

Sanlam Kenya posts a Kshs 317m Pre-tax profit

Key highlights

- Profit before tax at KShs. 317m (2015: KShs. 54m)
- Total assets up by 5% to KShs. 28.4b (2015: KShs. 27.1b)
- Group Capital Adequacy Requirement (Solvency) covered 2.60 times (2015: 2.83 times)

2/03...Local non-bank financial services provider Sanlam Kenya has announced a Kshs 317million full year 2016 pre-tax profit jump up from Kshs 54million posted the previous year.

The Nairobi Securities Exchange (NSE) Listed firm confirmed that the profit before tax jump is largely attributable to improved performance by the firm's General Insurance Business-Sanlam General Insurance- which has managed to book a 95% reduction in its underwriting loss in line with growth in top line and prudent reserving.

This year, Sanlam Kenya is proposing to retain dividends payable as it seeks to build its capital reserves to ensure full compliance with the new Risk Based Capital and regulatory regime.

Speaking at an Investor and media Briefing session hosted by the firm, Sanlam Kenya Group CEO Mr. Mugo Kibati said the firm's performance had been affected by a number of market challenges experienced within the year under review. Some of these challenges, included a depressed performance of the stock market, changes in the life business valuation and developments in the local banking sector.

The firm, he said, had however managed to weather some of the challenges with significant growth from its General Insurance and Asset Management businesses even as the Life Business suffered slower growth last year.

Accompanied by Sanlam Kenya Group Chairman Dr. John Simba, Mr. Kibati reiterated that the firm's recent profit withdrawal notice had been necessitated by a reduction in the level of impairment provisions; earlier considered for some of the firm's investments in Chase Bank (In- Receivership).

At Sanlam General Insurance, Kibati said the firm's concerted engagement efforts with customers and business partners had allowed the firm to grow its gross written premium by 58% to KShs.1b up from KShs. 633m achieved in 2015. The firm which was one of the first to market with a Marine Cargo Insurance (MCI) product has registered a marked improvement in its first full year in the group, managing to reduce its operating loss before tax by 92% to KShs 24m down from KShs 302m loss reported in 2015.

The Sanlam General Insurance business transformation program which commenced two years ago, Kibati noted, has started to bear fruit with significant improvements now realized. The firm's operating loss before tax reduced by 92% to KShs 24m from KShs 302m loss reported the previous year, effectively setting the firm on a profit course this year.

Policyholder benefits and claims at Sanlam General Insurance, Kibati said had decreased by 75% from KShs. 538m to KShs.135m driven by the strategic decision to discontinue the underwriting of the Public Service Vehicles (PSV) line of business as well as improved non-motor business.

"The group achieved numerous milestones despite a difficult year. Going forward, we will keep investing in our operational capacity to better serve our target customer needs and fully exploit existing and emerging growth opportunities," Kibati assured.

At Sanlam Investments, the Operating Profit increased from Kshs 24m posted the previous year to stand at KShs. 46m in a move attributable to the growth in revenues. The growth, Kibati explained has remained consistent to the firm's growth in its Assets Under Management (AUMs) as well as enhanced cost efficiency.

Fee income from Sanlam Investment also jumped 31% to KShs. 156m up from KShs.119m on account of satisfactory growth in assets under management and performance fees earned based on significant outperformance of its prudent investment benchmarks.

Sanlam Kenya's Life business subsidiary Sanlam Life Insurance, returned a slower premium income growth due to market pressures affecting its performance on the corporate and retail segments.

The firm, Kibati assured has already embarked on strategic business recovery efforts to jump start growth for the life business. Already, significant changes have been undertaken to streamline Sanlam Life Insurance's distribution channels.

Last year, Sanlam Life Insurance posted a 5% Gross written premium drop to KShs. 4.4b down from KShs.4.6b achieved in 2015 even as its Investment portfolio earnings increased by 50% from KShs. 1.4b in 2015 to KShs. 2.1b in 2016 driven by good investment return from the interest bearing exposure. Policyholder benefits increased from KShs. 4b to KShs. 4.3b attributable to maturities as well as an increase in annuity payments following strong new annuity business sales.

This year, Sanlam Kenya will be seeking to enhance its shareholder value through a sustained focus on excellent customer service, investments in growth sectors and disciplined market execution to boost revenues.

The company, will also be maintaining its focus on the implementation of its robust five-year growth strategy. The strategy last year was headlined by a strategic rebranding process with all the

former Pan Africa Insurance Holdings subsidiaries adopting a single identity under the Sanlam brand.

In Africa, the Sanlam Group continues to enjoy pride of place as the single largest non-bank financial services provider with interests in life, general insurance and wealth management solutions among others.

Locally, the group is making steady progress with the implementation of its new five-year strategy. Beyond the rebranding programme, the new strategy has also seen a significant transformation for the firm's life and general insurance business distribution channels, as well as investment in capacity to support accelerated future growth.

Ends

Issued by Sanlam Kenya

ABOUT SANLAM KENYA PLC

Sanlam Kenya, formerly Pan Africa Insurance Holdings is a Kenyan incorporated diversified financial services group listed on the Nairobi Securities Exchange. Sanlam Kenya provides a comprehensive suite of financial solutions tailored to meet the distinctive Kenyan market needs. Through its subsidiaries Sanlam Life Insurance Limited, Sanlam Investments Limited, Sanlam General Insurance Limited and Sanlam Securities Limited, Sanlam Kenya is well positioned to meet unique client needs in the Asset Management, General and Life Insurance space. Founded on a rich heritage and good corporate citizenship, Sanlam Kenya currently features a branch network of 34 client experience centres across Kenya's major towns. The firm enjoys an estimated market share of 8% in the Kenyan life insurance industry, serving over 99,401 policyholders under individual life and more than 236,507 under group life. www.sanlam.co.ke

ABOUT THE SANLAM GROUP

Sanlam is a leading financial services group listed on the JSE Limited and the Namibian Stock Exchange. Established in 1918 as a life insurance company, the South Africa-based Sanlam Group has transformed into a diversified financial services business. Through its business clusters – Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Sanlam Corporate and Santam - the Group provides comprehensive and tailored financial solutions to individual and institutional clients across all market segments. The Group's areas of expertise include insurance, financial planning, retirement, trusts, wills, short-term insurance, asset management, risk management and capital market activities, investment and wealth. The Group operates in East Africa through Kenya, Tanzania, Rwanda and Uganda; Southern Africa through Botswana, Malawi, Mozambique, Namibia, Swaziland, Zimbabwe and Zambia; West Africa via Nigeria and Ghana and in India and Malaysia. It has an indirect presence via associate companies in Burundi, The Gambia and Lesotho. The recently announced acquisition of a 30% interest in Morocco-based Saham Group will further extend the Group's footprint into an additional 20 countries mostly in Francophone Africa. The Group also has business interests in the United Kingdom, the USA, Australia and the Philippines. It has a stake in leading global micro-insurance specialists, UK-based Micro-Ensure Holdings Limited. For further information, visit www.sanlam.com.

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