

**SANLAM GENERAL INSURANCE LIMITED 2021 AGM- QUESTIONS FROM SHAREHOLDERS**

FINANCIAL STATEMENTS															
NO.	SHAREHOLDER NAME	QUESTION	ANSWER												
1	Nzambu Mwendwa	Increase in Government Securities from Kshs. 900m to Kshs. 1.5b while interest income declined	<p>The table below shows total interest income for 2019 and 2020.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #d9e1f2;">KSHS'000</th> <th style="background-color: #d9e1f2;">2020</th> <th style="background-color: #d9e1f2;">2019</th> </tr> </thead> <tbody> <tr> <td>Interest from Government Securities</td> <td align="right">69,938</td> <td align="right">93,944</td> </tr> <tr> <td>Interest from Bank Deposits</td> <td align="right">29,432</td> <td align="right">10,229</td> </tr> <tr> <td><b>TOTAL</b></td> <td align="right"><b>99,370</b></td> <td align="right"><b>104,173</b></td> </tr> </tbody> </table> <p>From the table, the decline in Government Securities interest income is compensated by increase in interest income from Bank deposits. The decline is minimal at Kshs. 4m attributed to reduction in interest rates offered by the banks due to the effects of Covid-19.</p> <p>Additionally, the increase in value of Government Securities is attributed to reinvestment of proceeds from sale of properties with the funds being received in July 2020 (Kshs. 54m), September 2020 (Kshs 350m) and in December 2020 (Kshs. 16m). The full impact of the returns will, therefore, be realized in 2021</p>	KSHS'000	2020	2019	Interest from Government Securities	69,938	93,944	Interest from Bank Deposits	29,432	10,229	<b>TOTAL</b>	<b>99,370</b>	<b>104,173</b>
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2	Kenneth Kiboro	In the Financial Statements, it is noted that Directors' remuneration increased by 40%. Please give us an explanation.	<p>As IRA regulations require a third of the Board of Directors to comprise of independent and non-executive directors. As such Sanlam General was required to appoint to additional independent directors. The Board with the guidance of the Human Resource Committee interviewed and recommended the appointment of two additional Independent Directors namely; Ms. Catherine Gitobu and Dr. Jackson Maingi. Subsequently; IRA also approved the appointment of the two additional directors.</p> <p>The total board increased by two directors. In addition, the directors' remuneration was increased slightly in line with the company's budget.</p>												
3	Mrs. Jelieth Karuri	Are the employees' salaries reviewed on an annual	Salaries are reviewed annually. However, this is subject to the Board's approval.												

		basis despite the company's performance?	
4	Nzambu Mwendwa	What is the actual CAR? Was the 200% our internal target or market practice?	The CAR of 200% is not market practice but the Regulator's guidelines.  In 2020, we made profit of Kshs.138Million and now have positive retained earnings of Kshs. 53 Million by the end of 2020 to help build the CAR.
5	Nzambu Mwendwa	Kindly explain why there was an increase of 15% in salaries at Kshs.50 Million.  I also noted that though we have increased our investment in Government securities from Kshs.900 Million to Kshs.1.5 Billion, the interest has gone down from Kshs.93 Million to Kshs.69 Million.	This is a result of the increased expenses to the Covid 19 response in the year 2020 .This was mainly for the purchase of the items to respond to the new environment of working which was an estimate of Kshs.4 Million.  The other element of the staff costs is the difference in the payment of the bonus for the year 2020 which was Kshs. 23 Million compared to Kshs. 6 Million which was paid in the previous year.  The decline in interest income in government securities is compensated by the increase in income from the bank deposits. In the year 2019 the interest income is Kshs.104 Million whereas in 2020 is Ksh.99 Million .The difference is attributed to the reduction in the interest rates offered by the banks due to the effect of covid 19.  Additionally, the increase in the government securities was attributed to the funds that were reinvested from the proceeds of the sale of properties, this being the amount of Kshs.350 Million received in September 2020
6	Mrs Jeliioth Karuri	How do we compare Sanlam General with the competitors regarding the CAR requirements?	The results for the industry for the year 2020 were published to show the performance. Sanlam General is above the minimum requirement of 100%.  Majority of the companies are below the 100% requirement and the Regulator has been engaging these companies to comply with the CAR regulations.
<b>DIVIDENDS</b>			
<b>NO</b>	<b>SHAREHOLDER NAME</b>	<b>QUESTION</b>	<b>ANSWER</b>

7	Nzambu Mwendwa	Request to pay dividend	<p>According to the regulator, we will need to attain a CAR of 200% before we can pay dividend to shareholders. This is projected to be achieved by the year 2023.</p> <p>The management will be in a position to pay dividend once the 200% CAR is achieved, in 2023 or earlier.</p>
8	Mrs. Jelioth Karuri	Dividends were not issued to the shareholders. What is the incentive for the shareholders?	<p>As a business, we have turned around for the last 5 years. However, the business has experienced the challenge of turning the business to profitability.</p> <p>Hence the company has worked to manage the earnings that flow in the business and the management of claims.</p> <p>For the last years, the dividends were not issued due to the Capital Adequacy requirements.</p> <p>The business is managing the profitability and debts to be able to issue dividends by the year 2023. That has been the strategic plan for the business.</p>
9	Francis Magero	<p>Will funds be put aside to issue dividends by the year 2023?</p> <p>As investors, dividends should be considered yearly than wait until 2023 as the dividends are the returns for the investors.</p>	<p>The strategic plan for the business is to issue dividends. The Regulator does not allow companies to issue dividends before resolving the Capital Adequacy issues. If the company archives the 200% CAR we shall be able to issue the dividends to the shareholders.</p>
10	Mrs. Jelioth Karuri	Why are employees paid bonuses yet the shareholders have not been paid dividends.	<p>Last year the management was issued targets for the group including Sanlam General Insurance Limited . Sanlam General achieved three of the criteria. The top line was exceeded where growth was at 42% and the profitability was also achieved hence the after tax profit of Kshs.138 Million was realized.</p> <p>The retained earnings have been pumped up by around Kshs.52 Million. The CAR discrepancy of 133% and 200% will be narrowed .Thereafter, any profits generated will be paid as dividends to the shareholders.</p>

