

# Sanlam Kenya Results

## Unaudited Financial Statements for the period ended 30<sup>th</sup> June 2016

### Group Embedded Value

The embedded value represents an estimate of the value of the group. It excludes the value attributable to minority interests and goodwill attributable to future new business.

The embedded value comprises:

- the value of the shareholders' equity net of the cost of the Capital Adequacy Requirement (CAR); and
- the value of the in-force business.

The value of the in-force is the present value of future profits arising from business in force at the valuation date, discounted at the risk discount rate.

	30 June 2016 KShs'000	30 June 2015 KShs'000	31 December 2015 KShs'000
<b>Embedded Value Results</b>			
Shareholders' equity, excluding good will	3,587,574	4,247,037	3,802,047
Fair Value Adjustments to Net Assets	(922,796)	(137,837)	(634,911)
Net value of in-force	1,937,264	1,831,558	2,053,254
Gross value in-force	3,246,597	3,075,996	3,411,813
Tax provision	(973,979)	(922,799)	(1,023,544)
Cost of CAR	(335,354)	(321,639)	(335,015)
Embedded value at end of period	4,602,042	5,940,758	5,220,390

### Embedded value earnings

	2016	2015	2015
Embedded value at end of period	4,602,042	5,940,758	5,220,390
Embedded value at beginning of period	5,220,390	6,442,567	6,442,567
Change in embedded value	(618,348)	(501,809)	(1,222,177)
Dividends paid	-	-	-
Embedded value earnings	(618,348)	(501,809)	(1,222,177)

These earnings can be analysed as follows:

	2016	2015	2015
<b>Adjustment to fair value of subsidiary</b>	(287,885)	-	(1,130,100)
<b>Roll forward</b>	243,134	200,146	422,148
Investment return on free assets	18,300	16,153	35,741
Expected return on life business in force	224,834	183,993	386,407
<b>Change over the period</b>	(573,597)	(701,955)	(514,282)
Value of new business at end of year	(6,777)	55,093	108,230
Value at point of sale (gross of tax)	12,589	95,509	197,922
Tax on value at point of sale	(3,777)	(28,653)	(59,377)
Cost of Capital on New Business	(15,363)	(13,437)	(33,735)
Expected return to end of year	(226)	1,674	3,420
Change in assumptions and methodology	(136,970)	(127,246)	(133,460)
Experience variations	(128,017)	(135,860)	(252,319)
Increase in NAV for other subsidiaries & associates	(301,833)	(493,943)	(236,734)
<b>Total earnings</b>	(618,348)	(501,809)	(1,222,234)

	2016	2015	2015
Value of new business at point of sale	(6,777)	53,419	104,805
Recurring premium	(12,862)	31,476	99,047
Single premium	21,448	35,380	39,493
Cost of CAR	(15,363)	(13,437)	(33,735)

	2016	2015	2015
Value of new business at point of sale	(6,777)	53,419	104,810
Individual Life Business	(26,287)	12,450	53,901
Corporate Business	34,873	54,406	84,644
Cost of CAR	(15,363)	(13,437)	(33,735)

### Assumptions

The main assumptions used are as follows:

	% p.a	% p.a	% p.a
<b>1. Economic assumptions</b>			
Risk discount rate	17.9	18.1	19.1
Overall investment return	13.7	13.6	14.8
Expense inflation rate	9.9	10.1	11.1

### 2. Other assumptions

The assumptions for future mortality, persistency and premium escalation were based on recent experience adjusted for anticipated future trends.

### Notes

#### a) Changes in assumptions and methodology

	2016	2015	2015
Expenses	(67,511)	(57,518)	(46,142)
Mortality	34,703	-	(2,796)
Persistency	10,221	(32,714)	(15,209)
Commission	(15,875)	-	-
Premium Collection	-	(101,727)	(56,148)
Total operational	(38,462)	(191,959)	(120,295)
Modelling Changes	(38,635)	-	(112,801)
Investment return	(164,000)	166,856	316,739
Risk discount rate	104,126	(102,143)	(217,103)
<b>Total</b>	(136,971)	(127,246)	(133,460)

#### b) Experience variations

	2016	2015	2015
Mortality and morbidity	54,976	(1,630)	(33,217)
Persistency	(214,143)	(53,620)	(125,991)
Expenses and commission	78,734	23,845	82,191
Tax Variations	(1,540)	(6,000)	(49,849)
Other	26,682	(48,661)	(20,732)
Total operational	(55,291)	(86,066)	(147,598)
Investment variances	(72,726)	(49,794)	(104,721)
<b>Total</b>	(128,017)	(135,860)	(252,319)

#### c) Fair value adjustments

Adjustment to fair value of subsidiary	(922,796)	(137,837)	(634,911)
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#### d) Increase in NAV for other subsidiaries

NAV Increase for other subsidiaries & associates	(270,549)	(493,943)	(236,734)
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## Sanlam Investments Limited

### Statement of Comprehensive Income

	June 2016 Kshs' 000'	June 2015 Kshs' 000'	June 2016 Kshs' 000'	June 2015 Kshs' 000'
<b>Total Income</b>				
Initial Fees	26	429		
Fund Management Fees	52,613	50,229		
Realised gains on investments	-	4,211		
Interest Income	-	489		
<b>Total Income</b>	<b>52,639</b>	<b>55,358</b>		
<b>Expenses</b>				
Expenses				
Direct Expenses	9,323	8,723		
Legal & Professional fees	-	50		
Personnel costs	20,663	22,775		
Rent Expenses	682	682		
Operational and Administration Expenses	13,569	7,343		
Depreciation Expenses	278	40		
<b>Total Expenses</b>	<b>44,515</b>	<b>39,613</b>		
Profit before tax	8,124	15,745		
Income tax expense	(2,437)	(4,723)		
<b>Profit after tax</b>	<b>5,687</b>	<b>11,022</b>		
<b>Non Current Liabilities</b>				
Dues to related parties	-	-		
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>		
<b>Current liabilities</b>				
Payables and Accrued expenses	13,829	20,849		
Tax payable	-	1,463		
<b>Total Current liabilities</b>	<b>13,829</b>	<b>22,312</b>		
<b>Total Liabilities</b>	<b>13,829</b>	<b>22,312</b>		
<b>Total Equity and Liabilities</b>	<b>127,771</b>	<b>126,049</b>		
<b>Other Disclosures</b>				
<b>1. Capital strength</b>				
a. Paid up Capital	20,000	20,000		
b. Minimum capital required	10,000	10,000		
(a-b) Excess capital	10,000	10,000		
<b>2. Shareholders' funds</b>				
a. Total Shareholders funds	113,942	103,737		
b. Minimumshareholders funds required	10,000	10,000		
(a-b) Excess shareholders' funds	101,142	93,737		
<b>3. Liquidity</b>				
a. Working capital	101,089	89,358		
b. Minimum working capital required	2,000	2,000		
(a-b) Excess working capital	99,089	87,358		
<b>4. Ratio of unsecured advances to shareholders' funds</b>				
a. Ratio as computed	-	-		
b. Maximum allowable limit	10%	10%		
<b>5. Ratio of borrowings to paid up capital</b>				
a. Ratio as computed	-	-		
b. Maximum allowable limit	20%	20%		
<b>6. Client Funds</b>				
a. Total creditors including the amounts payable to stockbrokers	-	-		
b. Total clients' cash and bank balances including amounts due from stockbrokers	-	-		
(b-a) Excess/(deficiency)	-	-		

### Statement of Financial Position

	2016 June 2016 Kshs' 000'	2015 June 2015 Kshs' 000'	2016 June 2016 Kshs' 000'	2015 June 2015 Kshs' 000'
<b>ASSETS</b>				
Non-current assets				
Equipment	6,128	7,447		
Intangible assets	3,222	3,900		
Deferred tax	3,503	3,032		
<b>Total Non Current Assets</b>	<b>12,853</b>	<b>14,379</b>		
<b>Current assets</b>				
Receivables and prepayments	103,556	53,048		
Cash and cash equivalents	11,362	25,996		
Investments	-	29,352		
Tax recoverable	-	3,274		
<b>Total Current assets</b>	<b>114,918</b>	<b>111,670</b>		
<b>Total Assets</b>	<b>127,771</b>	<b>126,049</b>		
<b>Equity &amp; Liabilities</b>				
Share Capital	20,000	20,000		
Proposed Dividend	50,000	-		
Retained Earnings	43,942	83,737		
<b>Total Equity</b>	<b>113,942</b>	<b>103,737</b>		

## Sanlam Unit Trust Funds

### Unaudited Financial Statements for the period ended 30<sup>th</sup> June 2016

	Chama + June 2016 Kshs'	Chama + June 2015 Kshs'	Pata + June 2016 Kshs'	Pata + June 2015 Kshs'	Pesa + June 2016 Kshs'	Pesa + June 2015 Kshs'
<b>Statement of Comprehensive Income</b>						
<b>Income</b>						
Interest income	1,039,845	699,914	1,347,106	625,221	75,961,675	1,664,109
Dividend Income	89,700	-	70,900	-	-	-
Realised gains (Loss) on investments	79,131	(192,083)	60,729	(154,784)	-	-
Fair value gains on investment	-	335,392	-	29,302	-	-
<b>Total Income</b>	<b>1,208,676</b>	<b>843,223</b>	<b>1,478,735</b>	<b>499,739</b>	<b>75,961,675</b>	<b>1,664,109</b>
<b>Expenses</b>						
Operating expenses	(192,935)	(200,176)	(219,024)	(159,802)	(5,875,441)	(322,943)
<b>Profit before tax</b>	<b>1,015,741</b>	<b>643,047</b>	<b>1,259,711</b>	<b>339,937</b>	<b>70,086,234</b>	<b>1,341,166</b>
Tax Expense	(126,285)	(77,512)	(175,125)	(51,519)	(2,210,198)	(28,261)
<b>Profit for the period</b>	<b>889,456</b>	<b>565,534</b>	<b>1,084,586</b>	<b>288,418</b>	<b>67,876,036</b>	<b>1,312,905</b>
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Financial assets at fair value through profit &amp; Loss</b>						
Bonds	4,628,584	-	8,305,341	-	-	-
Corporate Securities	2,135,998	13,689,187	3,725,843	11,318,823	204,112,963	-
Quoted Ordinary Shares	1,893,580	1,983,285	1,872,670	2,489,075	-	-
Deposits with financial institutions	1,022,519	5,000,351	5,411,973	2,178,352	1,215,664,571	52,543,168
Bank and Cash Balances	3,782,922	476,558	32,839	1,836,720	59,160,427	12,583,946
<b>Total Assets</b>	<b>13,463,603</b>	<b>21,149,381</b>	<b>19,348,666</b>	<b>17,822,970</b>	<b>1,478,937,961</b>	<b>65,127,114</b>
Equity						
Unit holders funds and reserves	12,759,233	20,419,713	18,126,545	16,600,849	1,472,657,781	57,304,171
<b>Total Equity</b>	<b>12,759,233</b>	<b>20,419,713</b>	<b>18,126,545</b>	<b>16,600,849</b>	<b>1,472,657,781</b>	<b>57,304,171</b>
<b>Liabilities</b>						
Current Liabilities	704,370	729,668	1,222,121	1,222,121	6,280,180	7,822,943
<b>Total Equity and Liabilities</b>	<b>13,463,603</b>	<b>21,149,381</b>	<b>19,348,666</b>	<b>17,822,970</b>	<b>1,478,937,961</b>	<b>65,127,114</b>