

**SANLAM KENYA PLC - QUESTIONS FROM SHAREHOLDERS AGM 3<sup>RD</sup> JUNE 2021**

	<b>SHAREHOLDER NAME</b>	<b>QUESTION</b>	<b>ANSWER</b>
1.	NGURE, JOB FRANCIS 254722873122	How much per share Dividend per share?	<p>The year 2020 presented a challenging operating environment to the business fraternity and Sanlam was no exception. Despite this, the insurance subsidiaries, Sanlam Life and Sanlam General reported profitability and a growth in revenues. Sanlam Kenya Plc was however impacted by forex exchange losses totaling Kes 215 million arising from its exposure to a USD 27m credit facility, and this contributed significantly to the group consolidated after tax loss of Kes 78 million. As a result, the Board of Directors of Sanlam Kenya Plc have proposed that NO Dividend be paid regarding the year 2020.</p> <p>It is worthwhile to note that the Covid-19 Pandemic played a significant role in the weakening of the Kenya shilling against the United States Dollar leading to the forex loss. To mitigate future forex risk the company refinanced this debt into a 3-year Kenya shilling facility with an option for extending the repayment term to 4 years.</p> <p>Considering the noted improvement in the performance of the insurance subsidiaries, the restructuring of the USD 27m debt into a local currency facility and strategies in place, it is expected that the Company will revert to a dividend paying position in the future.</p>
2	ODHIAMBO, SOLOMON 254724599620	When are we going to be paid any dividend?	
3	PATRICK NZAU	Will Sanlam Kenya Plc be declaring a dividend?	

4	IMWILI, JEREMIAH KUBEERE 254722389900	What is the benefit of the shareholder for his/her investment if the company continues not to declare dividend?	<p>Management takes note of the protracted period during which dividends have not been paid by Sanlam Kenya Plc to its shareholders.</p> <p>To the extent that during the period when dividends are not being paid, the company is actively re investing its surpluses into building capital/strengthening the balance sheet, then that is a positive capital management stance, because it assured the shareholder of dividend pay payouts in the future.</p> <p>In 2014 the Insurance Regulatory Authority introduced new capital adequacy ratio targets for the industry over a 5-year period. In line with this, the industry and Sanlam Kenya embarked on a process of strengthening their capital positions over the same period. It is clear to the business that the strategy is starting to pay off noting the 2019/2020 Sanlam insurance business performance trends. As such, the business is likely to declare dividends in the future.</p>
5	IRUNGU KIMANI	How is the company faring with the adoption of IFRS 17?	<p>IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023.</p> <p>Sanlam commenced its IFRS 17 implementation project in 2019, has progressed quite well to date and will be able to comply by the 1 January 2023 implementation date.</p>

6.	IRUNGU KIMANI	What was the cause for the Kes 360 million fair value loss reported on the Income statement?	<p>This was occasioned by fair value losses booked on our equity and property portfolios. It is worthwhile to note that this was not isolated to Sanlam managed portfolios and was in line with the overall decline in the NSE stock indices and stock traded at the same bourse.</p> <p>Property values on the other hand were revised downwards to reflect lower property occupancy rates leading to a fair value loss on properties.</p> <p>In both instances, it is clear, that the catalyst was the Covid-19 pandemic and its disruptive impacts to the economy.</p>
7	IRUNGU KIMANI	What is the source of the significant finance costs reported in the income statement totaling Kes 520 million.	<p>The composition of finance costs was</p> <ul style="list-style-type: none"> <li>• Accrued interest expense on the USD 27 million credit facility in Sanlam Kenya PLCs books totaling Kes 265 million,</li> <li>• Foreign exchange losses amounting to Kes 215 million arising from the above United States Dollar denominated financial liability/USD 27m debt.</li> <li>• Finally, Lease liabilities contributed an additional Kes 41 million in finance costs.</li> <li>• It is worthwhile to note that future forex risk has been mitigated after the USD 27m debt was refinanced/restructured into a local currency facility repayable over a longer period of between 3 – 4 years.</li> </ul>
8	IRUNGU KIMANI	What is the cause for the large negative retained earnings in the Sanlam Kenya Plc statement of financial position?	<p>The source of negative retained earnings is historical accumulated after-tax losses of Sanlam Kenya Plc.</p> <p>It is worthwhile to note that management is addressing this pro-actively and noted improvements in the insurance subsidiaries performance is expected to gradually reverse the negative retained earnings position in the future.</p>
9	IRUNGU KIMANI	Can the company consider a share capital increase for example, through a rights issue?	<p>This is addressed by the Company's broader capital management strategy.</p> <p>The Company's authorized share capital at Kes 2B is substantially higher than the issued share capital at Kes 720 million. The Company's ability to raise additional capital is therefore not in doubt.</p> <p>In times of prioritization, it is the Company's strategy to rely on management raising internally generated capital to fund the business with a shareholder capital injection being an action of last resort after exhausting all management interventions</p>

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10	PATRICK NZAU	What was the cause for the share value drop?	<p>The Sanlam Kenya Plc share value dropped in line with the drop in the overall stock market indices.</p> <p>It is safe to say that the Pandemic contributed to this as well, as the foreign investor exited the capital markets and locals as well preferred liquidity to stocks.</p>
11	ALOIS CHAMI	What is Sanlam Kenya Plc's core business?	<p>Sanlam Kenya Plc is an investment holding company. Its primary investment is insurance business specifically Sanlam Life and Sanlam General. The other investments that it holds are real estate and other non- insurance business such as Mae properties, Sanlam securities and Runda water.</p> <p>Sanlam's strategy is to divest from its non-insurance business and real estate portfolio to concentrate on its core competencies which is insurance business i.e. Sanlam life and Sanlam General.</p>
12	ALOIS CHAMI	What is management doing to improve the business performance.	<p>In addressing its performance, management has taken note of several operating environment challenges stemming from the Covid 19 pandemic.</p> <ul style="list-style-type: none"> <li>- Travel restrictions and nationwide lock downs have impacted all segments of the economy, with some more than others. This has also precipitated, company closures and job losses, which impact the performance of the insurance industry.</li> <li>- Volatility in local currency against international currencies leading to Forex losses.</li> </ul> <p>Key initiatives that are ongoing aimed at securing the business targets in spite of the above challenges are;</p> <ul style="list-style-type: none"> <li>- Innovation (Digitization/Digitalization)</li> <li>- Product &amp; channel innovation leading to a diversified offering addressing different demographics. "Retiremed" and "Fadhili" are an example of innovative post retirement medical and funeral products that have already been launched to the market.</li> <li>- Risk management</li> <li>- Hedging of forex risk</li> </ul>