance and taxation)
		Gross of reinsurance Ushs'000	Net of Reinsurance Ushs'000	Ushs'000
Stress over the next 12 months only				
Mortality				
Assured lives				
Up	4.5%	276,307	220,514	16,913
Down	-4.5%	(276,307)	(220,514)	(16,913)
Morbidity				
Up	19%	1,925,739	35,867	-
Down	-19%	(1,925,739)	(35,867)	-
Withdrawals				
Up	21%	237,343	219,006	6,171
Down	-21%	(237,343)	(219,006)	(6,171)
31 December 2022 (Restated)				
Stress over contract term				
Mortality				
Assured lives				
Up	4.5%	131,739	106,632	7,821
Down	-4.5%	(131,739)	(106,632)	(7,821)
Morbidity				
Up	10%	1,147,138	114,714	-
Down	-10%	(1,147,138)	(114,714)	-
Withdrawals				
Up	10%	105,975	101,086	14,795
Down	-10%	(109,198)	(96,854)	(15,245)
Expense per policy				
Up	5.5%	300,575	300,575	9,559
Down	-5.5%	(300,575)	(300,575)	(9,559)
Stress over the next 12 months only				
Mortality				
Up	4.5%	293,220	237,427	16,913
Down	-4.5%	(293,220)	(237,427)	(16,913)
Morbidity				
Up	19%	2,179,562	217,956	-
Down	-19%	(2,179,562)	(217,956)	-
Withdrawals				
Up	21%	243,515	225,177	6,171
Down	-21%	(243,515)	(225,177)	(6,171)

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management

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 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	**2023 Ushs'000**	**2022 Ushs'000 Restated**
Debt instruments at amortised cost	19,499,150	20,394,492
Equity financial assets at FVTPL	185,083	176,320
Other assets (excluding prepayments)	3,763,599	3,044,225
Statutory security deposit	757,947	684,481
Cash and bank balances	5,660,709	3,355,193
Unit trust investments	643,198	510,842
Total financial and insurance assets	**30,509,686**	**28,165,553**

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.

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

Interest rate risk sensitivity analysis

The table below summarises the Company's exposure to interest rate risk as at year-end:

	Average interest rate		2023	2022
	2023	2022	Ushs'000	Ushs'000
Unit trust investments	12.54%	11.95%	643,198	510,842

A +/-2 movement in the interest rates would have an impact of +/- Ushs 4.5 million on the 2023 profit (2022: Ushs 0.83 million).

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):

	2023			2022		
	ZAR Ushs'000	USD Ushs'000	Total Ushs'000	ZAR Ushs'000	USD Ushs'000	Total Ushs'000
Amount due to related parties	(92,461)	-	**(92,461)**	(516,850)	-	**(516,850)**
Cash and bank balance	768	16,903	**17,671**	782	47,109	**47,891**
	(91,693)	**16,903**	**(74,790)**	**(516,068)**	**47,109**	**(468,959)**

At 31 December 2023, if the Ushs had weakened (-) / strengthened (+) by 5 % against the ZAR and the USD with all other variables held constant, post-tax profit for the year would have been higher or lower respectively, mainly as a result of foreign exchange gains / (losses) on translation of ZAR and USD denominated related party transactions, as follows:

	2023		2022	
	ZAR	USD	ZAR	USD
+5% movement	4,585	(845)	25,803	(2,355)
- 5% movement	(4,585)	845	(25,803)	2,355

(c) 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.

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(c) Credit risk (continued)

Key areas where the Company is exposed to credit risk are:

- Bank balances
- Unit trust investments
- Other assets (Premium receivable from intermediaries, reinsurance recoveries and other debtors); and
- Debt instruments at amortised cost

The Company's investment and associated financial instruments that support policyholder liabilities were managed in-house by the Company's management.

Credit exposure

The Company has some concentration of credit risk in terms of insurance and other receivables due to the relative significance of the total value of debtors and bank balances with Stanbic Bank Group controlled entities. A number of cash transactions are done through Stanbic Bank Uganda Limited, a sister 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 2023	AAA Ushs'000	AA Ushs'000	A Ushs'000	B+ Ushs'000	Not rated Ushs'000	Total carrying value Ushs'000
Financial assets at amortised cost	-	-	-	19,499,150	-	19,499,150
Other assets	-	-	-	-	3,930,229	3,930,229
Statutory security deposit	-	-	-	757,947	-	757,947
Unit trust investments	-	-	-	643,198	-	643,198
Cash at bank	-	-	-	-	5,660,709	5,660,709
Total assets bearing credit risk	**-**	**-**	**-**	**20,900,295**	**9,590,938**	**30,491,233**
At December 31 2022 (Restated)						
Financial assets at amortised cost	-	-	-	20,394,492	-	20,394,492
Other assets	-	-	-	-	3,116,463	3,116,463
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	**-**	**-**	**-**	**21,589,815**	**6,471,656**	**28,061,471**

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:

5. Risk management (continued)

vi. Financial risk management (continued)

(c) Credit risk (continued)

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 Company 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 measurement of expected credit losses

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 No significant change in credit risk since initial recognition.	Underperforming Significant increase in Credit risk since initiation. No objective evidence of impairment	Non-Performing Financial instruments that have deteriorated significantly in credit quality since initial recognition. Credit impairment evident

Credit risk profile based on provision matrix

Financial assets at amortised costs

	2023 Ushs'000	2022 Ushs'000 Restated
Stage 1	19,544,621	20,432,487
Total financial assets at amortised cost	**19,544,621**	**20,432,487**
Less: Expected credit losses	(45,471)	(37,995)
Net carrying amount	**19,499,150**	**20,394,492**

Statutory security deposit

	2023 Ushs'000	2022 Ushs'000
Stage 1	759,504	685,921
Total statutory security deposit	**759,504**	**685,921**
Less: Expected credit losses	(1,557)	(1,440)
Net carrying amount	**757,947**	**684,481**

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(c) Credit risk (continued)

Cash and bank balances	2023 Ushs'000	2022 Ushs'000
Stage 1	5,665,570	3,358,042
Total cash and bank balances	**5,665,570**	**3,358,042**
Less: Expected credit losses	(4,861)	(2,849)
Net carrying amount	**5,660,709**	**3,355,193**

Standard Bank Group Limited credit risk concentration

Standard Bank Group 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 Group or its subsidiaries.

Standard Bank Group Limited (Standard Bank) credit risk concentration	**Overall Company investment Ushs'000**	**Exposure to Standard Bank Ushs'000**	**%**
At 31 December 2023			
Financial instruments at amortised cost	19,499,150	806,981	4%
Statutory security deposit	757,947	-	-
Unit trust investment	643,198	-	-
Other assets	3,930,229	-	-
Cash and bank balances	5,660,709	1,285,147	23%
Total exposure to Standard Bank Group	**30,491,233**	**2,092,128**	**7%**
At 31 December 2022			
Financial instruments at amortised cost	20,394,492	-	-
Statutory security deposit	684,481	-	-
Unit trust investment	510,842	-	-
Other assets	3,116,463	-	-
Cash and bank balances	3,355,193	230,623	7%
Total exposure to Standard Bank Group	**28,061,471**	**230,623**	**1%**

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.

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(c) Credit risk (continued)

The following is the maximum exposure to credit risk for insurance and reinsurance contracts held:

At 31 December 2023	Receivable from intermediaries Ushs'000 Note 22	Reinsurance recoverable Ushs'000 Note 22	Reinsurance contract assets Ushs'000 Note 23	Total Ushs'000
Current	-	-	2,656,548	2,656,548
Past due but not impaired:				
- by up to 30 days	3,024,106	-	112,992	3,137,098
- by 31 to 60 days	11,350	-	123,727	135,077
Total past due up to 60 days	**3,035,456**	**-**	**236,719**	**3,272,175**
Past due by >60 days	220,483	552,098	4,337,526	5,110,107
Total	**3,255,939**	**552,098**	**7,230,793**	**11,038,830**
At 31 December 2022 (Restated)				
Current	-	-	2,407,292	2,407,292
Past due but not impaired:		-		
- by up to 30 days	2,350,800	-	57,429	2,408,229
- by 31 to 60 days	19,431	-	72,827	92,258
Total past due up to 60 days	**2,370,231**	**-**	**130,256**	**2,500,487**
Past due by >60 days	114,516	591,045	2,444,801	3,150,362
Total	**2,484,747**	**591,045**	**4,982,349**	**8,058,141**

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.

(d) Liquidity risk

This represents the risk that the Company 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).

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.

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(d) Liquidity risk (continued)

The table below summarises the maturity profile of the insurance liabilities and financial liabilities of the Company based on the remaining undiscounted contractual obligations.

Liabilities	0-3 months Ushs'000	Less than 1 year Ushs'000	1 year to 5 years Ushs'000	Over 5 years Ushs'000	Contractual cash flows Ushs'000	Carrying value Ushs'000
Insurance contracts	-	6,271,057	269,729	1,239,882	**7,780,668**	**7,309,334**
Financial liabilities under investment contracts	-	127,018	-	-	**127,018**	**127,018**
Other liabilities	901,254	-	-	-	**901,254**	**901,254**
Other financial liabilities	6,501,226	-	-		**6,501,226**	**6,501,226**
Employee benefits payable	470,963	-	-	-	**470,963**	**470,963**
Lease liability	-	412,929	1,696,105	-	**2,109,034**	**1,638,249**
Amounts due to related parties	-	109,322	-	-	**109,322**	**109,322**
	7,873,443	**6,920,326**	**1,965,834**	**1,239,882**	**17,999,485**	**17,057,366**

At 31 December 2022 (Restated)	0-3 months	Less than 1 year	1 year to 5 years	Over 5 years	Contractual cash flow	carrying value
Liabilities	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Insurance contract liabilities	-	2,944,540	239,139	1,119,121	**4,302,800**	**4,048,656**
Financial liabilities under investment contracts	-	129,648	-	-	**129,648**	**116,800**
Other liabilities	751,917	-		-	**751,917**	**751,917**
Other financial liabilities	6,442,365	-	-	-	**6,442,365**	**6,442,365**
Employee benefits	376,268	-	-	-	**376,268**	**376,268**
Lease liability	-	330,357	1,855,860	-	**2,186,217**	**1,604,019**
Amounts due to related parties	-	541,772	-	-	**541,772**	**541,772**
	7,570,550	**3,946,317**	**2,094,999**	**1,119,121**	**14,730,987**	**13,881,797**

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(d) Liquidity risk (continued)

Liquidity profile of financial assets

The liquidity of the Company's assets is as illustrated below :

	2023 Ushs'000	2022 Ushs'000	2023 %	2022 %
Liquid assets	5,660,709	3,355,193	19%	12%
Medium assets	24,848,977	24,810,360	81%	88%
	30,509,686	**28,165,553**	**100%**	**100%**

Liquid assets are those that are considered to be realisable within one month (e.g., cash, term deposits) while medium assets are those that are considered to be realisable within six months (e.g., insurance and other debtors). The Company has the option of meeting unexpected short-term liquidity gaps by accessing medium assets like fixed deposits and unit trust investments.

Liquidity risks arising out of obligations to policyholders

The following tables indicate the liquidity needs in respect of cash flows required to meet obligations arising under insurance contracts.

A liability is held with respect to the LIC and LRC portion associated with annually renewable contracts, and these cash flows are included in the table below.

At 31 December 2023	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs'000	Total insurance contract liabilities Ushs'000
Within 1 year	6,393,695	590,903	6,984,598
1 -2years	39,713	-	39,713
2-3years	29,901	-	29,901
3-4years	20,632	-	20,632
4 -5years	234,490	-	234,490
	6,718,431	**590,903**	**7,309,334**

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

As 31 December 2023	Carrying value Ushs'000	Surrender value Ushs'000
Insurance contracts	6,718,431	1,625,122
Direct participating contracts	590,903	639,868
Total insurance contract liabilities	**7,309,334**	**2,264,990**

Notes to the financial statements

5. Risk management (continued)

vi. Financial risk management (continued)

(d) Liquidity risk (continued)

At 31 December 2022

	Life risk measured under PAA Ushs '000	Direct participating contracts Ushs 000	Total insurance contract liabilities Ushs'000
Within 1 year	3,208,019	470,683	3,678,702
1 – 2 years	334,513	-	334,513
2 – 3 years	12,676	-	12,676
3 – 4 years	15,845	-	15,845
4 – 5years	6,920	-	6,920
Total insurance contract liabilities	**3,577,973**	**470,683**	**4,048,656**

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

At 31 December 2022

	Carrying value Ushs'000	Surrender value Ushs'000
Insurance contracts	3,577,973	1,770,442
Direct participating contracts	470,683	513,699
Total insurance contract liabilities	**4,048,656**	**2,284,141**

vii. Operational risk

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

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.

Notes to the financial statements

5. Risk management (continued)

vii. Operational risk (continued)

Risk identification, assessment and measurement
The Company 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.

Risk management
Policy compliance is the subject of ongoing monitoring. The Company'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.

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Notes to the financial statements

5. Risk management (continued)

vii. Operational risk (continued)

- 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.

- 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.

- 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.

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.

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.

Notes to the financial statements

5. Risk management (continued)

viii. 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 Company'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.

ix. 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.

Notes to the financial statements

6. Insurance revenue

Year ended 31 December 2023	Note	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Contracts not measured under PAA				
Expected incurred claims		-	406	406
Expected directly attributable expenses		-	9,430	9,430
Other amounts, including experience adjustments for premium receipts		-	(10,483)	(10,483)
Change in risk adjustment for non-financial risk for risk expired		-	76	76
CSM recognised in profit or loss for services provided		-	23,683	23,683
Total insurance revenue from contracts not measured under PAA		**-**	**23,112**	**23,112**
Contracts measured under PAA		57,270,889	-	57,270,889
Total insurance revenue	**32**	**57,270,889**	**23,112**	**57,294,001**

Year ended 31 December 2022	Note	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Contracts not measured under PAA				
Expected incurred claims		-	158	158
Expected directly attributable expenses		-	7,198	7,198
Other amounts, including experience adjustments for premium receipts		-	(6,496)	(6,496)
Change in risk adjustment for non-financial risk for risk expired		-	18	18
CSM recognised in profit or loss for services provided		-	10,744	10,744
Total insurance revenue from contracts not measured under PAA		-	11,622	11,622
Contracts measured under PAA		48,553,990	-	48,553,990
Total insurance revenue	**32**	**48,553,990**	**11,622**	**48,565,612**

7. Insurance service expense

Year ended 31 December 2023	Note	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Incurred claims	32	23,346,696	-	23,346,696
Directly attributable expenses	15	21,229,129	5,768	21,234,897
Losses on onerous contracts	32	488	-	488
Amortisation of insurance acquisition cash flows	32	70,662	-	70,662
Total insurance service expense	**32**	**44,646,975**	**5,768**	**44,652,743**

Notes to the financial statements

7. Insurance service expense (continued)

Year ended 31 December 2022	Note	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Incurred claims	32	20,069,733	-	20,029,733
Directly attributable expenses	15	16,886,521	5,305	16,891,826
Changes to loss component on subsequent measurement	32	(2,285)	-	(2,285
Amortisation of insurance acquisition cash flows	32	544,574	-	544,574
Total insurance service expense	**32**	**37,498,543**	**5,305**	**37,503,848**

8. Net (expense) / income from reinsurance contracts held

	Note	2023 Ushs'000	202 Ushs'000
Contracts measured under PAA			
Net cost from reinsurance	23(b)	(18,268,581)	(14,927,633)
Claims recovered	23(b)	17,094,895	14,944,496
Net (expense)/ income from reinsurance contracts held	23(b)	**(1,173,686)**	**16,863**

9. Investment income

	Note	2023 Ushs'000	2022 Ushs'000
Financial assets held at amortized cost			
Investment income – government securities and fixed deposits	20	1,955,183	1,720,172
Interest income – unit trust investments	21	72,305	50,658
Interest income on current bank accounts		164,198	124,656
Total investment income		**2,191,686**	**1,895,486**
Net impairment loss on financial assets	15(b)	(9,605)	(2,097)
Net investment income		**2,182,081**	**1,893,389**

The investment income includes interest earned on the debt financial instruments (Note 20) and the unit trust investment securities (Note 21).

10. Finance expense from insurance contracts issued

Year ended 31 December 2023	Note	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Changes in fair value of referenced underlying assets		-	72,305	72,305
Interest accreted using current financial assumptions		-	12,979	12,979
Interest accreted on CSM		-	(12,953)	(12,953)
Effect of changes in interest rates and other financial assumptions		432	-	432
Total finance expense from insurance contracts issued	**32**	**432**	**72,331**	**72,763**

Notes to the financial statements

10. Finance expense from insurance contracts issued (continued)

Year ended 31 December 2022	Note	Life Risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Changes in fair value of referenced underlying assets		-	15,443	15,443
Interest accreted using current financial assumptions		-	(14,883)	(14,883)
Interest accreted on CSM		-	14,886	14,886
Effect of changes in interest rates and other financial assumptions		-	-	-
Total finance expense from insurance contracts issued	32	**-**	**15,446**	**15,446**

11. Finance income from reinsurance contracts held

	Note	2023 Ushs'000	2022 Ushs'000
Contracts measured under PAA			
Effect of changes in interest rates and other financial assumptions	23(b)	13	-
Total finance income from reinsurance contracts held		**13**	**-**

12. Bancassurance and related expense

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Profit share expense	30	6,501,226	6,442,365
		6,501,226	**6,442,365**

13. Other income

	2023 Ushs'000	2022 Ushs'000
Sundry income	15,611	22,882
Fee income	1,283	1,252
Reinsurance profit commission	142,165	-
Total other income	**159,059**	**24,134**

14. Other finance costs

	Note	2023 Ushs'000	2022 Ushs'000
Interest on finance lease	25(b)	175,575	186,964
Foreign exchange losses		78,360	44,139
		253,935	**231,103**

15. General marketing and administration expenses

(a) Analysis of insurance service directly attributable expenses and other operating expenses

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Staff costs	16	6,976,420	5,060,825
Subscriptions		3,917,487	3,774,496
Fees paid for administration services		511,145	554,900
Advertising		481,021	401,370
Other expenses		1,590,756	1,430,875
Travel – local		171,766	76,188
Directors' fees		167,658	128,942
External audit fees		200,045	194,328
Internal audit fees		117,200	131,777
Low value lease expense		67,754	28,856
Insurance expenses		52,417	38,115
Other staff costs		276,161	190,558
Training costs		74,402	103,119
Depreciation: property and equipment	24	172,121	131,288
Depreciation: right-of-use asset	25	237,224	226,847
Repairs and maintenance expense		9,838	18,443
Increase in expected credit losses on premiums receivable from intermediaries	15b	9,423	21,525
		15,032,838	**12,512,452**
Insurance contract acquisition costs - PAA		8,145,197	6,150,144
		23,178,035	**18,662,596**
Represented by:			
Insurance service expenses (directly attributable expenses)	7	21,234,897	16,891,826
Increase in expected credit losses on premiums receivable from intermediaries		9,423	21,525
Other operating expenses		1,933,715	1,749,245
		23,178,035	**18,662,596**

The fees for the 2023 audit services are Ushs 200.045 million and the fees for non-audit services provided by the external auditor are Ushs 11.8 million.

(b) Expected credit loss reconciliation

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

	Other financial assets					
Year ended 31 December 2023	**Bank balances Ushs'000**	**Statutory deposit Ushs'000**	**Government securities and fixed deposits Ushs'000**	**Subtotal Ushs'000**	**Premiums receivable from intermediaries Ushs'000**	**Total Ushs'000**
At 1 January 2023	2,849	1,440	37,995	**42,284**	22,605	**64,889**
Charge for the year	2,012	117	7,476	**9,605**	9,423	**19,028**
At 31 December 2023	**4,861**	**1,557**	**45,471**	**51,889**	**32,028**	**83,917**
Year ended 31 December 2022						
At 1 January 2022	2,624	1,293	36,270	**40,187**	1,080	**41,267**
Charge for the year	225	147	1,725	**2,097**	21,525	**23,622**
At 31 December 2022	**2,849**	**1,440**	**37,995**	**42,284**	**22,605**	**64,889**

Notes to the financial statements

16. Staff costs

	2023 Ushs'000	2022 Ushs'000
Staff salaries	6,505,457	4,684,557
Bonus expense	470,963	376,268
	6,976,420	**5,060,825**

The average number of employees of the Company during the year was 59 (2022: 48).

17. Profit before income tax

Profit before income tax is stated after charging:

	Note	2023 Ushs'000	2022 Ushs'000
Auditor's remuneration	15	200,045	194,328
Depreciation on property and equipment	24	172,121	131,288
Depreciation on right-of-use asset	25	237,224	226,847
Wages and salaries	16	6,976,420	5,060,825

18. Income tax expense

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Current income tax charge		1,175,323	1,167,052
WHT charge on interest from government securities – final tax		338,273	330,714
Deferred tax credit	26	(145,982)	(401,220)
Income tax expense		**1,367,614**	**1,096,546**

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 %	2023 Ushs'000	Effective tax rate %	2022 Ushs'000 Restated
Profit before income tax		5,037,663		4,536,466
Tax calculated at the statutory income tax rate of 30%	30%	1,511,299	30%	1,360,940
Tax effects of:				
WHT at source as final tax	6.7%	338,273	7.3%	330,714
Interest income on government securities taxed at source	(10)%	(507,411)	(10.9)%	(496,071)
Impact of IFRS 17 transition	-	-	(3.7)%	(168,483)
Expenses not deductible for tax purposes	0.4%	18,860	1.2%	52,424
Deferred tax adjustment – prior year	0.1%	6,593	0.4%	17,022
Current income tax adjustment – prior year	-	-	-	-
Income tax expense for the year	**27.2%**	**1,367,614**	**24.2%**	**1,096,546**

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18. Income tax expense (continued)

Current income tax (recoverable)/payable

	2023 Ushs'000	2022 Ushs'000
At start of year	114,720	(215,988)
Current income tax charge	1,175,323	1,167,052
WHT charge on interest from government securities	338,273	330,714
WHT paid on interest from government securities	(338,273)	(330,714)
Current income tax paid	(1,442,076)	(836,344)
At end of year	**(152,033)**	**114,720**

19. Cash and bank balances

	Note	2023 Ushs'000	2022 Ushs'000
Cash and bank balances		5,665,570	3,358,042
Expected credit loss provision on cash at bank	15(b)	(4,861)	(2,849)
		5,660,709	**3,355,193**

The carrying value of cash and bank balances is approximately equal to the fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise of the above balances.

20. Debt and equity instruments

		2023 Ushs'000	2022 Ushs'000
Debt instruments at amortised cost			
Government securities		17,232,245	16,762,942
Fixed deposits		2,312,376	3,669,545
Expected credit loss on government securities and fixed deposits	15b	(45,471)	(37,995)
		19,499,150	**20,394,492**
Statutory security deposit – Government securities		759,504	685,921
Expected credit loss on statutory security deposit	15b	(1,557)	(1,440)
		757,947	**684,481**
Total carrying amount		**20,257,097**	**21,078,973**


LIBERTY
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Notes to the financial statements

20. Debt and equity instruments (continued)

The movement in the above debt securities was as follows

	2023			2022		
	Government securities* Ushs'000	Fixed deposits Ushs'000	Total Ushs'000	Government securities* Ushs'000	Fixed deposits Ushs'000	Total Ushs'000
At start of year	17,448,863	3,669,545	21,118,408	15,263,671	1,661,488	16,925,159
Investments	16,642,277	7,766,964	24,409,241	21,436,423	3,546,938	24,983,361
Redemptions	(16,255,468)	(9,217,200)	(25,472,668)	(19,336,375)	(1,596,724)	(20,933,099)
Interest earned	1,536,659	418,524	1,955,183	1,609,219	110,953	1,720,172
Interest received	(1,380,582)	(325,457)	(1,706,039)	(1,524,075)	(53,110)	(1,577,185)
At end of year	**17,991,749**	**2,312,376**	**20,304,125**	**17,448,863**	**3,669,545**	**21,118,408**
ECL provision	(36,890)	(10,138)	(47,028)	(35,786)	(3,649)	(39,435)
Net amount	**17,954,859**	**2,302,238**	**20,257,097**	**17,413,077**	**3,665,896**	**21,078,973**

*The government securities balances presented above also include the statutory security deposit.

The increase in the ECL provision is because of changes in sovereign credit risk and the fixed deposit investment mix whereby more fixed deposits were held in regulated financial institutions with lower credit rating compared to the prior year.

	2023 Ushs'000	2022 Ushs'000
Maturity profile of government securities and fixed deposits - gross:		
Less than 1 year	19,251,597	20,133,761
1 – 5 years	293,024	298,726
Total	**19,544,621**	**20,432,487**

The weighted average effective interest rate on debt instruments as at 31 December 2023 was 12.03% (2022: 11.89%).

	2023 Ushs'000	2022 Ushs'000
Equity financial asset at fair value through profit or loss (FVTPL)		
Unlisted equity security - Investment in Uganda Reinsurance	185,083	176,320
Total	**185,083**	**176,320**
The movement in the equity investment was as follows:		
At start of year	176,320	156,978
Additions	3,137	3,040
Fair value gain	5,626	16,302
At end of the year	**185,083**	**176,320**

Notes to the financial statements

21. Unit trust investments

Unit trust investment balance	643,198	510,842
The movement in unit trust investment during the year was as follows:		
At start of year	510,842	547,633
Deposits	151,349	172,574
Interest earned	72,305	50,658
Withdrawals	(91,298)	(260,023)
At end of year	**643,198**	**510,842**

The average interest rate applicable to the above investments during the year was 12.54% (2022: 11.95%).

22. Other assets

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Premium receivable from intermediaries		3,287,967	2,507,352
Expected credit loss provision – premium from intermediaries	15b	(32,028)	(22,605)
Net outstanding premium receivable - Intermediary debtors		**3,255,939**	**2,484,747**
Reinsurance recoveries		552,098	591,045
Other debtors – due from Liberty General Uganda	29	122,192	40,671
Total financial assets		**3,930,229**	**3,116,463**
Other debtors		5,240	114,725
Prepayments		841,185	703,087
Total other assets		**4,776,654**	**3,934,275**

Prepayments, insurance and other receivables are settled no more than 12 months after the reporting date. All balances are non-interest bearing and their carrying values approximate the fair value.

ECL on the other debtors was assessed to be immaterial.

23. Reinsurance contract assets

(a) Carrying amount

	Life risk measured under PAA Ushs'000	Direct participating contracts Ushs '000	Total Ushs '000
Year ended 31 December 2023			
Reinsurance contract assets	7,230,793	-	7,230,793
Reinsurance contract liabilities	-	-	-
Net reinsurance contract assets	**7,230,793**	**-**	**7,230,793**
Year ended 31 December 2022 (Restated)			
Reinsurance contract assets	4,982,349	-	4,982,349
Reinsurance contract liabilities	-	-	-
Net reinsurance contract assets	**4,982,349**	**-**	**4,982,349**

Notes to the financial statements

23. Reinsurance contract assets (continued)

(b) Reconciliation of the Asset for Remaining Coverage (ARC) and the Asset Recoverable on Incurred Claims (ARIC)

Year end 31 December 2023	Note	ARC			ARIC			Total life risk measured under PAA
		Excluding loss recovery component Ushs'000	Loss recovery component Ushs'000	Total ARC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total ARIC Ushs'000	Ushs'000
At 1 January 2023		**(159,164)**	**-**	**(159,164)**	**4,877,025**	**264,488**	**5,141,513**	**4,982,349**
Reinsurance expenses	8	(18,268,581)	-	(18,268,581)	-	-	-	(18,268,581)
Other incurred directly attributable expenses		-	-	-	-	-	-	-
Claims recovered	8	-	-	-	17,056,786	38,109	17,094,895	17,094,895
Net (expenses)/income from reinsurance contracts held	8	**(18,268,581)**	**-**	**(18,268,581)**	**17,056,786**	**38,109**	**17,094,895**	**(1,173,686)**
Finance income from reinsurance contracts held	11	13	-	13	-	-	-	13
Total recognised in the statement of comprehensive income		**(18,268,568)**	**-**	**(18,268,568)**	**17,056,786**	**38,109**	**17,094,895**	**(1,173,673)**
Investment components		-	-	-	-	-	-	-
Net cash flows		**17,571,809**	**-**	**17,571,809**	**(14,149,692)**	**-**	**(14,149,692)**	**3,422,117**
Premiums paid net of ceding commissions		17,571,809	-	17,571,809	-	-	-	17,571,809
Recoveries from reinsurance		-	-	-	(14,149,692)	-	(14,149,692)	(14,149,692)
At 31 December 2023		**(855,923)**	**-**	**(855,923)**	**7,784,119**	**302,597**	**8,086,716**	**7,230,793**

Notes to the financial statements

23. Reinsurance contract assets (continued)

(b) Reconciliation of the ARC and ARIC (continued)

Year end 31 December 2022 (Restated)	Note	ARC			ARIC			Total life risk measured under PAA
		Excluding loss recovery component Ushs'000	Loss recovery component Ushs'000	Total ARC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total ARIC Ushs'000	Ushs'000
At 1 January 2022		-	-	-	-	-	-	-
Initial impact of IFRS 17		(209,428)	-	(209,428)	4,943,069	358,958	5,302,027	5,092,599
Reinsurance expenses	8	(14,927,633)	-	(14,927,633)	-	-	-	(14,927,633)
Other incurred directly attributable expenses		-	-	-	-	-	-	-
Claims recovered**	8	-	-	-	15,038,966	(94,470)	14,944,496	14,944,496
Net income (expenses) from reinsurance contracts held	8	**(14,927,633)**	**-**	**(14,927,633)**	**15,038,966**	**(94,470)**	**14,944,496**	**16,863**
Finance income from reinsurance contracts held	11	-	-	-	-	-	-	-
Total recognised in the statement of comprehensive income		**(14,927,633)**	**-**	**(14,927,633)**	**15,038,966**	**(94,470)**	**14,944,496**	**16,863**
Investment components		-	-	-	-	-	-	-
Net cash flows		**14,977,897**	**-**	**14,977,897**	**(15,105,010)**	**-**	**(15,105,010)**	**(127,113)**
Premiums paid net of ceding commissions		14,977,897	-	14,977,897	-	-	-	14,977,897
Recoveries from reinsurance		-	-	-	(15,105,010)	-	(15,105,010)	(15,105,010)
At 31 December 2022		**(159,164)**	**-**	**(159,164)**	**4,877,025**	**264,488**	**5,141,513**	**4,982,349**

***The impact on the risk adjustment is a decrease due to the decrease in the risk adjustment compared to 2021 from the IBNR bootstrap.*

Notes to the financial statements

24. Property and equipment

	Computer equipment	Furniture fixtures and fittings	Office equipment	Motor vehicles	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
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**
At 1 January 2023	**598,597**	**445,427**	**300,351**	**307,970**	**1,652,345**
Additions	90,138	15,276	44,538	123,255	273,207
At 31 December 2023	**688,735**	**460,703**	**344,889**	**431,225**	**1,925,552**
Depreciation					
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**
At 1 January 2023	**431,432**	**325,186**	**150,094**	**307,970**	**1,214,682**
Charge for the year	79,965	36,183	35,915	20,058	172,121
At 31 December 2023	**511,397**	**361,369**	**186,009**	**328,028**	**1,386,803**
Net book value					
At 31 December 2022	**167,165**	**120,241**	**150,257**	**-**	**437,663**
At 31 December 2023	**177,338**	**99,334**	**158,880**	**103,197**	**538,749**

25. Leases

a) Right-of-use asset

Right-of-use assets relates to leased office premises.

	2023 Ushs'000	2022 Ushs'000
Cost		
At the start of the year	2,344,000	2,344,000
Additions to right of use assets	155,346	-
At the end of the year	**2,499,346**	**2,344,000**
Depreciation		
At the start of the year	(1,065,810)	(838,963)
Charge for the year	(237,224)	(226,847)
At the end of the year	**(1,303,034)**	**(1,065,810)**
Net book value	**1,196,312**	**1,278,190**

Notes to the financial statements

25. Leases (continued)

b) Lease liabilities

	2023 Ushs'000	2022 Ushs'000
At the start of the year	1,604,019	1,763,586
increase in lease liability	155,346	-
Interest expense	175,575	186,964
Interest paid in the year	(175,575)	(186,964)
Principal paid in the year	(173,100)	(219,144)
Effect of foreign exchange movements	51,984	59,577
At the end of the year	**1,638,249**	**1,604,019**

The maturity analysis of these lease liabilities are disclosed below:

	2023 Ushs'000	2022 Ushs'000
Current	412,929	330,357
Non-current	1,225,320	1,273,662
Total	**1,638,249**	**1,604,019**

At 31 December 2023, the future minimum lease payments under non-cancellable leases were payable as follows:

	2023 Ushs'000	2022 Ushs'000
Payable within 1 year	412,929	330,357
Payable within 1 - 5 years	1, 696,105	1,855,860
	2,109,034	**2,186,217**

c) Amounts recognized in profit or loss

	2023 Ushs'000	2022 Ushs'000
Interest on lease liabilities	175,575	186,964
Depreciation on right-of-use asset	237,224	226,847
Expenses relating to low value lease expense	67,754	28,856
Effect of foreign exchange movements	51,984	59,577
Total	**532,537**	**502,244**

d) Amounts recognized in the statement of cash flows

	2023 Ushs'000	2022 Ushs'000
Payment of lease liabilities	173,100	219,144
Interest expense on lease payment	175,575	186,964
Total cash outflows relating to leases	**348,675**	**406,108**

Notes to the financial statements

25. Leases (continued)

e) The Company's leasing activities and how these are accounted for

The Company has one lease agreement for office space in the Madhvani building. The initial term was of 5 years starting from December 2018 to 30 November 2023 (Madhvani building) but with an option to extend the lease.

The lease agreement terms have an extension 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

The Company obtained an indicative borrowing rate of funds with similar term structure as the lease from dfcu Bank Limited and used this incremental borrowing rate of 12% as the discount rate.

26. Deferred tax asset

	At start of the year	(Credit)/charge to profit or loss	At end of the year
Year ended 31 December 2023	Ushs'000	Ushs'000	Ushs'000
Deferred tax liabilities			
Accelerated depreciation	(71,054)	32,164	(38,890)
Total deferred tax liabilities	**(71,054)**	**32,164**	**(38,890)**
Deferred tax assets			
Movement in reserves and provisions	(941,526)	(178,146)	(1,119,672)
Total deferred tax assets	**(941,526)**	**(178,146)**	**(1,119,672)**
Net deferred tax asset	**(1,012,580)**	**(145,982)**	**(1,158,562)**
Year ended 31 December 2022 (Restated)			
Deferred tax liabilities			
Accelerated depreciation	(49,707)	(21,347)	(71,054)
Total deferred tax liabilities	**(49,707)**	**(21,347)**	**(71,054)**
Deferred tax assets			
Movement in reserves and provisions	(510,165)	(431,361)	(941,526)
Current income tax losses	(51,488)	51,488	-
Total deferred tax assets	**(561,653)**	**(379,873)**	**(941,526)**
Net deferred income tax asset	**(611,360)**	**(401,220)**	**(1,012,580)**

Notes to the financial statements

27. Other liabilities

	2023 Ushs'000	2022 Ushs'000 Restated
Commission expense payable	71,525	558,145
Accruals and other liabilities	1,355,776	417,912
	1,427,301	**976,057**

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

28. Employee benefits payable

	2022 Ushs'000	2022 Ushs '000
Short-term employee benefits		
At start of year	376,268	406,293
increase for the year	715,753	277,057
Utilised during the year	(621,058)	(307,082)
At end of year	**470,963**	**376,268**

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
In terms of the Company's 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.

Incentive scheme
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.

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. 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 related to the Company by virtue of common shareholding and directorships.

Related party transactions with subsidiaries of the ultimate holding company

The Company does the following transactions with Stanbic Bank Uganda Limited (SBUL), a subsidiary of Standard Bank Group Limited.

- Provision of group credit, group risk and medical insurance services. This involves receipt of premiums for the services provided, payment of commissions to SBUL and payment of claims.
- Joint business profit commission sharing arrangement where the Company and SBUL share in the profits earned on the insurance business sourced through the arrangement.
- Use of banking facilities provided by SBUL.
- Use of IT and human resource support services from SBUL
- Payment of board fees/ directors' fees

29. Related party disclosures (continued)

The following are the transactions and balances with SBUL:

	2023 Ushs'000	2022 Ushs'000 Restated
Transactions with SBUL		
Insurance premium revenue	19,873,472	17,249,234
Net commission expense	3,949,979	3,395,019
Net claims paid	2,476,689	1,241,880
Joint business arrangement profit commission	6,501,226	6,442,365
Directors' fees	19,500	15,000
Bank charges	22,484	18,593
IT and human resource support services	24,450	24,456
Balances with SBUL		
Cash held at Stanbic Bank Uganda Limited	1,285,147	230,623
Fixed deposit held at Stanbic Bank Uganda Limited	806,981	-

Related party transactions with immediate shareholding companies

The Company does the following transactions with its immediate shareholders:

Provision of group risk insurance services to Muljibhai Madhvani & Company Limited
Administration and management support from Liberty Holdings Limited and Muljibhai Madhvani & Company Limited for which charges/ fees are levied.
Rent for office premises from Muljibhai Madhvani & Company Limited
Board/ directors' fees to bothimmediate shareholders
Dividends paid to both immediate shareholders

The following are the details of the transactions with immediate shareholding companies:

Muljibhai Madhvani & Company Limited

Item	2023 Ushs'000	2022 Ushs'000
Insurance premium revenue	22,581	23,153
Management fees for administration services	110,000	110,000
Rent for office premises	387,928	406,108
Directors' fees	100,500	100,500
Dividend paid	980,000	-
Total	**1,601,009**	**639,761**
Liberty Holdings Limited		
Management fees for administration services	390,000	390,000
Directors' fees	40,500	40,500
Dividends paid	1,020,000	-
	1,450,500	**430,500**

Notes to the financial statements

29. Related party disclosures (continued)

Related party transactions with subsidiaries of the shareholding companies

The Company does the following transactions with various subsidiaries of the share holding companies:

- Provision of group risk and medical insurance services to Liberty General Insurance Company Uganda Limited (LGICUL).
- Shared costs with LGICUL.
- Use of facultative reinsurance services from LGICUL. 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.

The following are the details of the transactions done during the year:

Liberty General Insurance Uganda Limited	**2023 Ushs'000**	**2022 Ushs'000**
Insurance premium revenue	196,901	175,686
Reinsurance premiums ceded	254,051	484,052
Commission income	69,848	122,141
Reinsurance claims recovered	277,705	155,051
Shared costs	122,192	40,671
	920,697	**977,601**
Liberty Health South Africa (PTY) Limited		
Administration fees as per the health reinsurance treaty	1,966,007	1,865,625
Liberty Life Assurance Kenya Limited		
Internal audit fees	117,200	111,675
Liberty Holdings Kenya Limited		
Directors' fees	30,000	30,000

The outstanding balances as at year end were as shown below:

	2023 Ushs'000	**2022 Ushs'000 Restated**
Amounts due to related parties:		
Liberty Holdings Limited (South Africa)	92,461	516,850
Liberty Life Assurance Kenya Limited	16,861	24,922
	109,322	**541,772**
Amount due from related parties:		
Liberty General Insurance Company Uganda Limited	122,192	40,671

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

Notes to the financial statements

29. Related party disclosures (continued)

Transactions with key management personnels

Directors' emoluments – **Executive**	2023 Ushs'000	2022 Ushs'000
Directors' fees	**243,000**	**231,500**
Key management compensation		
Salaries and wages	1,309,364	825,261
Gratuity	278,188	143,608
Other staff costs	241,320	146,420
National Social Security Fund contributions	130,936	82,526
	1,959,808	**1,197,815**

30. Other financial liabilities

	2023 Ushs'000	2022 Ushs'000 Restated
Bancassurance - Stanbic Bank Uganda Limited		
Opening balance	6,442,365	-
Impact of initial application of IFRS 17	-	3,922,906
Profit share for the year	6,501,226	6,442,365
Paid during the year	(6,442,365	(3,922,906)
Closing balance	**6,501,226**	**6,442,365**

31. Financial liabilities under investment contracts

	2023 Ushs'000	2022 Ushs'000 Restated
At 1 January	116,800	124,451
IFRS 17 transition adjustment	-	2,810
At 1 January – restated	**116,800**	**127,261**
Fund inflows from investment contracts (excluding switches)	11,735	10,365
Funds outflows from investment contracts (excluding switches)	(234)	(19,574)
Service fee income	(1,283)	(1,252)
At 31 December	**127,018**	**116,800**

32. Insurance contract liabilities

(a) Carrying amount

	Life risk measured under PAA	Direct participating contracts	Total
Year ended 31 December 2023	**Ushs'000**	**Ushs '000**	**Ushs '000**
Insurance contract assets	-	-	-
Insurance contract liabilities	6,718,431	590,903	7,309,334
Net insurance contract liabilities	**6,718,431**	**590,903**	**7,309,334**
Year ended 31 December 2022 (Restated)			
Insurance contract assets	-	-	-
Insurance contract liabilities	3,577,973	470,683	4,048,656
Net insurance contract liabilities	**3,577,973**	**470,683**	**4,048,656**



Notes to the financial statements

32. Insurance contract liabilities (continued)

(b) Reconciliation of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC)

Year ended 31 December 2023	Notes	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			Total insurance contract liabilities
		Excluding loss component Ushs'000	Loss component Ushs'000	Total LRC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total LIC Ushs'000	Ushs'000
At 1 January		(208,207)	116	(208,091)	3,944,879	311,868	4,256,747	4,048,656
Insurance revenue	6	**(57,294,001)**	**-**	**(57,294,001)**	**-**	**-**	**-**	**(57,294,001)**
Insurance service expense	7	19,131,594	488	19,132,082	25,377,014	143,647	25,520,661	44,652,743
Incurred claims	7	-	-	-	23,203,049	143,647	23,346,696	23,346,696
Directly attributable expenses	7	19,060,932	-	19,060,933	2,173,965	-	2,173,965	21,234,897
Losses on onerous contracts	7	-	488	488	-	-	-	488
Amortisation of insurance acquisition cash flows	7	70,662	-	70,662	-	-	-	70,662
Insurance service result		**(38,162,407)**	**488**	**(38,161,919)**	**25,377,014**	**143,647**	**25,520,661**	**(12,641,258)**
Finance costs from insurance contracts issued	10	72,764	-	72,764	-	-	-	72,764
Total recognised in the statement of comprehensive income		**(38,089,643)**	**488**	**(38,089,155)**	**25,377,014**	**143,647**	**25,520,661**	**(12,568,494)**
Investment components		(178,230)	-	(178,230)	178,230	-	178,230	-
Cash flows		**40,206,422**	**-**	**40,206,422**	**(24,377,250)**	**-**	**(24,377,250)**	**15,829,172**
Premiums received		59,293,222	-	59,293,222	-	-	-	59,293,222
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(22,203,285)	-	(22,203,285)	(22,203,285)
Directly attributable expenses paid		(4,918,991)	-	(4,918,991)	(2,173,965)	-	(2,173,965)	(7,092,956)
Insurance acquisition cash flows		(14,167,809)	-	(14,167,809)	-	-	-	(14,167,809)
At 31 December		**1,730,342**	**604**	**1,730,946**	**5,122,873**	**455,515**	**5,578,388**	**7,309,334**

Notes to the financial statements

32. Insurance contract liabilities (continued)

(b) Reconciliation of the LRC and LIC (continued)

Year ended 31 December 2022	Notes	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			Total
		Excluding loss component Ushs'000	Loss component Ushs'000	Total LRC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total LIC Ushs'000	Total insurance contract liabilities Ushs'000
At 1 January		-	-	-	-	-	-	-
IFRS 17 transition adjustment		(763,885)	2,401	(761,484)	3,593,562	410,966	4,004,528	3,243,044
At 1 January - Restated		**(763,885)**	**2,401**	**(761,484)**	**3,593,562**	**410,966**	**4,004,528**	**3,243,044**
Insurance revenue	6	**(48,565,612)**	**-**	**(48,565,612)**	**-**	**-**	**-**	**(48,565,612)**
Insurance service expense	7	**15,414,422**	**(2,285)**	**15,412,137**	**22,190,809**	**(99,098)**	**22,091,711**	**37,503,848**
Incurred claims**	7	-	-	-	20,168,831	(99,098)	20,069,733	20,069,733
Other directly attributable expenses	7	14,869,848	-	14,869,848	2,021,978	-	2,021,978	16,891,826
Changes to loss component on subsequent measurement	7	-	(2,285)	(2,285)	-	-	-	(2,285)
Amortisation of insurance acquisition cash flows	7	544,574	-	544,574	-	-	-	544,574
Insurance service result		**(33,151,190)**	**(2,285)**	**(33,153,475)**	**22,190,809**	**(99,098)**	22,091,711	(11,061,764)
Finance costs from insurance contracts issued	10	15,446	-	15,446	-	-	-	15,446
Total recognised in the statement of comprehensive income		**(33,135,744)**	**(2,285)**	**(33,138,029)**	**22,190,809**	**(99,098)**	**22,091,711**	**(11,046,318)**
Investment components		(235,660)	-	(235,660)	235,660	-	235,660	-
Cash flows		**33,927,082**	**-**	**33,927,082**	**(22,075,152)**	**-**	**(22,075,152)**	**11,851,930**
Premiums received		49,595,499	-	49,595,499	-	-	-	49,595,499
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(20,053,174)	-	(20,053,174)	(20,053,174)
Other directly attributable expenses paid		(12,199,206)	-	(12,199,206)	(2,021,978)	-	(2,021,978)	(14,221,184)
Insurance acquisition cash flows		(3,469,211)	-	(3,469,211)	-	-	-	(3,469,211)
At 31 December		**(208,207)**	**116**	**(208,091)**	**3,944,879**	**311,868**	**4,256,747**	**4,048,656**

***The impact on the risk adjustment is a decrease due to the decrease in the risk adjustment compared to 2021 from the IBNR bootstrap.*

Notes to the financial statements

32. Insurance contract liabilities (continued)

(b) Reconciliation of the LRC and LIC (continued)

i) Life risk measured under PAA (continued)

		Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
Year ended 31 December 2022	**Notes**	**Excluding loss component Ushs'000**	**Loss component Ushs'000**	**Total LRC Ushs'000**	**Present value of future cash flows Ushs'000**	**Risk adjustment for non-financial risk Ushs'000**	**Total LIC Ushs'000**	**Total Life risk measured under PAA Ushs'000**
At 1 January		-	-	-	-	-	-	-
IFRS 17 transition adjustment		(1,265,990)	2,401	(1,263,589)	3,593,562	410,966	4,004,528	2,740,939
At 1 January - Restated		**(1,265,990)**	**2,401**	**(1,263,589)**	**3,593,562**	**410,966**	**4,004,528**	**2,740,939**
Insurance revenue	**6**	**(48,553,990)**	**-**	**(48,553,990)**	**-**	**-**	**-**	**(48,553,990)**
Insurance service expense	7	**15,409,117**	**(2,285)**	**15,406,832**	**22,190,809**	**(99,098)**	**22,091,711**	**37,498,543**
Incurred claims**	7	-	-	-	20,168,831	(99,098)	20,069,733	20,069,733
Other directly attributable expenses	7	14,864,543	-	14,864,543	2,021,978	-	2,021,978	16,886,521
Changes to loss component on subsequent measurement	7	-	(2,285)	(2,285)	-	-	-	(2,285)
Amortisation of insurance acquisition cash flows	7	544,574	-	544,574	-	-	-	544,574
Insurance service result		**(33,144,873)**	**(2,285)**	**(33,147,158)**	**22,190,809**	**(99,098)**	**22,091,711**	**(11,055,447)**
Finance costs from insurance contracts issued	10	-	-	-	-	-	-	-
Total recognised in the statement of comprehensive income		**(33,144,873)**	**(2,285)**	**(33,147,158)**	**22,190,809**	**(99,098)**	**22,091,711**	**(11,055,447)**
Investment components		-	-	-	-	-	-	-
Cash flows		**33,731,973**	**-**	**33,731,973**	**(21,839,492)**	**-**	**(21,839,492)**	**11,892,481**
Premiums received		49,395,085	-	49,395,085	-	-	-	49,395,085
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(19,817,514)	-	(19,817,514)	(19,817,514)
Other directly attributable expenses paid		(12,193,901)	-	(12,193,901)	(2,021,978)	-	(2,021,978)	(14,215,879)
Insurance acquisition cash flows		(3,469,211)	-	(3,469,211)	-	-	-	(3,469,211)
At 31 December		**(678,890)**	**116**	**(678,774)**	**3,994,879**	**311,868**	**4,256,747**	**3,577,973**

The impact on the risk adjustment is a decrease due to the decrease in the risk adjustment compared to 2021 from the IBNR boo tstrap.

Notes to the financial statements

32. Insurance contract liabilities (continued)

(b) Reconciliation of the LRC and LIC (continued)

i) Life risk measured under PAA

		Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
Year ended 31 December 2023	**Notes**	**Excluding loss component Ushs'000**	**Loss component Ushs'000**	**Total LRC Ushs'000**	**Present value of future cash flows Ushs'000**	**Risk adjustment for non-financial risk Ushs'000**	**Total LIC Ushs'000**	**Total Life risk measured under PAA Ushs'000**
At 1 January		(678,890)	116	(678,774)	3,944,879	311,868	4,256,747	3,577,973
Insurance revenue	**6**	**(57,270,889)**	**-**	**(57,270,889)**	**-**	**-**	**-**	**(57,270,889)**
Insurance service expense	**7**	**19,125,826**	**488**	**19,126,314**	**25,377,014**	**143,647**	**25,520,661**	**44,646,975**
Incurred claims	7	-	-	-	23,203,049	143,647	23,346,696	23,346,696
Directly attributable expenses	7	19,055,164	-	19,055,164	2,173,965	-	2,173,965	21,229,129
Losses on onerous contracts	7	-	488	488	-	-	-	488
Amortisation of insurance acquisition cash flows	7	70,662	-	70,662	-	-	-	70,662
Insurance service result		**(38,145,063)**	**488**	**(38,144,575)**	**25,377,014**	**143,647**	**25,520,661**	**(12,623,914)**
Finance costs from insurance contracts issued	10	433	-	433	-	-	-	433
Total recognised in the statement of comprehensive income		**(38,144,630)**	**488**	**(38,144,142)**	**25,377,014**	**143,647**	**25,520,661**	**(12,623,481)**
Investment components		-	-	-	-	-	-	-
Cash flows		**39,962,959**	**-**	**39,962,959**	**(24,199,020)**	**-**	**(24,199,020)**	**15,763,939**
Premiums received		59,043,991	-	59,043,991	-	-	-	59,043,991
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(22,025,055)	-	(22,025,052)	(22,025,055)
Directly attributable expenses paid		(4,913,226)	-	(4,913,223)	(2,173,965)	-	(2,173,965)	(7,087,188)
Insurance acquisition cash flows		(14,167,809)	-	(14,167,809)	-	-	-	(14,167,809)
At 31 December		**1,139,439**	**604**	**1,140,043**	**5,122,873**	**455,515**	**5,578,388**	**6,718,431**

(b) Reconciliation of the LRC and LIC (continued)

(ii) Direct participation contracts (DPC) (continued)

Year ended 31 December 2022		Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
		Excluding loss component Ushs'000	Loss component Ushs'000	Total LRC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total LIC Ushs'000	Total DPC Ushs'000
At 1 January		-	-	-	-	-	-	-
IFRS 17 transition adjustment		502,105	-	502,105	-	-	-	502,105
At 1 January – Restated		**502,105**	**-**	**502,105**	**-**	**-**	**-**	**502,105**
Insurance revenue	**6**	**(11,622)**	**-**	**(11,622)**	**-**	**-**	**-**	**(11,622)**
Insurance service expense	7	**5,305**	**-**	**5,305**	**-**	**-**	**-**	**5,305**
Incurred claims	7	-	-	-	-	-	-	-
Other directly attributable expenses	7	5,305	-	5,305	-	-	-	5,305
Changes to loss component on subsequent measurement	7	-	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	7	-	-	-	-	-	-	-
Insurance service result		**(6,317)**	**-**	**(6,317)**	**-**	**-**	**-**	**(6,317)**
Finance costs from insurance contracts issued	10	15,447	-	15,447	-	-	-	15,447
Total recognised in the statement of comprehensive income		**9,130**	**-**	**9,130**	**-**	**-**	**-**	**9,130**
Investment components		(235,660)	-	**(235,660)**	235,660	-	**235,660**	-
Cash flows		**195,108**	**-**	**195,108**	**(235,660)**	**-**	**(235,660)**	**(40,552)**
Premiums received		200,413	-	200,413	-	-	-	200,413
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(235,660)	-	(235,660)	(235,660)
Other directly attributable expenses paid		(5,305)	-	(5,305)	-	-	-	(5,305)
Insurance acquisition cash flows		-	-	-	-	-	-	-
At 31 December		**470,683**	**-**	**470,683**	**-**	**-**	**-**	**470,683**

32. Insurance contract liabilities (continued)

(b) Reconciliation of the LRC and LIC (continued)

ii) Direct participation contracts (DPC)

Year ended 31 December 2023	Notes	Liability for remaining coverage (LRC)			Liability for incurred claims (LIC)			
		Excluding loss component Ushs'000	Loss component Ushs'000	Total LRC Ushs'000	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	Total LIC Ushs'000	Total DPC Ushs'000
At 1 January		470,683	-	470,683	-	-	-	470,683
Insurance revenue	**6**	**(23,112)**	**-**	**(23,112)**	**-**	**-**	**-**	**(23,112)**
Insurance service expense	**7**	**5,768**	**-**	**5,768**	**-**	**-**	**-**	**5,768**
Incurred claims	7	-	-	-	-	-	-	-
Directly attributable expenses	7	5,768	-	5,768	-	-	-	5,768
Losses on onerous contracts	7	-	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	7	-	-	-	-	-	-	-
Insurance service result		**(17,344)**	**-**	**(17,344)**	**-**	**-**	**-**	**(17,344)**
Finance costs from insurance contracts issued	10	72,331	-	72,331	-	-	-	72,331
Total recognised in the statement of comprehensive income		**54,987**	**-**	**54,987**	**-**	**-**	**-**	**54,987**
Investment components		(178,230)	-	(178,230)	178,230	-	178,230	-
Cash flows		**243,463**	**-**	**243,463**	**(178,230)**	**-**	**(178,230)**	**65,233**
Premiums received		249,231	-	249,231	-	-	-	249,231
Claims paid (LIC) and withdrawals (LRC)		-	-	-	(178,230)	-	(178,230)	(178,230)
Directly attributable expenses paid		(5,768)	-	(5,768)	-	-	-	(5,768)
Insurance acquisition cash flows		-	-	-	-	-	-	-
At 31 December		**590,903**	**-**	**590,903**	**-**	**-**	**-**	**590,903**

32. Insurance contract liabilities (continued)

32. Insurance contract liabilities (continued)

(c) Reconciliation of the measurement components of the direct participation insurance contract balances

Year end 31 December 2023	Present value of future cash flows Ushs'000	Risk adjustment for non-financial risk Ushs'000	CSM Ushs'000	Total DPC Ushs'000
At 1 January	(29,935)	72	500,546	470,683
Changes that relate to current service	**6,416**	**(77)**	**(23,863)**	**(17,344)**
CSM recognised in profit or loss for services provided	-	-	(23,863)	(23,863)
Risk adjustment for expired (non-financial risk)	-	(77)	-	(77)
Experience adjustments	6,416	-	-	6,416
Changes that relate to future service	**231,648**	**209**	**(231,857)**	**-**
Changes in estimates that adjust CSM	275,334	35	(275,269)	-
Contracts initially recognised in the period	(43,686)	174	43,512	-
Insurance service result	**238,064**	**132**	**(255,540)**	**(17,344)**
Finance costs from insurance contracts issued	12,953	26	59,352	72,331
Total recognised in the statement of comprehensive income	**251,017**	**158**	**(196,188)**	**54,987**
Cash flows	**65,233**	**-**	**-**	**65,233**
Premiums received	249,231	-	-	249,231
Claims paid	(178,230)	-	-	(178,230)
Other directly attributable expenses paid	(5,768)	-	-	(5,768)
At 31 December	**286,315**	**230**	**304,358**	**590,903**
Year end 31 December 2022 (Restated)				
At 1 January	-	-	-	-
IFRS 17 transition adjustment	288,435	38	213,632	502,105
At 1 January – Restated	**288,435**	**38**	**213,632**	**502,105**
Changes that relate to current service	**4,445**	**(18)**	**(10,744)**	**(6,317)**
CSM recognised in profit or loss for services provided	-	-	(10,744)	(10,744)
Risk adjustment for expired (non-financial risk)	-	(18)	-	(18)
Experience adjustments	4,445	-	-	4,445
Changes that relate to future service	**(267,377)**	**49**	**267,328**	**-**
Changes in estimates that adjust CSM	(161,239)	29	161,210	-
Contracts initially recognised in the period	(106,138)	20	106,118	-
Insurance service result	**(262,932)**	**31**	**256,584**	**(6,317)**
Finance costs from insurance contracts issued	(14,886)	3	**30,330**	**15,447**
Total recognised in the statement of comprehensive income	**277,818**	**34**	**286,914**	**9,130**
Cash flows	**(40,552)**	**-**	**-**	**(40,552)**
Premiums received	200,413	-	-	200,413
Claims paid	(235,660)	-	-	(235,660)
Other directly attributable expenses paid	(5,305)	-	-	(5,305)
At 31 December	**(29,935)**	**72**	**500,546**	**470,683**

Notes to the financial statements

32. Insurance contract liabilities (continued)

(d) Reconciliation of CSM by transition method

Year end 31 December 2023	Contracts measured after transition (1 January 2022) Ushs'000	Contracts measured under full retrospective approach Ushs'000	Total DPC Ushs'000
Insurance revenue	**389**	**22,723**	**23,112**
CSM balance at 1 January	**115,463**	**385,083**	**500,546**
Changes that relate to current service	(6,689)	(16,994)	(23,683)
CSM recognised in profit or loss for services provided	(6,689)	(16,994)	(23,683)
Risk adjustment for expired (non- financial risk)	-	-	-
Experience adjustments	-	-	-
Changes that relate to future service	(2,718)	(229,139)	(231,857)
Changes in estimates that adjust CSM	(46,230)	(229,139)	(275,369)
Contracts initially recognised in the period	43,512	-	43,512
Finance costs from insurance contracts issued	14,880	44,472	59,352
Total recognised in the statement of comprehensive income	**5,473**	**(201,661)**	**(196,188)**
CSM balance at 31 December	**120,936**	**183,422**	**304,358**
Year end 31 December 2022 (Restated)			
Insurance revenue	**389**	**11,233**	**11,622**
CSM balance at 1 January	-	-	-
IFRS 17 transition adjustment	-	213,632	213,632
CSM balance at 1 January – Restated	**-**	**213,632**	**213,632**
Changes that relate to current service	(1,408)	(9,336)	(10,744)
CSM recognised in profit or loss for services provided	(1,408)	(9,336)	(10,744)
Risk adjustment for expired (non- financial risk)	-	-	-
Experience adjustments	-	-	-
Changes that relate to future service	110,376	156,952	267,328
Changes in estimates that adjust CSM	4,258	156,952	169,210
Contracts initially recognised in the period	106,118	-	106,118
Finance costs from insurance contracts issued	6,495	23,835	30,330
Total recognised in the statement of comprehensive income	**115,463**	**171,451**	**286,914**
CSM balance at 31 December	**115,463**	**385,083**	**500,546**

Notes to the financial statements

33. Share capital

	2023 Ushs'000	2022 Ushs'000
Authorised, issued 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:		
At 01 January	4,500,000	4,500,000
Additional shares issued	-	-
At 31 December	**4,500,000**	**4,500,000**

34. Reserves

	2023 Ushs'000	2022 Ushs'000
Contingency reserve		
At 1 January	5,917,039	5,415,881
Additional transfer	-	501,158
Transfer to retained earnings	(5,917,039)	
At 31 December	**-**	**5,917,039**

The contingency reserve was set up under Section 47(3) (b) of the Insurance Act, 2017 Laws of Uganda In the current year, the Company received communication from the Insurance Regulatory Authority of Uganda that the contingency reserve was no longer required to be maintained by the Company. The Board of Directors approved the transfer of the reserve to the retained earnings.

	2023 Ushs'000	2022 Ushs'000
Capital reserve		
At 1 January	1,728,037	1,535,954
Additional transfer	-	192,083
Transfer to retained earnings	(1,728,037)	
At 31 December	**-**	**1,728,037**

The capital reserve was set up as a requirement under the Insurance Act, 2017 Laws of Uganda. In the current year, the Company received communication from the Insurance Regulatory Authority of Uganda that the capital reserve was no longer required to be maintained by the Company. The Board of Directors approved for the transfer of the reserve to the retained earnings.

35. Retained earnings

Retained earnings comprises prior year brought forward earnings plus current year profit, less any dividends paid and plus or minus transfers from/to reserves. The retained earnings balances as at year-end and the movement for the year is shown in the statement of changes in equity.

Cash generated from operations

	Note	2023 Ushs'000	2022 Ushs'000 Restated
Profit before income tax		5,037,663	4,536,466
Adjustments for non-cash items			
Interest expense on the lease liability	14	175,575	186,964
Depreciation of property and equipment	15(a)	172,121	131,288
Depreciation of right-of-use assets	15(a)	237,224	226,847
Increase in ECLs excluding bank balances	15(b)	7,593	1,872
Dividend income	20	(3,137)	(3,040)
Fair value gain on equity investment	20	(5,626)	(16,302)
Interest income on unit trusts	21	(72,305)	(50,658)
Effect of foreign exchange movement on leases	25(b)	51,984	59,577
Effect of foreign exchange movements on bank balances		4,331	7,914
Operating cash flows before working capital changes		**5,605,423**	**5,080,928**
Working capital changes:			
Increase in other assets		(842,379)	(1,588,549)
(Increase)/decrease in reinsurance contract assets		(2,248,444)	110,250
Increase in other liabilities		451,244	(675,544)
Increase/(decrease) in employee benefits payable		94,695	(30,025)
Decrease in amounts due to related parties		(432,450)	(15,489)
Increase in other financial liabilities		58,861	2,519,459
Increase/(decrease)in financial liabilities under investment contracts		10,218	(10,462)
Increase in insurance contract liabilities		3,260,678	805,612
Cash flows generated from operations		**5,957,846**	**6,196,180**

37. Contingencies and commitments

a) Legal matters

The Company is involved in some litigation 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.

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.

38. Fair value disclosures

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.

Notes to the financial statements

Cash generated from operations

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.

b) Fair value hierarchy for financial instruments measured at fair value

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.

	Hierarchy			Total
	Level 1 Ushs'000	Level 2 Ushs'000	Level 3 Ushs'000	Ushs'000
At 31 December 2023				
Financial assets at fair value				
Equity investment in Uganda Reinsurance	-	-	185,083	185,083
At 31 December 2022				
Financial assets at fair value				
Equity investment in Uganda Reinsurance	-	-	176,320	176,320

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.

During the year, Uganda Reinsurance paid dividends amounting to Ushs 3,524,859 in form of a script bonus share issue at a share price of Ushs 3,040,000 each.

The Company holds 59 shares (2022: 58 shares) in Uganda Reinsurance Limited valued at a share price of Ushs 3,137,000 each as at 31 December 2023 (2022: Ushs 3,040,000 each). The share price was communicated by Uganda Reinsurance and is the latest available price at which Uganda Reinsurance issued bonus script shares, that is, share sales by Uganda Reinsurance would be based on the same price.

Notes to the financial statements

38. Fair value disclosures (continued)

The Company records transfers between levels based on the actual date of transfer. Transfers from Level 1 to Level 2 or Level 3 occur when the securities cease to be quoted in an active market and vice vera. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Company requires significant unobservable inputs to calculate their fair value. There were no movements between levels during the year.

The reconciliation from the opening to the closing balance is included in Note 20.

The fair values of the following financial instruments measured at amortised cost approximate the gross carrying amounts:

Financial assets	Level 1 Ushs'000	Level 2 Ushs'000	Level 3 Ushs'000	Fair value Ushs'000	Net carrying amount Ushs'000
At 31 December 2023					
Cash and bank balances	5,665,570	-	-	**5,665,570**	**5,660,709**
Statutory security deposit	-	759,504	-	**759,504**	**757,947**
Government securities at amortised cost	-	17,232,245	-	**17,232,245**	**17,196,912**
Fixed deposits at amortised cost	-	2,312,376	-	**2,312,376**	**2,302,238**
Unit trust investment	-	643,198	-	**643,198**	**643,198**
At 31 December 2022					
Cash and bank balances	3,358,042	-	-	**3,358,042**	**3,355,193**
Statutory security deposit	-	685,921	-	**685,921**	**684,481**
Government securities at amortised cost	-	16,762,942	-	**16,762,942**	**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**

The fair values of the other financial instruments not measured at fair value approximates the carrying amounts.

39. Emerging risks

Emerging risks involve a high degree of uncertainty (i.e., time frame and severity). The Company is in the process of investigating the potential risks and opportunities associated with the following business risks to inform the appropriate actions.

Climate change: The direct physical impact of climate change as well as the second order impact of transitioning to a low carbon economy could present risks and opportunities to the Company. Changing stakeholder demands including ESG related issues are considered as a part of an entity-wide approach to managing climate change risk.

De-globalisation: Geopolitical shifts may result in a shift from globalization to nationalism and protectionism.

The relevancy of the above to the Company's business, including risks and opportunities, is being monitored and evaluated by the Company's management and directors .

40. Events after the reporting period

There are no events after the reporting period which require adjustment to or disclosure in the financial statements.

Liberty Life Assurance Uganda Limited
(Registration number 75913)

Supplementary information to the audited financial statements (Unaudited)

Liberty Life Assurance Uganda Limited

Revenue account for the year ended 31 December 2023

	Life business - PAA Ushs'000	Health business - PAA Ushs'000	Direct Participation - VFA Ushs'000	Investment contracts (IFRS 9) Ushs'000	Shareholder Investment Portfolio (SIP) Ushs'000	Total Ushs'000
Insurance revenue	34,219,671	23,051,218	23,112	-	-	**57,294,001**
Insurance service expense	(21,504,631)	(23,142,344)	(5,768)	-	-	**(44,652,743)**
Net insurance service results before reinsurance contracts held	**12,715,040**	**(91,126)**	**17,344**	**-**	**-**	**12,641,258**
Net expense from reinsurance contracts held	(1,729,936)	556,250	-	-	-	(1,173,686)
Insurance service result	**10,985,104**	**465,124**	**17,344**	**-**	**-**	**11,467,572**
Net investment income	1,164,049	-	-	-	1,018,032	**2,182,081**
Finance expense from insurance contracts issued	(433)	-	(72,330)	-	-	**(72,763)**
Finance income from reinsurance contracts held	13	-	-	-	-	**13**
Net insurance finance expense	**(420)**	**-**	**(72,330)**	**-**	**-**	**(72,750)**
Bancassurance related expenses	(6,501,226)	-	-	-		(6,501,226)
Net insurance and investment result	**5,647,507**	**465,124**	**(54,986)**	**-**	**1,018,032**	**7,075,677**
Other income	157,776	-	-	1,283	-	**159,059**
Other finance costs	(253,935)	-	-	-	-	**(253,935)**
Other operating expenses	(1,586,466)	(356,672)	-	-	-	**(1,943,138)**
Profit before income tax	**3,964,882**	**108,452**	**(54,986)**	**1,283**	**1,018,032**	**5,037,663**
Income tax expense	(1,076,378)	(29,442)	14,927	(348)	(276,373)	**(1,367,614)**
Profit for the year	**2,888,504**	**79,010**	**(40,059)**	**935**	**741,659**	**3,670,049**

Liberty Life Assurance Uganda Limited
(Registration number 75913)

Supplementary information to the audited financial statements (Unaudited)

Liberty Life Assurance Uganda Limited

Revenue account for the year ended 31 December 2022 (Restated)

	Life business - PAA Ushs'000	Health business - PAA Ushs'000	Direct Participation - VFA Ushs'000	IFRS 9 Ushs'000	SIP Ushs'000	Total Ushs'000
Insurance revenue	26,948,265	21,605,725	11,622	-	-	**48,565,612**
Insurance service expense	(15,448,091)	(22,050,452)	(5,305)	-	-	**(37,503,848)**
Net insurance service results before reinsurance contracts held	**11,500,174**	**(444,727)**	**6,317**	**-**	**-**	**11,061,764**
Net expense from reinsurance contracts held	(769,682)	786,545	-	-	-	16,863
Insurance service result	**10,730,492**	**341,818**	**6,317**	**-**	**-**	**11,078,627**
Net investment income	1,068,178	-	-	-	825,211	**1,893,389**
Finance expense from insurance contracts issued	-	-	(15,446)	-	-	**(15,446)**
Finance income from reinsurance contracts held	-	-	-	-	-	**-**
Net insurance finance expense	**-**	**-**	**(15,446)**	**-**	**-**	**(15,446)**
Bancassurance related expenses	(6,442,365)	-	-	-		(6,442,365)
Net insurance and investment result	**5,356,305**	**341,818**	**(9,129)**	**-**	**825,211**	**6,514,205**
Other income	22,882	-	-	1,252	-	**24,134**
Other finance costs	(231,103)	-	-	-	-	**(231,103)**
Other operating expenses	(1,670,173)	(100,597)	-	-	-	**(1,770,770)**
Profit before income tax	**3,477,911**	**241,221**	**(9,129)**	**1,252**	**825,211**	**4,536,466**
Income tax expense	(840,674)	(58,307)	2,207	(303)	(199,468)	**(1,096,546)**
Profit for the year	**2,637,237**	**182,914**	**(6,922)**	**949**	**625,743**	**3,439,920**



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This is a Liberty Life Assurance Uganda Limited integrated annual report incorporating financial and non-financial information for the year ended 31 December 2023.

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



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