# Liberty Kenya Holdings Plc

LIBERTY

## Audited results of the group

for the year ended 31 December 2022

### Group and Company statements of financial position as at 31 December 2022

| | Group | | Company | |
|---|---|---|---|---|
| KShs'000 | 2022 | 2021 | 2022 | 2021 |
| **Assets** | | | | |
| Intangible assets | 1,414,370 | 1,415,357 | - | - |
| Owners occupied | 1,216,000 | 1,216,000 | - | - |
| Equipment | 215,838 | 183,423 | - | - |
| Right-of-use-assets | 96,274 | 62,964 | - | - |
| Interests in subsidiaries | - | - | 2,701,541 | 2 571 541 |
| Deferred taxation | 159,089 | 187,820 | - | - |
| Deferred acquisition costs | 180,454 | 147,548 | - | - |
| Reinsurance assets | 4,133,211 | 3,393,132 | - | - |
| Short-term insurance | 3,812,511 | 3,226,301 | | |
| Long-term insurance | 320,700 | 166,831 | | |
| Financial investments | 23,096,106 | 22,290,725 | - | - |
| Policy and staff loans receivable | 1,400,034 | 1,648,024 | - | - |
| Intergroup balances with subsidiaries | - | - | 10,204 | - |
| Prepayments, insurance and other receivables | 1,372,935 | 1,292,202 | 545 | - |
| Current taxation | 208,433 | 157,946 | | |
| Investment property held for sale | 118,420 | 625,263 | - | - |
| Cash and cash equivalents | 8,420,431 | 7,855,904 | 30,529 | 10 151 |
| Total assets | 42,031,595 | 40,476,308 | 2,742,819 | 2,581,692 |
| **Liabilities** | | | | |
| Long-term policyholder liabilities | 19,997,334 | 20,375,024 | - | - |
| Insurance contracts | 6,456,721 | 6,791,125 | - | - |
| Investment contracts with discretionary participation features | 2,822,939 | 3,065,074 | - | - |
| Financial liabilities under investment contracts | 10,717,674 | 10,518,825 | - | - |
| Deferred taxation | 1,021,032 | 1,050,886 | - | - |
| Short-term insurance liabilities | 8,698,157 | 7 615,459 | - | - |
| Lease liabilities | 112,040 | 78,863 | - | - |
| Employee benefits | 174,339 | 145,301 | - | - |
| Intergroup balances with subsidiaries | - | - | 4,000 | 23,894 |
| Insurance and other payables | 2 767 513 | 2,396,051 | 21,502 | 15,755 |
| Total liabilities | 32,770,415 | 31,661,584 | 25,502 | 39,649 |
| **Equity** | | | | |
| Ordinary shareholders' equity | 8,876,391 | 8,501,900 | 2,717,317 | 2,542,043 |
| Share capital | 535,707 | 535,707 | 535,707 | 535,707 |
| Share premium | 1,490,480 | 1,490,480 | 1,490,480 | 1,490,480 |
| Retained surplus | 4,876,418 | 4,478,329 | 691,130 | 515,856 |
| Other reserves | 1,973,786 | 1,997,384 | - | - |
| Non-controlling interests | 384,789 | 312,824 | | |
| Total equity | 9,261,180 | 8,814,724 | 2,717,317 | 2,542,043 |
| Total equity and liabilities | 42,031, 595 | 40,476,308 | 2,742,819 | 2,581,692 |

### Abridged Group and Company statements of changes in equity

Group

| KShs'000 | Share capital | Share premium | FCTR [1] | Statutory reserve | Owner-occupied properties | Retained surplus | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2021 | 535,707 | 1,490,480 | (166,261) | 2,072,438 | 217,433 | 4,255,321 | 300,067 | 8,705,185 |
| Total comprehensive income | | | 16,625 | - | - | 80,157 | 12,757 | 109,539 |
| Transfer between reserves | | | 14 | (142,865) | | 142,851 | | - |
| Balance at 31 December 2021 | 535,707 | 1,490,480 | (149,622) | 1,929,573 | 217,433 | 4,478,329 | 312,824 | 8,814,724 |
| Total comprehensive income | - | - | 40,631 | - | - | 333,860 | 71,965 | 446,456 |
| Transfer between reserves | - | - | - | (64,229) | - | 64,229 | - | - |
| Balance at 31 December 2022 | 535,707 | 1,490,480 | (108,991) | 1,865,344 | 217,433 | 4,876,418 | 384,789 | 9,261,180 |

[1]. FCTR – Foreign currency translation reserve

Company

| KShs'000 | Share capital | Share premium | Retained surplus | Total equity |
|---|---|---|---|---|
| Balance at 1 January 2021 | 535,707 | 1,490,480 | 506,066 | 2,532,253 |
| Total comprehensive income | | | 9,790 | 9,790 |
| Balance at 31 December 2021 | 535,707 | 1,490,480 | 515,856 | 2,542,043 |
| Total comprehensive income | | | 175,274 | 175,274 |
| Balance at 31 December 2022 | 535,707 | 1,490,480 | 691,130 | 2,717,317 |

### Abridged Group and Company statements of cash flows

| | Group | | Company | |
|---|---|---|---|---|
| KShs'000 | 2022 | 2021 | 2022 | 2021 |
| Cash flows from operating activities | 801,254 | 2,311,463 | 150,378 | (168) |
| Cash flows from investing activities | (168,738) | (127,002) | - | - |
| Cash flows from financing activities | (33,715) | (33,306) | (130,000) | - |
| Net (decrease) increase in cash equivalents | 598,801 | 2,151,155 | 20,378 | (168) |
| Cash and cash equivalents at the beginning of the year | 7,855,904 | 5,735,467 | 10,151 | 10,319 |
| Foreign currency translation | (34,274) | (30,718) | - | - |
| Cash and cash equivalents at the end of the period | 8,420,431 | 7,855,904 | 30,529 | 10,151 |

### Group and Company statements of comprehensive income for the year ended 31 December 2022

| | Group | | Company | |
|---|---|---|---|---|
| KShs'000 | 2022 | 2021 | 2022 | 2021 |
| **Revenue** | | | | |
| Insurance premiums | 12,359,616 | 11,411,462 | - | - |
| Reinsurance premiums | (4,998,664) | (4,682,805) | - | - |
| Net insurance premiums | 7,360,952 | 6,728,657 | - | - |
| Revenue from contracts with customers | 1,368,882 | 1,335,589 | - | - |
| Investment and sundry income | 41,033 | 46,649 | 350,000 | 200,000 |
| Interest income on financial assets using the effective interest rate method | 799,081 | 643,753 | - | - |
| Fair value adjustments to assets held at fair value through profit and loss | 896,726 | 2,158,708 | - | - |
| **Total income** | 10,466,674 | 10,913,356 | 350,000 | 200,000 |
| Claims and policyholder benefits under insurance contracts | (7,172,622) | (8,201,331) | - | - |
| Insurance claims recovered from reinsurers | 1,884,542 | 1,968,149 | - | - |
| Change in long-term policyholder assets and liabilities | 730,408 | 965,187 | - | - |
| Liabilities under insurance contracts | 334,404 | (62,532) | - | - |
| Investment contracts with discretionary participation features | 242,135 | 863,792 | - | - |
| Applicable to reinsurers | 153,869 | 163,927 | - | - |
| Fair value adjustment to long-term policyholder liabilities under investment | (392,816) | (854,885) | - | - |
| Acquisition costs | (1,893,362) | (1,686,566) | - | - |
| General marketing and administration expenses | (2,946,450) | (2,781,576) | (174,726) | (190,210) |
| Finance costs | (10,757) | (10,788) | - | - |
| *Profit before taxation* | 665,617 | 311,546 | 175,274 | 9,790 |
| Taxation | (286,879) | (229,719) | - | - |
| **Total earnings** | 378,738 | 81,827 | 175,274 | 9,790 |
| ***Other comprehensive income*** | 67,718 | 27,712 | - | - |
| ***Items that may be reclassified subsequently to profit or loss*** | 67,718 | 27,712 | - | - |
| Foreign currency translation | 67,718 | 27,712 | | |
| **Total comprehensive income** | 446,456 | 109,539 | 175,274 | 9,790 |
| Total earnings attributable to: | | | | |
| Shareholders' equity | 333,860 | 80,157 | 175,274 | 9,790 |
| Non-controlling interests | 44,878 | 1,670 | - | - |
| **Total comprehensive income** | 378,738 | 81,827 | 175,274 | 9,790 |
| Total comprehensive income attributable to: | | | | |
| Shareholders' equity | 374,491 | 96,782 | 175,274 | 9,790 |
| Non-controlling interests | 71,965 | 12,757 | - | - |
| | 446,456 | 109,539 | 175,274 | 9,790 |
| **Basic earnings per share** | Cents | Shs | | |
| Basic earnings per share | 0,62 | 0,15 | | |

### Message from the directors

The directors are pleased to present extracts of the Group and Company audited financial statements for the year ended 31 December 2022. These are extracts from the financial statements as audited by Pricewaterhouse Coopers LLP, which received an unqualified opinion.

The group's operations have weathered several significant external pressures in recent times. Covid-19 and its impacts, as well as the Russia-Ukraine war, leading to disrupted world supply chains, have resulted in subdued and volatile investment markets, inflationary pressures, higher interest rate environments and Kenya Shilling currency pressure. The drought situation in Kenya has further added to a noticeable deterioration in the region's economic environment. Despite this, the Board and management have been able to sustainably manage the operations above targeted minimum solvency cover levels.

### Results

The Group's earnings in 2022 reflect a partial recovery to levels pre Covid-19 and encouragingly, new business volumes are significantly higher than 2021. Subdued investment markets led to lower investment fee income. However, good customer retention and appropriate pricing of risk products has resulted in the profitability of the short-term insurance businesses improving, while there was a substantial reduction in the net loss emanating from the Group's long-term insurance business.

The Company and its subsidiaries have maintained a strong capital base and have sufficient liquidity to meet their ongoing obligations comfortably. Based on experience observed in 2022 and review of assumptions, no further short-term pandemic allowance was considered necessary at 31 December 2022. Consequently, all Covid reserves held have been released. The Group is proud to have stood by our customers at their most vulnerable moments, appreciates our business supporters and staff members who work tirelessly each day to make our customers' financial freedom possible.

### Dividend

Taking into consideration the current Kenya economic and business outlook, the Board remains cautious around liquidity and capital resilience. Therefore, the Board has not recommended a 2022 final dividend.

### Annual general meeting

The Annual General Meeting will be held on 19 May 2023.

The annual financial statements and reports are available on www.libertykenya.co.ke and were approved by the board on 16 March 2023 and signed on its behalf by:

**P. Odera**
Chairman

**R. Shah**
Director