2021

ANNUAL INTEGRATED REPORT

BK Insurance
Safeguarding Your Wealth

"IGNITING BKGI SUSTAINABLE GROWTH"

CONTENTS

ABBREVIATIONS

BKGI	Bank of Kigali General Insurance
CDP	Continuous Professional Development
COVID-19	Corona Virus Disease 2019
ECR	Electronic Case Reporting
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit Or Loss
MoH	Ministry of Health
NBR	National Bank of Rwanda
RITF	Rwanda International Trade Fair (EXPO)
MINAGRI	Ministry of Agriculture & Animal Resources

BK Insurance
Safeguarding Your Wealth

Pay for your insurance premium by simply dailing *182*8*1*005888#

ABOUT THIS REPORT

REPORT THEME:
IGNITING BKGI SUSTAINABLE GROWTH

The world, Rwanda, businesses and people's lives are constantly changing, and as one of the leading general insurer, we continually adapt as we face new risks. Nationally, in 2021 the country continued to adapt with the consequences of the global pandemic on all the stakeholders of the industry. We continue to witness the headwinds of macro-economic recovery, but widespread unemployment, rising inflation due to global economic crisis, all of which have impacted the insurance industry.

Within this context, we asked ourselves: How do we continue to create value and ignite sustainable growth for our business and our Stakeholders? For BKGI, the answer lies in our "Building Back Better Strategy", underpinned by our brand promise: Safeguarding Your Wealth.

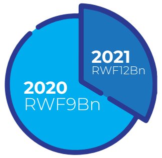
The promise to "Safeguard Your Wealth" enables us to demonstrate purpose and good corporate citizenship. We paid our highest ever amount of RWF2.5billion in claims settlement in the five years BKGI has been in operation, thereby supporting clients in their moments of need. We believe that a responsible and forward thinking approach is the best way to reduce and prevent risk, foster innovation, improve business performance and drive environmental, social and economic sustainability. We invest in initiatives that help reduce risk and build resilience in society.
In 2021, we continued to implement our "Safeguarding Youth Wealth" strategy to achieve excellent financial results, and impact society in positive ways. Throughout this report we explain the strides we have taken to ignite sustainable growth.

In this competitive insurance market BKGI is strategically:

- Embarking on establishing a fully digital insurance product platform
- Continuing to invest in our direct channels and capabilities
- Investing in strategic partnerships
- Continuing to be the best intermediary enabler, and shall enhance our product offerings and distribution channels by investing in digital solutions
- Endeavor to pursue cross-selling initiatives through co-insurance window

As we look to a new financial year, we will continue to drive these initiatives and implement new ones.

FINANCIAL HIGHLIGTS



33.3%
GROSS WRITTEN PREMIUM

RWF5.8Bn
MEAN EQUITY GROWTH
2017-2021

34.5%
GROSS EARNED PREMIUM
RWF8.4Bn(2020) - RWF11.3Bn(2021)

RWF448M
CO-INSURANCE PREMIUM
2021

PROFIT BEFORE TAX
RWF2.5Bn(2020) - RWF3.9Bn(2021)

30.4%
RWF 1.15Bn (2020) - RWF 1.5Bn (2021)
SOLVENCY MARGIN

50.6%
CORPORATE INCOME TAX
RWF797Million(2020) - RWF1.2Bn(2021)

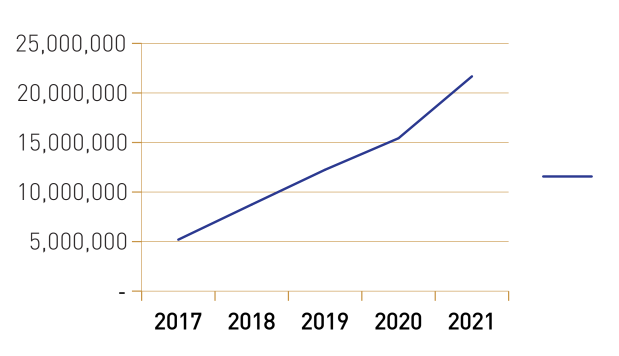
30.4%
196.3% (2021) FROM 271% (2020
SOLVENCY RATIO

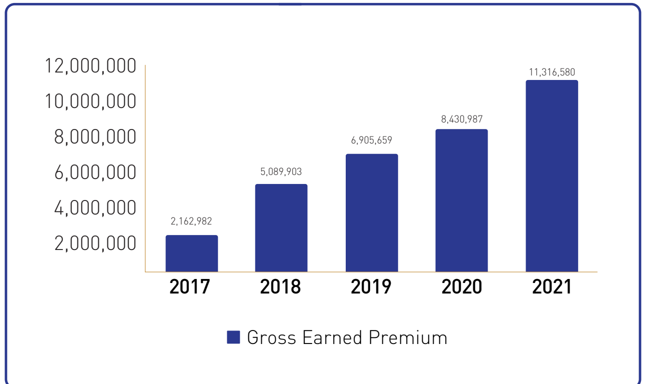
58.8%
NET PROFIT
RWF1.7Bn(2020) - RWF2.7Bn(2021)

57.1%
RWF 2.2Bn (2021) FROM RWF 1.4Bn (2020)
TOTAL CEDED PREMIUM

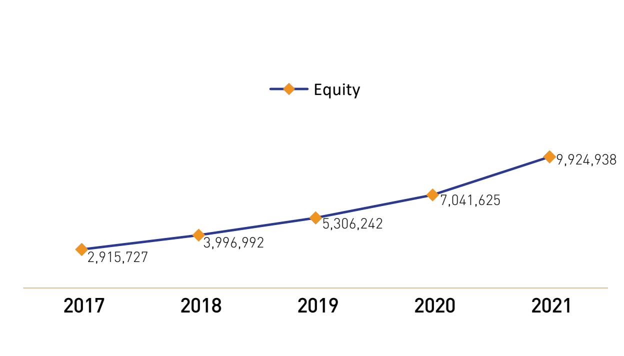
FINANCIAL HIGHLIGTS

BKGI Assets Growth

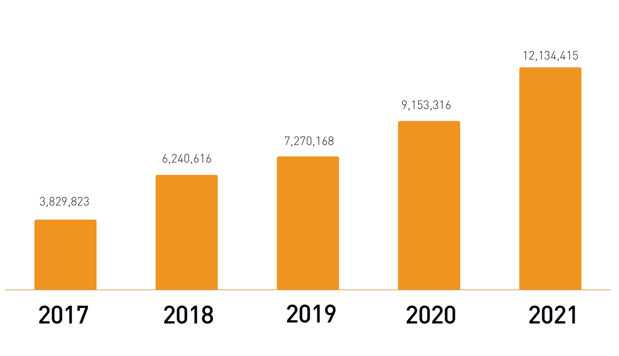


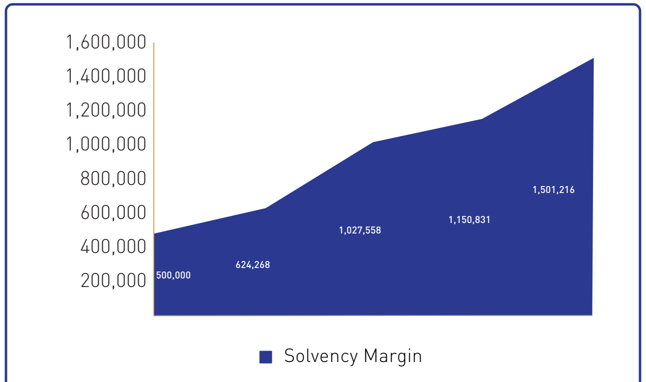


Equity Growth ['000] 2017-2021

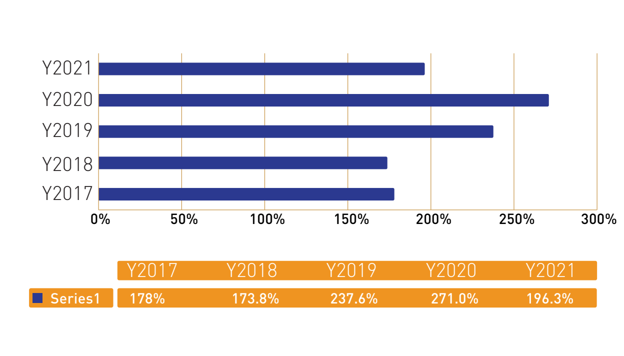


Gross Written Premium





Solvency Coverage Ratio 2016-2021



The right insurance coverage for your new car!

BKGI'S VALUE CREATION

A MESSAGE FROM OUR CHAIRPERSON

I am pleased to present this 2021 report to you as the chairperson of the BK General Insurance Board of Directors.

I am excited and inspired to play a part on the board of this wonderful insurer, with its clear purpose and strong growth prospects.

Overall, 2021 continued to be impacted by the devastating impact of COVID-19, which aggravated the ailing Rwandan economy. Reportedly, economic uncertainty, high unemployment, weak domestic demand, volatile investment returns and the deterioration of economic growth and placed consumers under immense pressure.

However, BKGI has weathered the storm and positioned itself to enter the coming years with a positive outlook. In this report, we look back 5 years ago (2017-2021) to make growth comparisons and draw a meaningful trajectory into the future. BKGI's guiding purpose is to safeguard what is important to its clients. It delivers on this purpose through its role as a general insurer, supported by strategic partnerships and products and services that help clients and communities mitigate risk in the face of unexpected catastrophes.

At the same time, BKGI is cash generative and financially strong, and delivers competitive returns for shareholders. BKGI is strongly rooted in Rwanda, with near future plans to extend our footprint in the East African Region and has the right scale, brands, products, channels, distribution networks and geographical spread to grow locally and regionally.

Governance

BKGI, as one of the leaders in the insurance industry, and an integral part of society, remains committed to help mitigate the risk factors that inhibit growth and resilience. Now more than ever, BKGI has a responsibility to support its stakeholders towards a prosperous and safe society.

It is clear that governance at BKGI extends beyond compliance to support strategic performance and ultimately enhance value for stakeholders. The board's aim is to ensure the governance outcomes of an ethical culture, good performance, effective control and legitimacy. The board promotes and supports high ethical standards of corporate governance.

Building a sustainable BKGI

The board regularly reviews the strategies presented by the able leadership team, and we believe that the plans BKGI has in place remain relevant as a clear path for a sustainable future growth, while enabling it to be adaptable and withstand a volatile external economic environment.

Spurred by the impacts related to COVID-19, companies around the world must recognize the need to respond to the social, environmental and economic pressures the world faces today. It is apparent that BKGI's strategy is fundamental to its long-term sustainability, its clients and societies.

BKGI'S VALUE CREATION

Effective Stakeholder Engagement

BKGI's approach to stakeholder engagement is aimed at building and maintaining sound, transparent relationships. Traditionally, engagement and communication happened through a range of personal interactions. However, stakeholder engagement changed significantly during the COVID-19 pandemic.

The company adapted engagement methods where necessary with the aim to keep communication channels open, while protecting the health and safety of all stakeholders. For the board, this meant virtual board meetings, more one-on-one online engagement with executive management.

I am pleased to see the outcome of the work performed by the board committees to strengthen the compliance, risk management and profitability of the company.

Playing a Meaningful Role in Society

Through BKGI's core business activities, they provide peace of mind and stability in the face of unexpected events every day. We saw this in action in 2021 when, following COVID-19-related restrictions, preventive measures were enforced as guided by the Standard Operating Procedures (SOPs) by the Ministry of Health The fair and timely payment of claims of a total of RWF2.5billion is testament to the value of general insurance for the economy.

In addition, I have observed optimism about the future of Rwanda at BKGI, and an earnest commitment to help where possible, and to invest in our country. The company's aspirational vision is to narrow the risk protection gap through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions. Thus, again through its core business activities, BKGI prioritizes the Rwanda transformation agenda across its value chain, taking concrete steps to drive meaningful change in the company and in society. This extends to the work the company does with the ministry of agriculture.

Outlook & Appreciation

Looking ahead, the board acknowledges the reality of the ongoing COVID-19 pandemic despite signs of increased economic activity and some recovery in certain parts of the world.

I would like to thank the board of directors for the job well done over the last 5 years. I am grateful to be part of a board that challenges each other and takes difficult decisions for the benefit of the company. All my fellow board members have conducted their roles effectively and diligently, providing sound overall guidance to BKGI.

I would especially like to thank our staff at the headquarters and all branches, the brokers and agents. Thank you to the management team for its leadership and hard work in delivering and executing on the strategy during the year. I am confident that the executive committee team will consistently drive BKGI's business strategy, not only to achieve satisfactory results, but also to create value in the long run for all stakeholders.

Finally, thank you to the employees, intermediaries, clients, providers of capital and all other stakeholders for continuing to support BKGI to "Safeguard Our Clients Wealth"

Sandra RWAMUSHAIJA
Chairperson, Board of Directors

CEO'S REPORT

In 2021, BKGI did not only deliver excellent financial results, but also took strides in progressing our commitment of "Safeguarding Our Clients' Wealth" Strategy. The solvency ratio of 196.3% registered is reaffirmation of BGKI's capacity to safeguard our esteemed client's wealth in short, medium and long-term. In addition, BKGI demonstrated good corporate citizenship by actively seeking ways to positively impact the Rwandan society, through strategic business partnerships, sponsorships and CSR Initiatives.

Throughout 2021, COVID-19 continued to impact economies worldwide, with ongoing uncertainty as the pandemic unfolded. However, the global economy is slowly improving, and we expect to see a recovery in insurance premiums globally next year.
Rwandan society generally continues to grapple with many socioeconomic challenges. However, we are cautiously optimistic about the country's economic growth prospects.

On the whole, BKGI reported strong operating results, recording a net profit of Rwf2.7Bn, which is a 57.9% increase as compared with Rwf1.7Bn net profit recorded in 2020. Despite of some operational challenges due to the pandemic, we managed to register growth across most of our business units.

We do believe that strategic growth initiatives across our business units will position us for sustainable future growth. We experienced a more normalized claims environment compared to the hard lockdown of 2020. The decrease in interest rate environment as a response by government (BNR) to jumpstart the economy resulted in lower investment return on insurance funds and investment income.

Conventional insurance gross written premium growth of 32.6% was achieved, recorded at Rwf12Bn in 2021 as compared with Rwf9.1Bn in 2020. The average GWP for BKGI over the last 5 years now stands at Rwf7.7Bn, which comparatively ranks high by any industry standards.
We achieved a total net underwriting income of over Rwf6.7Bn, which is a margin of 21.8%, upwards from Rwf5.5Bn recorded in 2020. The average net underwriting margin over the past five years was 16.2%, and consistently within the target range of 30% to 40%.

We Ignited Sustainable Growth through Strategic Execution

Our strategy and the progress made in 2021 are outlined in the strategy section of this report. The strategic initiatives discussed there, as well as in the business unit performance section, were developed to ignite sustainable growth, and we expect to see the benefits in 2022 and beyond.

I am proud to say that despite the considerable effort needed to deal with the various impacts of COVID-19 related claims and restrictions, as well as Rwanda's socio-economic challenges, the BKGI made considerable progress in executing on our strategic agenda "Safeguarding Our Clients Wealth".

Exceptional client experiences, backed by investmentsin technology

We embraced the fact that ecosystems and partnerships with non-traditional players are key to growth and accessing new markets. We continue to partner with other fellow local insurers (through co-insurance deals) and other industry innovators to unlock cross-selling opportunities and
meet our clients' evolving needs.

CEO'S REPORT

The growth of cyber insurance and the shift to digital distribution channels are key drivers to insurance growth, with increasing global investment into InsurTech. In Rwanda, this affords us new opportunities to grow, to digitize and to narrow the risk protection gap. We continued to invest in improving our digital end-to-end insurance offering, in terms of internal efficiencies, intermediary enablement, and to create excellent, intuitive client experiences.

Internally, we continue to migrate applicable business functions onto our digital platform to maintain and improve on our high standards of operational efficiency. These internal e-platforms also aids new product innovation. BKGI has an expanding portfolio of digital assets and innovation is driven largely at business unit level. New products and innovations included improved self-service capabilities for clients and intermediaries using online and mobile telephony apps, digital client portals and cyber security solutions.

Supporting our employees

Diversity and inclusion in our employee base was a focus for 2021. We made good progress to improve diversity across gender, age, and skillsets. In addition, we reflected on new ways of working and are investing in systems and infrastructure needed to support hybrid working models for our employees going forward.

We shifted our head office to a more spacious building at the heart of Kigali City to allow our employees operate in better office environment. The front offices are quite spacious to accommodate many clients, while observing COVID-19 social distancing protocols. Staff at all levels obtained executive offices which are well branded and furnished.

Improving vaccination levels against COVID-19 is key to supporting growth. BKGI has a legal and ethical obligation to provide a safe environment to our people. Therefore, and in line with our peers in the financial services industry, we formulated a policy for mandatory employee vaccinations against COVID-19.

Outlook and Appreciation

I am proud to say that BKGI is well positioned for the future. I am confident that the "Safeguarding Our Clients Wealth" strategy, and the undoubted ability and commitment of our executive team and employees to implement it, will ensure long-term business sustainability and growth.

Thank you to all BKGI employees for their exceptional efforts in this regard, to executive management for their dedication, and the board for their support.

On behalf of the executive management team, I extend sincere thanks to our clients for their continued support and loyalty, and to our partners, intermediaries and suppliers for their shared commitment to safeguarding what is important to our clients.

Alex N. BAHIZI
Managing Director

BKGI OVERVIEW

Our Vision

To be a leading provider of innovative, high quality insurance services

Our Mission

To provide innovative, high quality insurance services that add value to shareholders' investments through technology enhanced products and motivated professional staff

Our Goals

To exceed customer expectations and we have put in place strategies to become a customer centric company

WHO WE ARE

BK General Insurance Company Ltd, a subsidiary of Bank of Kigali Group PLC, was incorporated as a limited liability company on 16th September 2015 by Rwanda Development Board and was licensed by the National Bank of Rwanda to transact non-life insurance business on 22 March 2016.

Our Values

Integrity

We ensure that the confidence reposed in us by our clients and other stakeholders will never be undermined and are continuously striving to fulfill our obligations to them.

Customer Focus

The philosophy of BK insurance is being customer focused and desirous of exceeding customer expectations all times. We will strive to deliver quality services to enable our clients to achieve their personal and business goals.

Creativity

BK insurance believes that creativity is the driving force which keeps it growing and which is most vital to our customers.

Team Work

We appreciate and reward both individual and team achievements. We relate freely with colleagues across organizational boundaries. Our team spirit is excellent and worthy of emulation.

OUR BUILDING BLOCKS

CREATING SHAREHOLDER VALUE

Our strategic framework of, "Safeguarding Your Wealth", sets out the building blocks to achieve our strategic intent: to deliver on stakeholder expectations now and into the future.
Our strategic themes are:

- Extend leadership position in Rwanda through intermediary enablement, digital innovation, partnerships
- Deliver quality Insurance products and solutions: most trusted, relevant and purpose-driven brand
- Client experience: creating intuitive client journeys enabled by technology
- Help build resilient societies: through transformation, financial inclusion
- Building internationally linked and diversified business and selectively building other international business through efficient re-insurance business opportunities
- Talent and culture: empowering our people and evolving our culture to be competitive in a rapidly changing world
- Build technology as an enabler and driver of innovation, efficiency and optimal decision-making
- Optimize our financial performance: deliver sound results, stewardship and diversification
- Enabling insights-driven insurance and informing strategic direction through trusted data

OUR BUSINESS PHILOSOPHY

BKGI's purpose is to safeguard what is important to our clients in a manner that enables wealth creation and protection for all our stakeholders.

WHAT WE OFFER

Motor Insurance

Under Motor Insurance, the following covers are provided

- Comprehensive cover for own damages, fire, theft and third party property damages and bodily injuries
- Third party liability + Occupant : Provides third party cover for all passengers
- Third party liability: provides third party cover only
- Territorial extension (COMESA)

Fire and Allied Perils Insurance

Under Motor Insurance, the following covers are provided

- Comprehensive cover for own damages, fire, theft and third party property damages and bodily injuries
- Third party liability + Occupant : Provides third party cover for all passengers
- Third party liability: provides third party cover only
- Territorial extension (COMESA)

For both Motor and Fire Insurance, the following are the access requirements;

- In order to process the request cover, the information including Log book, value of the vehicle, presence of the vehicle are required.
- Requests for the motor or fire cover can be submitted to all Bank of Kigali branch offices around the Country. You can use the nearest BK branch office to submit your cover request. Cover request with required information is processed within one day
- Premiums can be deposited at BK General Insurance account 0069248232 in the Bank of Kigali
- Our clients can also pay premiums using their mobile phones

WHAT WE OFFER

Engineering Insurance

Under Engineering Insurance, the following are covered

- CAR (Contractors All Risks)
- EAR (Erection All Risks)
- Electronic and Electric All Risks
- CPM (Contractors Plant and Machinery)
- IT All risks
- Machinery breakdown
- Business interruption and Workmen compensation

In order to process the request cover, For CPM, Machinery breakdown, IT All risks & Electronic and Electric Equipment, the List of Machines and/or equipment their identifications and values is the mandatory required information. Signed contract is required for Contractors All risks and Erection all risks and the List of workers is required for Workmen compensation

- Requests for the Engineering cover can be submitted to all Bank of Kigali branch offices around the Country. You can use the nearest BK branch office to submit your cover request. Cover request with required information is processed within one day
- Premiums can be deposited at BK General Insurance account 0069248232 in the Bank of Kigali
- Our clients can also pay premiums using their mobile phones

Liability Insurance

Under Liability Insurance, the following are covered

- Public Liability: Protects you if clients or members of the public suffer personal injury or property damage because of your business

- Professional liability: Provides cover for the legal costs and expenses in defending the claim, as well as compen sation payable to your client to rectify the mistake.

- Product Liability: Protects against claims of personal injury or property damage caused by products sold or supplied through your business.

Processing the cover for liability insurance requires: Filled proposal form and CV for professional liability

- Requests for the Liability cover can be submitted to all Bank of Kigali branch offices around the Country. You can use the nearest BK branch office to submit your cover request. Cover request with required information is processed within one day
- Premiums can be deposited at BK General Insurance account 0069248232 in the Bank of Kigali
- Our clients can also pay premiums using their mobile phones

Money Insurance

Under Money Insurance, the following are covered

- Money in transit: All risks of physical loss or damage while in transit

- Money in Safe: Covers the insured business owner against loss or destruction of or damage to money whilst in safe at business premises

- Fidelity guarantee: Covers the loss of money or property sustained as a direct result of acts of fraud, theft or dishonesty by an employee in the course of employment.

Processing the cover for Money insurance requires the following information:

- Maximum amounts to be kept and transported (per trip for money in transit),
- Number of trips in a year (money in transit),
- Type of security and finally,
- Proposal form (fidelity guarantee)

WHAT WE OFFER

Transport Insurance

Under Transport Insurance, the following are covered

- Marine Hull: Insurance of Vessels
- Marine Cargo: Provides financial protection for loss of or damage to your cargo during transit
- Goods in Transit: Covers goods against loss or damage while in your vehicle or when sent by a third party carrier.

Note:
For insurance cover to be processed, the description of goods, itinerary and values must be provided. Cover request with required information is processed within 2 working days.

Bonds Insurance

Under Bonds Insurance, the following are covered

- Bid Bond
- Performance Bond
- Advance Payment Bond
- Custom Bond

For insurance cover to be processed, the following information is required:

- Bid bond,
- Tender document,
- Performance Bond,
- Notification letter,
- Advance payment bond,
- Contract and Custom bond,
- Filled proposal form.

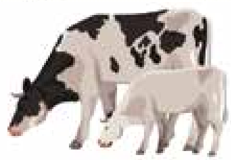
Accident Insurance

Under Accident Insurance, the following are covered

- Personal Accident Insurance: Covers accidental death and disability
- Group personal accident insurance: Provides insurance cover to a group of people. Mainly offered to company employees

Note
For insurance cover to be processed, only a filled proposal form is required. Cover request with required information is processed within 2 working days.

Agriculture & Livestock Insurance



For Livestock Insurance, farmers can insure only cross breed and exotic which are in the following age group:

Dairy cattle value chain

- Calves above 90 days and up to 1year old
- Heifers from 1 to 2 years' old
- Heifers pregnant and milking cows above 2 years and up to 8 years' old

Pig value chain

- All cross and exotic breeds of pigs above 30 days old.

Poultry value chain

- All cross and exotic breeds of chicken above 2 weeks old and the minimum of 100 birds per policy.

Crop Insurance Products

Hybrid Insurance Cover (Weather Index and Area Yield Index)

- The product is covering maize and it is based on daily weather data provided by Meteo Rwanda, extrapolated on a 4 by 4 kilometres grid from ground meteorological stations data and ARC2 satellite measurements.

GOVERNANCE SUMMARY

BOARD OF DIRECTORS 2021

NAME:
Sandra **RWAMUSHAIJA**

TITLE:
Chairperson

APPOINTMENT DATE:
22nd Marh 2016

Ms. Rwamushaija is a practicing lawyer, founder and Managing Partner of Factum Law Firm Ltd, a Rwandan-based law firm. Ms. Rwamushaija serves on various Boards of both listed and un-listed companies as a Chairperson and Non-Executive member.
She is a member of the Rwanda Bar Association and the East African Law Society. Ms. Rwamushaija holds a Master of Business Administration degree and a Bachelor's in Law degree both from the United Kingdom.

Ms. Rwamushaija is a skilled corporate lawyer with a proven track record of working in both private (banking and financial institutions, and telecommunications) and public sectors. Over 20 years of experience in top management positions with extensive knowledge in corporate legal advisory, corporate governance & legal institutional matters, strategy development and execution, capital markets as well as structured financing transactions.

NAME:
Dr Jack **KAYONGA**

TITLE:
Vice Chairman

APPOINTMENT DATE:
22 September 2016

He serves on key public and private organizations' Boards, Committees & Task Forces, and has been recognized with accolades that include Forbes Africa Young Business Leader of the year 2012. He is also a fellow at the World Economic Forum. Dr. Jack holds a Doctorate in Business Leadership from the SMC University, MSc Degree in Finance and Banking from Cardiff University (UK) and a BSc Degree in Economics from the National University of Rwanda, all completed with distinctions.

Dr. Jack is the current Group CEO of Crystal Ventures Ltd, the leading investment company and largest Private Sector employer in the country. He is a career business leader with over two decades of solid experience as an Investment and Financial services professional in both the public & private organizations.

NAME:
Nathalie **MPAKA**

TITLE:
Member

APPOINTMENT DATE:
22nd Marh 2016

A qualified Chartered Certified Accountant (ACCA), and currently completing her MSc in international Banking and Finance, Previously served as a Governing Council member of ICPAR. In charge of Finance Strategy at BK Group Plc.

She's the Chief Finance Officer of BK Group Plc (BK) since 2014. Won the prestigious 2019 AABLA nominations for the Chief Financial Officer of the Year and Business Women of the Year

GOVERNANCE SUMMARY

NAME: Yves **GATSIMBANYI**

TITLE: Member

APPOINTMENT DATE: 22 September 2016

He holds an MBA in finance and accounting from Mount Kenya University and a Bachelor's degree in Economics from the National University of Rwanda. He is a certified Risk and Compliance Professional from the International Association of Risk and Compliance Professionals(IARCP) and Certified Lead Risk Manager from PECB. He serves on both private and public institutions' boards of directors.

Mr. Yves is currently the Chief Risk Officer of Bank of Kigali with vast experience in the banking sector. Mr. Yves served as a bank examiner at the National Bank of Rwanda for ten years. Prior to joining the Bank, he was the Head of Compliance and Internal Control at I&M Bank-Rwanda.

NAME: Shehzad **NOORDALLY**

TITLE: Member

APPOINTMENT DATE: 01 August 2018

He's an FCCA, holds a Master's Degree in Economics and an LLM in Capital and Financial Market Laws (with distinction)

He has 10 years' experience Investment Management and Investment Banking activities. He has more than 20 years' experience in Accounting, Finance, Auditing, Management Consultancy. The CEO of CDH Capital Ltd, a Brokerage, Fund Manager and Asset Manager licensed by the Capital Market Authority (CMA). He is a Board Member of the Rwanda Securities Exchange (RSE) and Chairman of the Rwanda Association of Securities Brokers (RASB).

NAME: Patrice **BASTIDE**

TITLE: Member

APPOINTMENT DATE: 20 November 2018

On the strength of his previous tenure as Marketing Manager of Albatross Insurance and Group Business Development Manager of CIM Insurance, Patrice took over the Marketing function of the Group in September 2016. Born in 1963, Patrice holds a BSc and a M.Sc. in Applied Mathematics both obtained from USA.

Mr. Patrice is responsible for Swan's international development and oversees a number of projects mainly in sub Saharan Africa where he assists Swan in setting up an elaborative network of cross-border relationships as well as implementing Swan's long-term objectives in these jurisdictions.

He has developed an in-depth knowledge of these markets including their local regulatory environments and is a Board of Director on a few international subsidiaries.

NAME: Jean Enock **HABIYAMBERE**

TITLE: Member

APPOINTMENT DATE: 19 March 2020

He holds a Bachelor's Degree in Mathematics and Physics (with distinction) from the former Institut Pédagogique National (I.P.N.).

Mr. Enoch is a skilled insurance professional with more than 20 years of experience in insurance business. Before joining the insurance industry in 1992, Mr. Enoch worked ten years in former Ministry of Higher Education and Scientific Research, including being a part time lecturer at the National University of Rwanda. After joining the insurance industry, He held various positions from technical director, Vice Managing Director to the Managing Director in former Soras currently Sanlam insurance.

He also served as a Board Member on various Boards of different institutions both private and public such as Road Maintenance Fund (RMF); School of Finance and Banking (SFB); Soras Vie etc.

GOVERNANCE SUMMARY

BOARD COMMITTEES

The Board has created the following principal committees, which normally meet on quarterly basis under well-defined and materially delegated terms of reference set by the Board.

Audit Committee

The Audit Committee in principal meets quarterly or as required. In accordance with regulatory requirement, the committee comprises non- executive members of the Board who are independent of the day today management of the company's operations with only one Non-Independent Director

The committee deals with all matters relating to the financial statements and internal control systems of the Company including dealing with independent auditors and National Bank of Rwanda inspectors.

Audit Committee	Designation
Shehzad NOORDALLY	Chairman
Patrice BASTIDE M.G.M	Member
Nathalie MPAKA	Member

Risk Management Committee

The committee was set up to assist the Board to mitigate risks in the Insurance business. It meets quarterly to advise the business on all matters pertaining to risk management in the market, operations and other risks

Risk Management Committee	Designation
Dr. Jack N. KAYONGA	Chairman
Yves GATSIMBANYI	Member
Shehzad NOORDALLY	Member

Investments, Assets, Liability and HR Committee

The committee meets quarterly where applicable to review Company's investments, Assets and liabilities in addition to that, it reviews human resource policies and make suitable recommendations to the Board on senior management appointments and other related personnel. This committee advises the Board as well on remuneration related to employees

IAL &HR Committee	Designation
Dr Jack N. KAYONGA	Chairman
Jean Enock HABIYAMBERE	Member
Nathalie MPAKA	Member

Underwriting and Claims Strategy Committee

This Committee was set to assist Board to understand the framework of the Insurance Business – Underwriting, Reinsurance and Claims. It reviews all reports related claims in line with corporate governance regulation and assess the adequacy of insurance reserves. It also advises the Board on the reinsurance treaties, related capacity and retention

Underwriting & Claims Strategy Committee	Designation
Jean Enock HABIYAMBERE	Chairman
Patrice BASTIDE M.G.M	Member
Yves GATSIMBANYI	Member

EXECUTIVE COMMITTEE

Alex N. **BAHIZI**
Managing Director

Dieudonne **NGIRIMANA**
Chief Finance Officer

Adolphe **NGUNGA**
Chief Operating Officer

Irene **MURERWA**
Chief Commercial Officer

Sheila A. **USANASE**
Legal Services Manager &Company Secretary

GLOBAL TRENDS AND INSIGHTS

The global insurance industry will reach a new record in premiums by mid-2022, exceeding $7 trillion, according to a new forecast by Swiss Re Institute. The record is projected to come earlier than predicted in mid-July, reflecting rising risk awareness, increasing demand for protection and rate hardening in non-life insurance commercial lines.

The industry outlook is also supported by a strong cyclical recovery from the COVID-19 pandemic, but economic growth is expected to slow in the next two years due to a growing crisis in energy prices, prolonged supply-side issues, and inflation risks.

Among the trends shaping insurance markets are climate change and digitalization. Rapid decarbonization is becoming more and more important, and societies' approach to transitioning to a green economy will determine their economic outlook. The insurance industry can support that transition, both by absorbing disaster losses and by promoting sustainable infrastructure investments.

Adopting digital technologies is playing an important role in increasing global productivity growth, and the pandemic has increased customers' receptiveness to interacting with insurers digitally, the study found.

Another significant trend is the growing divergence of countries' growth and socioeconomic indicators like inequality – a potential downside risk.

The economic recovery is cyclical and not structural, with macroeconomic resilience weaker today than before the COVID-19 crisis. Given its capacity and expertise to absorb risks, the insurance industry is crucial in making societies and economies more resilient. Yet for inclusive and sustainable growth, everyone must be on board. Green growth is sustainable only if it is also inclusive. Thus, the insurance industry has a unique opportunity to build a better market system.

All stakeholders will need to accept and internalize the costs of climate change, and policymakers to take into account the distributional effects of their economic policies across their populations. This will help to create the transition needed for a sustainable path to a net-zero economy by 2050.

Global insurance growth was strong in 2021 at 5.6%, slowing to 4.1% in 2022 and 3% in 2023, according to the Global Insurance Outlook Report 2021. Inflation is the main near-term macro risk, spurred by the energy crisis and prolonged supply-side issues. The price pressure is expected to be greatest in emerging markets.

Resilience is Key

Global non-life premiums grew by 3.3% in 2021 according to Swiss Re, projected to slow down to 3.7% in 2022 and 3.3% in 2023. Property-catastrophe rates are predicted to improve in 2022 after a year of above-average losses. Casualty rates will likely also be stronger in 2022 due to ongoing social inflation, while personal lines could benefit from early signs of improving motor pricing in the US and Europe.

Global health and medical insurance premiums are expected to rise, driven by the growth in the US economy and stable advanced market demand. Expansion in emerging markets is also expected to be strong, with China predicted to grow by 10% in each of the next two years.

Global life premiums rose by 3.5% in 2021, expected to slow down to 2.9% in 2022 and 2.7% in 2023. Protection-type products are expected to see strong demand, driven by higher risk awareness, a recovery in group business and increased digital interaction. Rising risk awareness is spurring demand for more insurance protection. The pandemic shock has highlighted the role insurance plays as a risk absorber during times of crisis by providing financial relief to individuals, businesses and governments. However, supply-chain disruptions show that better protection is still needed.

PERFORMANCE INSIGHTS

RWANDA INSURANCE SECTOR
PERFORMANCE HIGHLIGHTS OF 2021

01

Sector players were Nine (9) non life and 3 life insurers and 1 Micro Insurance company

02

In terms of asset size 2 public insurers remained dominant with assets equivalent to 63% of insurance sector, 43% of total GWP 13 private insurers held 37% of total assets and 57% of GWP.

03

Of all the insurers, seven (7) /majority are domestic, representing an asset and GWP share of 15% and 25% respectively of the entire sector.

04

Assets if insurance sector increased by 16.3% (from RWF548.4BN to RWF637.8BN)

05

Overall, consolidated profit after tax (PAT) of insurance sector increased from RWF21.1BN to RWF32.2BN, of which public insurance accounted to 78% of the total profits.

06

Non life dominates the GWP with 88%.

07

Insurers are heavily dependent on moto and medical insurance products; both products contributing 63% of total private insurers' premiums—re-flecting a product concentration risk.

08

Insurance is still provided through traditional channels (914 Insurance Agents, 14 Insurance Brokers, 1 re reinsurance broker, 18 loss adjusters.

09

Insurance sector is still very shallow, reported at 1.7% penetration

10

According to the latest Finscope Report, in general, the uptake of insurance is low in Rwanda, nevertheless the uptake of insurance show a rapid growth since 2016. About 17% of adults have insurance products, (around 1.2 million, increasing from 0.5 million since 2016). Slightly more males (19%) are insured compared to their female counterparts (15%). Insurance in Rwanda is driven by medical insurance. Life insurance is also garnering traction at 23%, up from 12% in 2016.

11

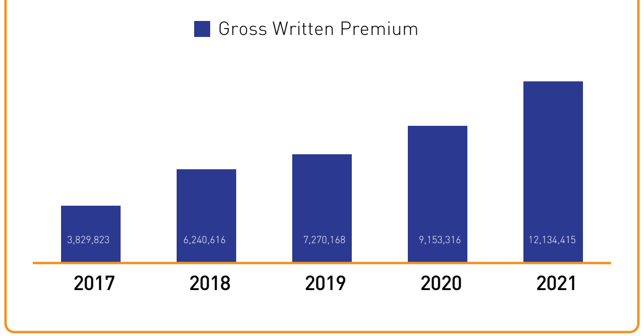
The main barriers to uptake of insurance, according to Finscope, remain affordability and lack of awareness (75% and 21% respectively)

12

Uptake almost doubled though from 507,220 in 2016 to around 1, 189, 168 in 2020. Main growth is seen in life insurance and household insurance. Main decline is realized in medical insurance.

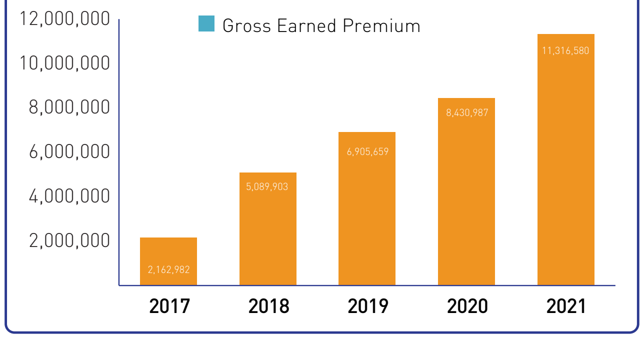
PERFORMANCE INSIGHTS

Gross Written Premium ('000)



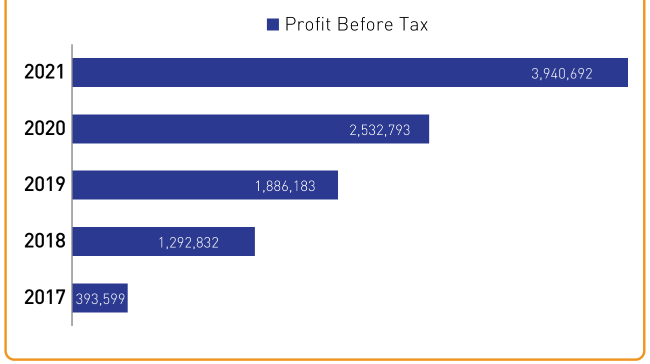
Gross Written Premium (GWP)
Rwf9Bn (2020) to Rwf12Bn (2021) 33.3%↑
Mean GWP: Rwf7.7Bn

Gross Earned Premium ('000)



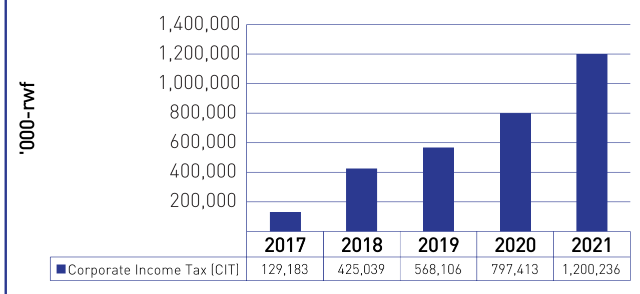
Gross Earned Premium (GEP)
Rwf8.4Bn (2020) to Rwf11.3Bn 34.5%↑
Mean GEP: Rwf6.8Bn

Profit Before Tax ('000) Ggrowth 2017



Profit Before Tax (PBT)
Rwf2.5Bn (2020) to Rwf3.9Bn (2021)↑
Mean PBT: Rwf2Bn

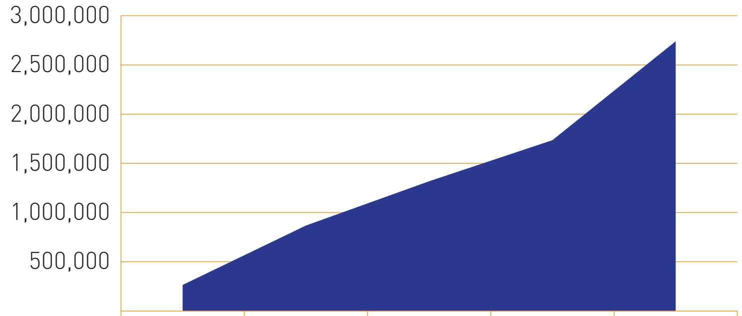
Corporate Income Tax (CIT)



Corporate Income Tax (CIT) Contribution
Rwf797Million (2020) to Rwf1.2Bn (2021) 50.6%↑
Mean CIT Contribution: Rwf623Million

PERFORMANCE INSIGHTS

Net Profit Growth in ('000) 2017-2021



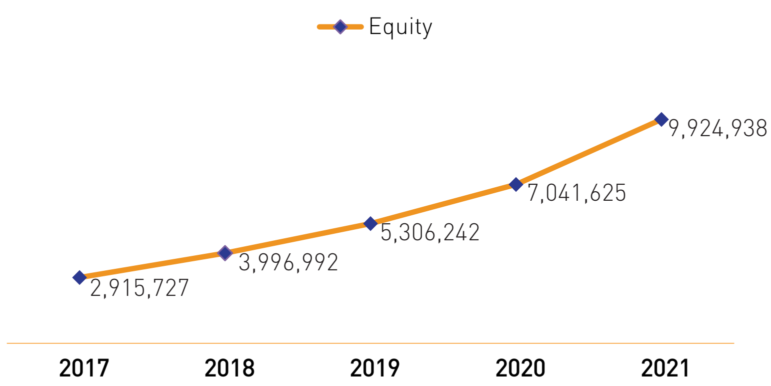
	2017	2018	2019	2020	2021
Net Profit	264,415	867,793	1,318,077	1,735,380	2,740,456

BKGI Net Profit

Rwf1.7Bn (2020) to Rwf2.7Bn (2021) 58.8%↑

Mean Profit: Rwf1.4Bn

Equity Growth ('000) 2017-2021

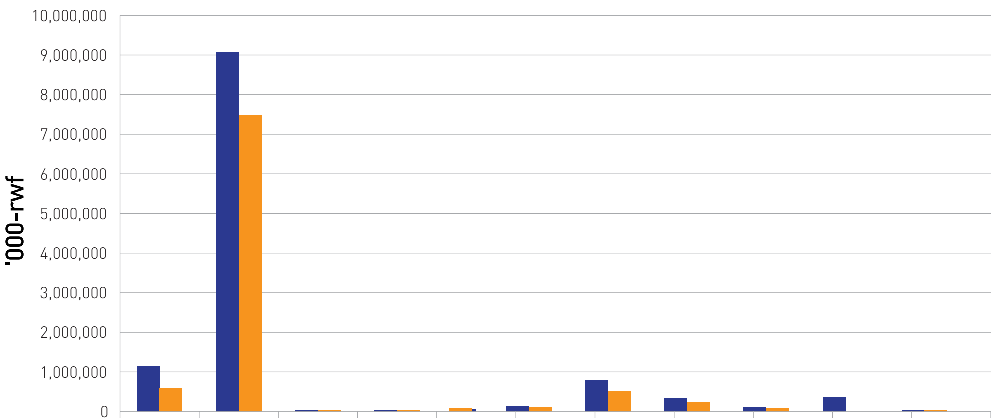


Mean Equity Growth: Rwf5.8Bn↑

Is your home Insured?

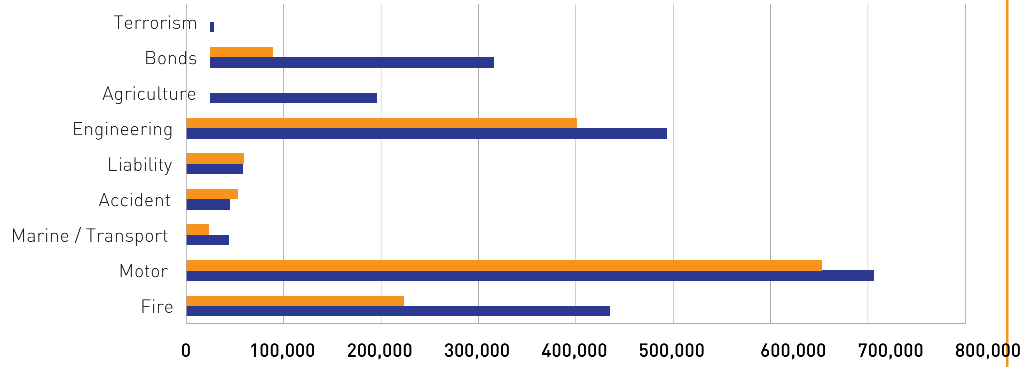
PERFORMANCE INSIGHTS

GWP 2021 v 2020



	Fire	Motor	Marine / Transport	Travel	Accident	Liability	Engineering	Bonds	Money	Agriculture & Livestock	Terrorism
Y2021	1,158,417	9,068,527	50,116	15,359	60,670	132,384	796,100	350,816	123,340	372,288	6,398
Y2020	588,445	7,479,098	42,527	1,479	93,990	102,234	521,215	227,234	92,943	0	4,151

Ceded Premium (Re-insurance) 2021 v 2020



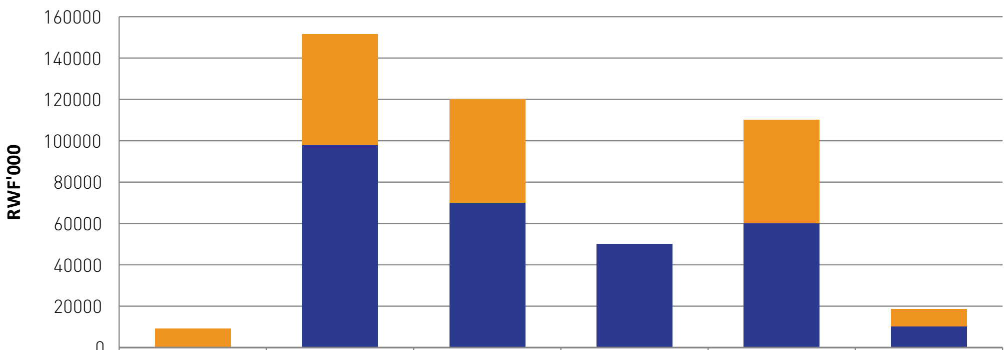
	Fire	Motor	Fire	Accident	Liability	Engineering	Agriculture	Bonds	Terrorism
Y2020	223,097	652,790	22,723	52,685	58,910	401,322	0	64,534	0
Y2021	435,281	706,122	44,074	44,161	58,095	493,916	170,976	290,890	3,286

- Motor Policy: Highest Contributor to BKGI GWP Portfolio: Rwf9Bn (78%)
- Property (Fire) registered the highest growth, jumping from Rwf588M in 2020 to Rwf1.1Bn in 2021 (97%)
- There was a sharp decline in Accident Insurance of -35%; attributable to economic slowdown due to covid-19
- Agric & Live Stock product performed exceedingly well, it being its inaugural year; fetching Rwf372Million (3% of total GWP)

- A total of Rwf2.3Bn was written as Ceded Premium (Re-insurance) in 2021, a 43% increase compared with Rw1.6Bn in 2020; indicative Of increased re-insurance capabilities
- Motor, Engineering & Property (fire) took the lion's share of the total ceded premium with 39%. 21% and 21% respectively

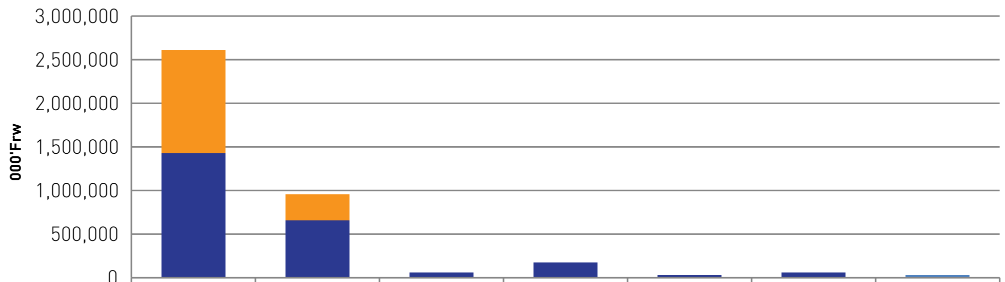
PERFORMANCE INSIGHTS

Co-Insurance GWP 2021-2021



	SANLAM	MUA Insurance Rwanda	Prime General Insurance	UAP General Insurance Co Ltd	Britam	Sonarwa
Y2020	9,192	53,734	50,000		50,000	8,248
Y2021	0	97,748	69,957	50,000	60,049	10,333

Re-Insures GWP 2021-2020



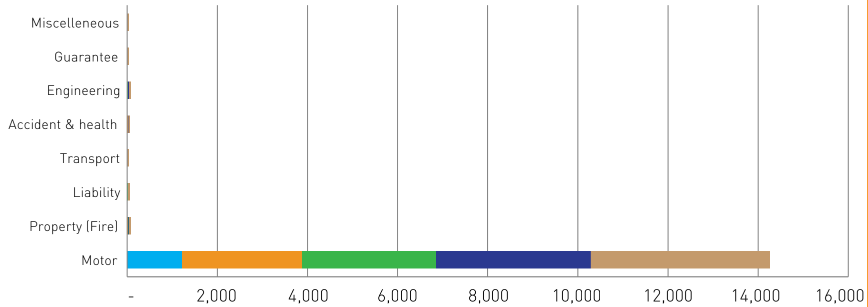
	Zep Re	Africa Reinsurance Co	Ghana RE	Klapton Insurance CO LTD	Mapfre Asistencia	Waica Re Kenya Ltd	Kenya RE
Y2020	1,180,849	295,212	0	0	0	0	0
Y2021	1,430,345	658,865	58,142	172,291	14,666	58,307	14,281

Our re-insurance GWP grew by over Rwf930Million in 2021, rising from Rwf1.4Bn to RwfRwf2.4Bn (63.1% increase.

- Zep Re contributes 59.4% (1.4Bn) of the total GWP ceded in re-insurance in 2021, followed by Africa Reinsurance
- Through Co-insurance, BKGI registered Rwf288Million in 2021, an increase of 68.3%; from Rwf116Million in 2020 to Rwf288Million in 2021.
- MUA Rwanda co-insurance transaction contributes 33.9% of the total co-insurance GWP, equivalent to over Rwf97Million.

PERFORMANCE INSIGHTS

Growth in Claims Incurred 2017-2021

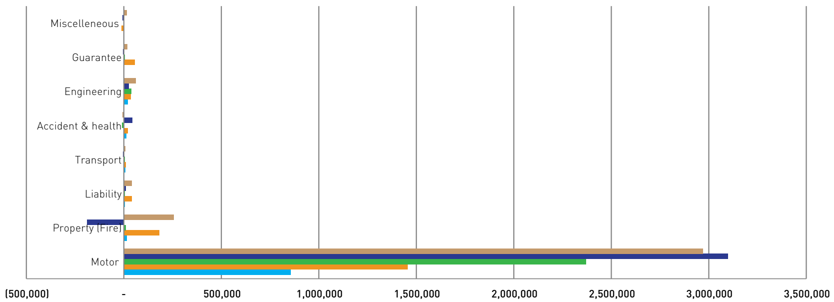


	Motor	Property (Fire)	Liability	Transport	Accident & health	Engineering	Guarantee	Miscelleneous
2,017	1,219	4	5	1	11	10		
2,018	2,656	16	9	4	7	1	2	
2,019	2,985	7	1	2	6	7	3	
2,020	3,421	16	5	1	8	22	5	
2,021	3,978	16	12	3	10	20	2	12

Growth in Claim Numbers Settled 2017-2021

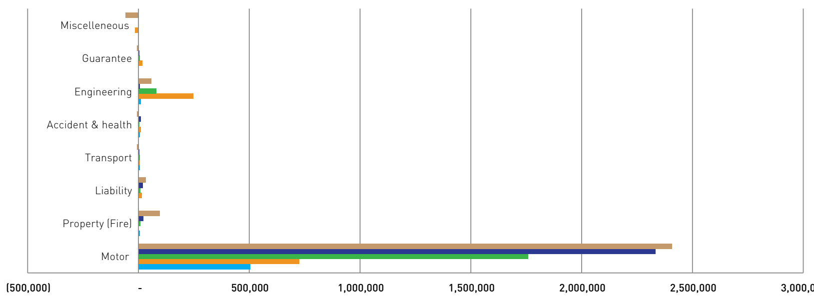
	Motor	Property (Fire)	Liability	Transport	Accident & health	Engineering	Guarantee	Miscelleneous
2,017	893	1	-	1	6	5		
2,018	2,623	13	6	4	2	2	2	
2,019	2,944	11	2	2	8	10	3	
2,020	3,268	10	6	1	4	6	5	
2,021	3,332	8	11	2	3	16	1	12

Claims Incurred ('000) 2017-2021



	Motor	Property (Fire)	Liability	Transport	Accident & health	Engineering	Guarantee	Miscelleneous
2,021	2,969,394	255,985	41,540	3,109	(1,962)	60,361	16,589	14,426
Y2020	3,096,688	(189,477)	10,475	(903)	44,180	23,815	(633)	(1,525)
Y2019	2,371,250	8,932	5,447	5,187	(9,178)	37,236	5,084	
Y2018	1,455,170	181,612	39,269	8,437	20,857	34,332	56,341	(10,496)
Y2017	854,593	13,953	911	7,559	11,490	20,857		

Claims Settled ('000) 2017-2021



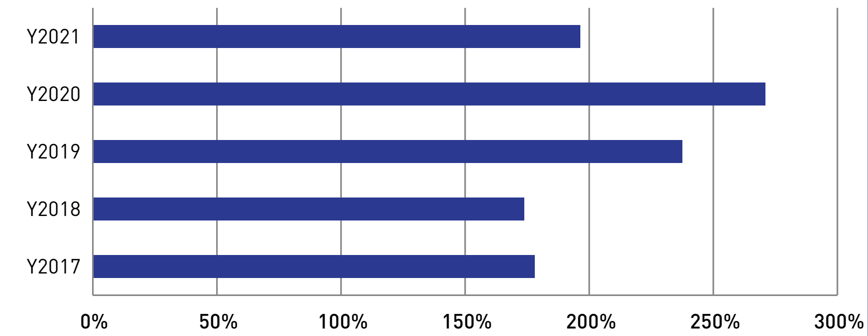
	Motor	Property (Fire)	Liability	Transport	Accident & health	Engineering	Guarantee	Miscelleneous
2,021	2,406,219	95,050	32,759	(1,653)	(2,490)	56,802	(1,753)	(57,834)
2,020	2,333,600	21,588	18,058	418	9,132	5,219	705	
2,019	1,756,989	8,792	8,703	5,187	448	79,282	5,084	
2,018	724,916	-	15,073	2,968	9,574	245,822	17,208	(14,879)
2,017	503,128	2,506	-	4,799	5,067	9,455		

PERFORMANCE INSIGHTS

- Motor Insurance contributed 98% (3,978) written policies in 2021 out of 4,053 total policies, as compared with 3,421 motor policies written in 2020.
- Correspondingly, almost the same number of policies were settled; equivalent to 98% (3,332 policies) of total settled claims in 2021
- In 2021, out of the Rwf3.3Bn incurred or recorded claims, claims worth Rwf2.5Bn were settled; equivalent to 75.8%. Also, there was an increase of only Rwf138Million (6%) of settled claims; from Rwf2.3Bn in 2020 to Rwf2.5Bn in 2021. The high rate of claims settlement was attributed to improved efficiency by the claims and underwriting departments, coupled with technological improvements in recording and assessment of claims.
- Much as Motor Policy contributed 78% of the GWP Portfolio (equivalent to Rwf9Bn) in 2021, Rwf2.4Billion (26.7%) of that was spent on settling motor insurance claims.
- There was significant jump in claims settled property insurance from Rwf21-Million in 2020 to Rwf95Million in 2021 (352%), and engineering from Rwf5Mil-lion in 2020 to Rwf56Million in 2021 (1020%) due to the high risk nature of policies underwritten under these two categories of insurance

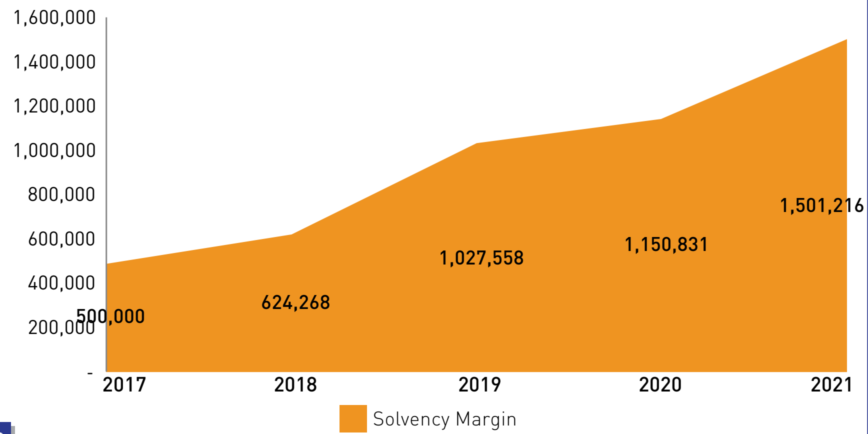
BKGI SOLVENCY EXPANSION

Solvency Ratio 2017-2021



	Y2017	Y2018	Y2019	Y2020	Y2021
Series1	178%	173.8%	237.6%	271.0%	196.3%

Solvency Margin 2017-2021



- The consistent growth in BKGI Solvency Ratio over the years Is confirmation of the Insurer's ability to meet its long-term obligations.
- A stronger or higher ratio indicates BKGI financial strength.

OUR OPERATING CONTEXT

OUR GUIDING PURPOSE:

TO SAFEGUARD WHAT IS IMPORTANT TO OUR CLIENTS

As the global economy recovers from the COVID-19 pandemic, there is a need for economic growth. An efficient, stable financial sector, and a thriving insurance sector, is critical in any healthy economy. As part of the sector, BKGI helps people and businesses be more resilient. We assist individuals and businesses to transfer, share and mitigate their risks, thereby aiding society to recover from unforeseen events, and igniting sustainable growth.

Therefore, we remain committed to ensuring the company's ongoing resilience and sustainability in a challenging macroeconomic environment. As part of the BKGI's strategic decision-making process, we continue to identify and respond to:

- BKGI's top risks and opportunities
- The material matters relevant to BKGI

Risks Management

Risk management provides a framework within which BKGI can grow in a sound way, while identifying opportunities.

At BKGI, the board is responsible for the overall governance of risk and it is assisted by the risk committee in discharging this responsibility. In terms of our business philosophy, the BKGI board sets tight principles that need to be applied throughout the group, including adopting the group enterprise risk management policies and frameworks. The business units take responsibility for all operational and risk-related matters on an operational level within the limits set by the risk appetite, policies and frameworks.

The following narrative report gives a detailed breakdown of risk management at BKGI in 2021,

Management of insurance and financial risks

The Company's activities expose it to a variety of risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. This section summarizes the way the Company manages these risks.

a] Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The frequency and severity of claims can be affected by several factors. The most significant the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.
The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The following tables disclose the concentration of casualty insurance liabilities by class and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts.

OUR OPERATING CONTEXT

Year ended 31 December 2021

Class		0-500m	500m-1000m	Above 1000m	Total
		Maximum Insured Loss			
		Rwf'000	Rwf'000	Rwf'000	Rwf'000
Motor	Gross	35,947,022	30,745,698	2,680,930,767	2,747,623,488
	Net	29,337,022	30,265,698	2,679,800,767	2,739,403,488
Fire	Gross	250,743,444	54,713,427	392,783,554	698,240,425
	Net	157,841,400	43,770,742	266,783,554	468,395,695
Bonds	Gross	13,308,282	550,000	-	13,858,282
	Net	11,977,454	495,000	-	12,472,454
Other classes	Gross	40,819,695	22,366,551	477,005,772	540,192,017
	Net	32,655,756	6,866,551	298,005,772	337,528,078
Total	**Gross**	**340,818,443**	**108,375,676**	**3,550,720,093**	**3,999,914,211**
	Net	**231,811,631**	**81,397,990**	**3,244,590,093**	**3,557,799,714**

Year ended 31 December 2020

Class		0-500m	500m-1000m	Above 1000m	Total
		Maximum Insured Loss			
		Rwf'000	Rwf'000	Rwf'000	Rwf'000
Motor	Gross	22,483,941	16,335,126	1,340,670,112	1,379,489,179
	Net	19,111,350	13,884,857	1,139,569,595	1,172,565,802
Fire	Gross	219,224,166	54,695,634	235,003,953	508,923,753
	Net	157,841,400	39,380,856	169,202,846	366,425,102
Bonds	Gross	8,104,159	753,182	-	8,857,341
	Net	5,802,590	539,279	-	6,341,869
Other classes	Gross	23,286,742	18,848,367	364,751,762	406,886,871
	Net	16,766,454	13,570,824	262,621,269	292,958,547
Total	**Gross**	**273,099,008**	**90,632,309**	**1,940,425,827**	**2,304,157,144**
	Net	**199,521,793**	**67,375,817**	**1,571,393,710**	**1,838,291,320**

The insurance risks exposure Increased primarily as a result of increase in Fire and Motor contracts in the current year.

SOURCE OF UNCERTAINTY IN THE ESTIMATION OF FUTURE CLAIM PAYMENTS

Claims on casualty contracts/general risks are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The IBNR has been licensed professional actuaries and they are far above the statutory minimum requirement of the outstanding claims payment.

	Regulatory	Actuarially computed
	Rwf'000	Rwf'000
Gross IBNR	387,808	551,299
Net IBNR	281,140	371,623

OUR OPERATING CONTEXT

b] Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk and equity price risk.

These risks arise from open positions in interest rates, currency exchange rates and equity securities prices, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its investments and liabilities are liquidity risk and interest rate risk.

The Company manages exposure to these risks through policies developed by the Finance and Investment Committee (FIC) at the group level. These policies have been developed to achieve long-term investment returns in excess of the company's obligations under insurance and investment contracts. The principal technique of the Company's FIC is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

i) Market risk

Foreign exchange risk

The company does not maintain foreign currency denominated current accounts with local banks. Which does not expose the company to foreign exchange risk arising from the various currency exposures, the company has had a few transactions denominated in foreign currency primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and is managed primarily through setting limits on the maximum exposure to any one currency. This exposes the company to foreign exchange risk arising from the various currency exposures, primarily with respect to the US dollar.

As of December 31, 2021 the company recognize insignificant gain and/or loss on foreign exchange gain because it trades mostly in Rwandan francs.

Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

The Company's fixed interest rate financial instruments are deposits with financial institutions. The Company had no variable interest rate financial instrument as of December 2021 hence they are not sensitive to interest rate. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments.

Price risk

The Company has financial instruments in Treasury bonds are measured at amortized cost and commercial papers which are not subject to price risk.

ii) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements, reinsurers' share of insurance liabilities, loans, other receivables, deposits and cash at bank.

The Company structures the levels of credit risk it accepts by placing limits to counterparty, or groups of counterparties, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Management makes regular reviews to assess the degree of compliance with the Company procedures on credit.

OUR OPERATING CONTEXT

	2021 Rwf'000	2020 Rwf'000
Cash and bank balances	1,967,247	1,079,424
Deposits with financial institutions	3,769,085	4,476,240
Government securities at Amortized cost	6,201,324	4,626,347
Corporate bonds	1,353,496	1,353,807
Other assets	676,525	626,822
Receivables arising out of reinsurance arrangements	2,306,978	1,886,051
Receivables arising out of direct insurance arrangements	4,210,691	912,615
	20,485,347	**14,961,331**

All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated and none of the company's assets are past due or impaired.

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated.

None of the above assets are past due or impaired except for amounts in receivables arising out of direct insurance arrangements which are due on inception of insurance cover.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables arising out of direct insurance arrangements. The expected loss rates are based on the payment profiles of premiums over a period of 3 months before 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.
On that basis, the loss allowance as at 31 December 2021 was determined as follows for receivables arising out of direct insurance arrangements and reinsurance arrangements as follows;

31 December	2021 Rwf'000	2020 Rwf'000
Direct insurance arrangements		
Expected loss rate	2%	5%
Carrying amount (Rwf'000)	4,297,861	960,152
Loss allowance	87,170	47,513

The closing loss allowances as at 31 December 2021 reconcile to the opening loss allowances as follows;

	2021 Rwf'000	2020 Rwf'000
Opening loss allowance as at 1 January	47,513	51,596
Increase in ECR on premium receivable recognized in profit or loss during the year	39,657	45,917
Write off during the year	-	-
At 31 December	**87,170**	**47,513**

Reinsurance arrangements	2021 Rwf'000	2020 Rwf'000
Expected loss rate	0%	0%
Carrying amount (Rwf'000)	2,306,978	1,886,051
Loss allowance	-	-

OUR OPERATING CONTEXT

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 60 days past due.

Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash

All of the entity's debt investments at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 6 months expected losses. Management consider 'low credit risk' for government bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Deposits with financial institutions, cash at bank, government securities

Deposits with financial institutions, cash at bank and government securities are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss rate assigned to these has been determined to be 0.17% for deposits with financial institutions and cash at bank which is the probability of default assigned to a B+ investment grade by Standard & Poors Rating Agency. The loss rate assigned to government securities has been determined to be 0.57% which is the probability of default assigned to a B+ sovereign grade by Standard & Poors Rating Agency.

The reconciliation of the loss allowance for deposits with financial institutions and government securities at amortised cost is disclosed under note 19 and note 20 respectively. The identified impairment loss on cash at bank and other assets was immaterial.

iii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The company is exposed to daily calls on its available cash resources for claims settlement and other administration expenses. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date:

At 31 Decmeber 2020	Up to 1 month	1-3 months	3-12 months	1-5 Years	Total
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Creditors arising from reinsurance arrangements	-	-		-	165,544
Lease liabilities	2,078	4,249		172,805	199,900
Income tax payable	172,479	-		-	172,479
Other payables	-	312,226		-	1,212,176
	174,557	**316,476**	**1,086,260**	**172,805**	**1,750,099**

OUR OPERATING CONTEXT

Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the Statement of financial position are:

- To comply with the capital requirements as set out in the Insurance Regulations;
- To comply with regulatory solvency requirements as set out in the Insurance Regulations;
- To safeguard the Company's ability to continue as a going concern, so that it can continue to create value returns to shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Insurance Law (Law No. 05/2009 of 29/07/2009 on licensing and other requirements for carrying insurance business in Rwanda) requires separation of the life and non-life insurance businesses into separate companies and each of the companies to hold a minimum level of paid up capital of Rwf 1 billion. However, the capital requirement will be Rwf 3 Billion starting from January 2022

Non-life insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of Rwf 500 million or 20% of the net premium income during the preceding financial year.
The capital and regulatory solvency thresholds were effective from July 2021 and the company was therefore required to comply with them for the period ended 31 December 2021. During the year the Company held the minimum capital required to meet the solvency margins.

OUR GUIDING PURPOSE:
TO SAFEGUARD OUR STAKEHOLDERS WEALTH

During the year end, the Company held far above the minimum minimum capital required to meet the solvency margins.

	2021 Rwf'000	2020 Rwf'000
Admitted assets	15,170,402	12,169,333
Admitted liabilities	12,223,536	9,050,240
Solvency margin	2,946,866	3,119,093
Required solvency margin	1,501,216	1,150,831
Surplus	1,445,650	1,968,262
Solvency coverage ratio	196%	271%

Fair value estimation

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in active market for identical assets and liabilities	Valuation model with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Types of financial assets:	Actively traded government and other agency securities	Corporate and other governments and loans	Highly structured OTC derivatives with unobservable parameters
Types of financial liabilities:	Listed equities	Unlisted equities	Highly structured OTC derivatives with unobservable parameters
	Listed derivative instruments	Over-the-counter derivatives	Highly structured OTC derivatives with unobservable parameters

OUR OPERATING CONTEXT

VALUATION
METHODS AND ASSUMPTIONS

Reinsurance assets, insurance receivables, other receivables, deferred acquisition cost, due from related parties, insurance contract liabilities, trade and other payables, due to related parties, approximate their carrying value amounts due to the short-term maturities of these instruments.

The following tables provide the fair value measurement hierarchy of the company's assets and liabilities. The tables below include items that have recurring fair value measurements (i.e. financial assets at FVOCI or FVPL). The fair value measurement also shows the fair value measurement of financial assets at amortised cost:

At 31 Decmeber 2021	Carrying amount	Fair value	Quoted prices in active market	Significant observable inputs	Significant unobservable inputs
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Cash and bank balances	1,967,247	1,967,247	1,967,247	-	-
Deposits at amortised cost	3,769,085	3,769,085	3,769,085	-	-
Investment in Securities at amortised	7,554,820	7,554,820	7,554,820	-	-
Receivable arising out of direct insurance	4,210,691	4,210,691	4,210,691	-	-
Other assets	676,525	676,525	676,525	-	-
Creditors arising from reinsurance arrangements	1,235,768	1,235,768	1,235,768	-	-
Other payables	1,250,971	1,250,971	1,250,971	-	-
	Carrying amount	Fair value	Quoted prices in active market Stage 1	Significant observable inputs Stage 2	Significant unobservable inputs Stage 3
At 31 December 2020	**RWF '000**	**RWF '000**	**RWF '000**	**RWF '000**	**RWF '000**
Cash and bank balances					
Deposits at amortised cost	1,079,424	1,079,424	1,079,424	-	-
Investment in Securities at amortised	4,476,240	4,476,240	4,476,240	-	-
Receivable arising out of direct insurance	5,980,154	5,980,154	5,980,154	-	-
Other assets	912,639	912,639	912,639	-	-
Creditors arising from reinsurance arrangements	351,223	351,223	351,223	-	-
Other payables	165,544	165,544	165,544	-	-
	1,212,176	1,212,176	1,212,176	-	-

BK Insurance
Safeguarding Your Wealth

We have the right coverage for your goods in stock!

BKGI BUSINESS UNIT PERFORMANCE

BKGI Business Unit is comprised of the underwriting, claims, marketing and public relations units. The strategic intent is to deliver an experience to all our stakeholders that creates more than insurance and rewards. The objective is to provide excellent risk management while growing the business. This is enabled by our people and improved digital, data, analytics and technology capabilities

Key Strengths of our Business Unit

- Relationships with clients, intermediaries, partners, suppliers and regulators
- Extensive geographic footprint and distribution network across Rwanda
- Technical expertise and claims capabilities, which support a superior product offering

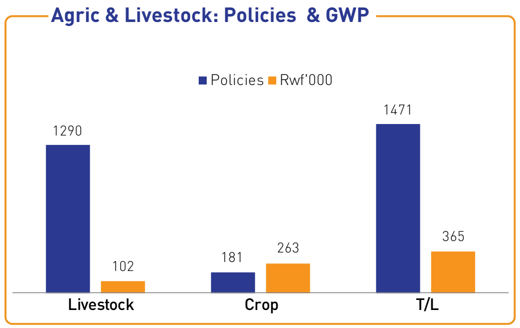
In 2021, we continued to invest in market positioning activations, not just to enhance our sales and marketing capabilities for clients and intermediaries, but also to support new business growth. This was achieved by:

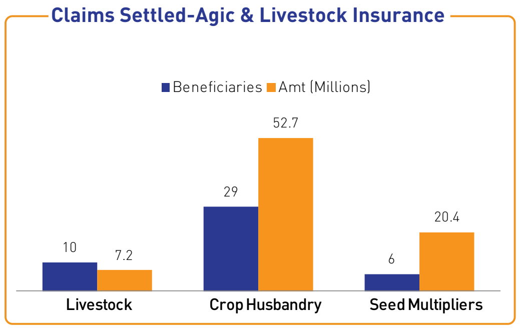
- Reinforcing our e-platforms for our direct business, which reduced time to quote by more than half. This is made available to intermediaries in as well
- Enhancing awareness of BKGI products and services various platforms such as ; broadcasting (radio and TV), social media,out door and indoor branding.
- Conducting Marketing Intelligence (MI), supported by market analysis conducted as part of the BKGI experience initiative
- Expanding our product profile by introducing two brand new insurance policies; Agriculture & Livestock Insurance, and Aviation Insurance.
- In our continued efforts of positioning our products and services in the competitive insurance industry of Rwanda, we extended our annual sponsorship and branding packages, such as; the BK Arena Sponsorship
- Participation in Expo 2021: The annual Exhibition organized by Private Sector Federation (PSF) took place under tight access restrictions for the general public due to COVID-19 pandemic. BKGI took part in the Expo 2021 with an aim of creating more awareness to our esteemed customers.
- Participation in stakeholders training for efficient management of their fleets
- Training of agents to enable them offer highest quality services to our estimeed clients

BKGI BUSINESS UNIT: KEY 2021 MILESTONES

LAUNCH OF
AGRICULTURE & LIVESTOCK INSURANCE POLICY

In 2021, BKGI expanded its product portfolio, launching the Agriculture & Livestock Policy. This policy aims to safeguard farmers (crop and animal husbandry) against the various risks that characterize the Agriculture Sector. The current agriculture insurance market in Rwanda is dominated by a few insurance companies that are not able to satisfy the market. It is against this background that BK launched Agriculture Insurance Products. It has since been selected by the government of Rwanda to be among the leading insurance Companies in National Agriculture Insurance Scheme (NAIS). The scheme operates in all 30 Districts of the country as it enables the farmers to easily access financial services and ensure flow of credit to the agriculture sector. The Government contributes 40% on premium and farmers contribute 60% on value of cost of the premium, covering production costs of various value chains.





In Kayonza, Rwamagana and Gatsibo Districts of Eastern Province, Rice Farmers Cooperatives ; COPRORIZ NTENDE, and CORIMAK were compensated for the risks they suffered during the last farming season of 2021

In terms of coverage, by end of 2021, BKGI had recruited 45 field staff who are qualified Agriculturalists serving clients in all the 30 Districts of Rwanda. The plan is to have a BKGI field staff at every sector in the country. There are 416 Sectors in total across Rwanda.

Insurance compensated claims of 10 farmers amounting to Rwf7.2Million. In Crop Insurance BKGI compensated 29 farmer rice cooperatives amount equivalent to over Rwf52Million. In Commercial maize we have compensated 70 cooperatives amount equivalent to 31,082,794 Frw. Seed Multipliers we have compensated 6 cooperatives amount equivalent to 20,468,909Frw

BKGI BUSINESS UNIT: KEY 2021 MILESTONES

BKGI FINANCIAL REPORTING
AWARD OF THE YEAR 2020

During the 10th Institute of Certified Public Accountants of Rwanda (ICPAR)'s FIREAWARDS that took place from 10-12th November 2021, BKGI scooped the best annual intergrated reporting"Financial Sector-Non Banking" category. Implying that, BKGI was the best insurer in 2021. In these competitive rankings, ICPAR considers a number of parameters, notably; the presentation and accuracy of annual financial statement and report.

BK Group Plc, the parent company of BKGI won the overall accolade "Overall Winner 2020", whose affiliated companies walked away with three awards in different categories. The annual prestigious ceremony for financial sector players is organized in partnership with the Ministry of Finance and Economic Planning (MINECOFIN), Office of the Auditor General and the Capital Market Authority (CMA).

Financial Reporting Awards aim at promoting a strong financial reporting culture, which lead to improved accountability, integrity and transparency.

The evaluation criteria included quality of financial reporting and non-financial reporting aspects on corpo-

BKGI BUSINESS UNIT: KEY 2021 MILESTONES

PARTICIPATION IN
THE ANNUAL RWANDA INTERNATIONAL TRADE FAIR (RITF) 2021

BK Insurance participated in the 24th Edition of the Rwanda International Trade Fair (EXPO Rwanda) from 14th to 30th December 2021. Under the parent company, BK Group Plc, all the subsidiary companies (including BKGI) were constructed branded stands in the same area at the exposition village in Gikondo, Kigali. It was a great opportunity to interact with the general public for fourteen (14) days, and specifically with our clients; sensitizing them about our products and services but also gathering constructive feedback on how to improve our service delivery. A team of sales attendants were deployed, and managed to close some new sales, and renewals

2021 CSR INITIATIVE:
KALISIMBI HIKING FUNDRAISING TO EDUCATE THE VULNERABLES

At BK Group Plc level, BKGI staff actively contributed towards the fundraising for educating vulnerable children at the Agahozo Shalom Youth Village. The fundraising campaign, which saw a total of Rwf70-Million raised, was crowned by hiking Mount Karisimbi to its highest peak. Other contributors to the campaign were Rwandans in the Diaspora, among many others. Agahozo Shalom Village is located in Rwamagana District in the Eastern Province. This noble initiative was remarkable as it did not only support Rwanda's education sector but also vulnerable families.

Climbing the 4,507m high volcanic Mount Karisimbi took two days. The team of 15 hikers from BK Group and Agahozo Shalom started the hike at around noon on Friday, November 19 and the first of them returned at about 6:30pm on Saturday.
Agahozo-Shalom was started in 2008 by South Africa born American philanthropist Anne Heyman mainly to cater for vulnerable children affected by the 1994 Genocide against the Tutsi. The facility was inspired by residential communities built by Israel to cater for orphans after the Holocaust which essentially ensured the orphans' safety, security, and development.

BKGI BUSINESS UNIT: KEY 2021 MILESTONES

OUTLOOK AND FUTURE FOCUS AREAS

Easing of lockdown restrictions and the gradual return to pre- COVID-19 ways of living and working are expected to normalize some of the unusual trends we experienced in the past two financial years, particularly for our motor vehicle class of insurance. We anticipate reigniting our mass marketing and public relations initiatives in terms of product support as the economy continues to open up in 2022 and beyond.

However, certain shifts are here to stay, and to remain at the forefront of general insurance innovation, we will focus on the following initiatives in the short term:

- Roll-out of the Digital Claims system to the motor vehicle class of insurance, which will improve efficiencies and the ease of the claims process
- Digital offerings to enable intermediary efficiency and excellence
- Cross-selling partnerships through co-insurance opportunities

BKGI Pivoting Strategy

Our pivoting strategy is to establish a world-class direct financial service business that seeks to:

- Offer its clients excellent service, superior value products, and fair treatment
- Generate superior return on investment for shareholders
- Be an employer of choice
- Be a good corporate citizen and play a meaningful role in transforming the financial services industry

BKGI's pivoting strategic intent is to insure the complex and niche insurance requirements of clients in Rwanda and East African market in selected niche markets. We focus on sustainable and profitable growth while leveraging our leadership position to become the best insurer.

Key Strengths in this endeavor are;

- We use data from our underwriting experience with existing and former clients to develop individualized scientific underwriting,
- We offer an end-to-end online quoting, buying and policy management facility. This means BKGI services the entire value chain, from client acquisition, to ongoing service, to the end of the claims process.
- BKGI's brand promise is to "Safeguarding your wealth", and client experience is a differentiator. We deliver service in an empathetic, open and transparent manner. Our leadership position in the general insurance market is supported by financial strength, reinsurance capabilities, product structuring and planned regional footprint.
- Our diverse products are backed by strong technical specialist skills and innovation together with offering clients top notch services.

BKGI's priority is to build a well-diversified business by continuing to identify opportunities and providing innovative solutions.

In 2022 we will:

- Identify opportunities to diversify locally and regionally
- Continue to tailor innovative solutions in response to market needs, and use technology to improve efficiency and streamline processes
- Continuing with the development and retention of human capital, support our existing partners, and seek new partnership opportunities
- We will consolidate our IT systems to build efficiencies

HUMAN RESOURCES REPORT 2021

OUR WORKFORCE
OUR BEST RESOURCE

Our approach to attracting, retaining and developing the best diverse talent has evolved since the pandemic, and will continue doing so. At the heart of our strategy is strong leadership, based on trust, collaboration and empathy. We understand that learning is not a set path, in fact it is more unstructured than ever before. So, at BKGI, we have chosen to adapt our learning culture to ensure our people take the time each day to learn independently and from each other. The foundation that makes all this possible is a diverse and inclusive environment, one where everyone feels valued and able to speak up. Getting these elements right will strengthen the connections, across teams that make our company powerful.

In our HR Management perspectives, it is clear that we want to shift from the "where" to the "how". At the heart of this will remain the question how we lead, collaborate and learn. We have an opportunity to evolve our mindset from asking our people to work on something, to encouraging our people to work towards something – linked to a clear sense of belonging, a purpose and focusing on the "why".

Strategy to Improve Performance

We have drawn on the learnings from the pandemic, two years ago, to reorient our staff to work from home overnight, and many had never done this before. While it was a challenge to set everyone up, the BKGI IT team carried on. Clients continued receiving the service they were used to. At the same time, we have not lost sight of the focus on transformation and on optimizing our workforce.

Our internal observations showed record levels of engagement and commitment. How was this possible? True leadership: The pandemic forced many of our top and middle level managers to adapt their MANAGEMENT STYLE. Those who had difficulty letting go of decision-making or wanted full control of every task had to empower their teams. Notably, the launch of the Agriculture & Livestock Insurance in July 2021 (midway the pandemic) was possible because of this attribute. Leaders had to be flexible and empathetic as their teams balanced different commitments. Wellbeing and mental health emerged from the periphery to become a priority. As the HR department, we had to revisit various components of our HR Policy to adjust accordingly.

Power of Intra Networking:

At the heart of our people strategy is how we build connections and collaborate. Employees with strong networks could ride the shift in working practices caused by the pandemic and continue almost as normal. New joiner had to build networks in a virtual environment – and the importance of collaboration tools really stood out. Creating a welcoming working environment was key. We also identified technology as one of the key pillars of our FUTURE OF WORK strategy as it ensures they are productive whether in the office, in a branch or at home.

We can all do more to improve diversity and be inclusive. We experience the power of different perspectives every day, especially when dealing with complex topics. Improving diversity, especially at our more senior levels, is an ongoing goal for us.

What we did to effectively manage our workforce

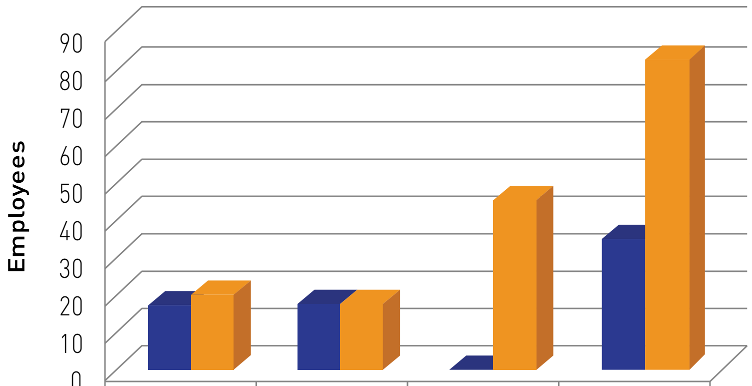
The HR function provides the business with tools, frameworks and analyses that enabled us to effectively manage our workforce. Effective workforce management plays a vital role in achieving transformational goals and includes supporting managers in performing their daily tasks, from recruitment to development and providing insights to senior management, which will in turn support strategy as well as planning activity and enable better informed decisions.

An important part of achieving this objective BKGI continued to invest in technology and modern infrastructure. HR continues to develop and expand its workforce analysis and planning – a strategic approach to support the BKGI Personnel Performance.

HUMAN RESOURCES REPORT 2021

How our workforce developed in 2020-2021

Workforce Growth 2020



	Male	Female	Field Staff	Total
Y2020	17	18	0	35
Y2021	20	18	45	83

While implementing our HR Plans, as of December 31, 2021, BKGI had 38 employees, an increase of 3 employees or 8.6% compared to 2020. BKGI remains committed to carrying out restructuring of our workforce in a transparent and socially responsible manner, observing gender balance at all levels. As the bank worked toward its headcount targets in 2021, hiring focused on strengthening our agriculture and Livestock Insurance Policy field officers, control functions. All open positions were filled with new candidates. Prioritizing external candidates opens up employment opportunities to Rwandans to join the leading Insurer in Rwanda.

BUILDING
STAFF CAPACITIES TO DELIVER

In spite of the pandemic, we were proud of how we continued to develop capacities of our staff at all levels and new recruits under the Agric and Livestock Insurance Policy to offer a route into insurance for exceptional talent.

In order to welcome the new recruits of 2021 in the midst of the continued impact of global pandemic, we further enhanced our approach to virtual delivery of orientation and training. Orientation and training content included insights from our senior leaders, innovation within BKGI, risk management, virtual networking and a suite of technical training. After initial training our new recruits were then able to attend to clients across the country.

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A sustained commitment to DIVERSITY AND INCLUSION remains at the heart of our strategy at BKGI. Going forward, we commit to continue investing in initiatives and partnerships such as ICPAR designed to increase awareness of our opportunities and generate interest in a career in insurance amongst a more diverse range of our workforce. This included, for example, the launch of new diversity focused work experience and mentoring programs.

Through our CPD (Continuous Professional Development) Programme, sixteen (16) of our employees were enrolled on refresher courses and professional programs in 2021, up from only two (2) enrolled in 2020. As the economy and educational sector continue to open up, more employees shall be enrolled on the various CPD Programs.

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

BK GENERAL INSURANCE COMPANY LTD

TIN: 103752228
P.O. Box 724 Kigali, Rwanda
E: bkinsurance@bk.rw
W: www.bkgi.rw

BANKERS

Bank of Kigali Plc
Kigali, Rwanda

Equity Bank Rwanda Plc
Kigali, Rwanda

KCB Bank Rwanda Plc
Kigali, Rwanda

Cogebanque Plc
Kigali, Rwanda

Banque Populaire du Rwanda
Kigali, Rwanda

I&M Bank Rwanda Plc
Kigali, Rwanda

Zigama CSS
Kigali, Rwanda

CBA Rwanda Plc
Kigali, Rwanda

Bank of Africa Rwanda Plc
Kigali, Rwanda

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

REPORT
OF DIRECTORS

The directors have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of BK General Insurance Company Limited (the "Company").

PRINCIPAL ACTIVITY

The Company underwrites classes of non-life (short term) insurance risks as defined by Law No. 52/2008 governing the organisation of insurance business in Rwanda.

RESULTS

The results for the year are set out on page 61

RESERVES

The reserves of the company are set out on page 13.

DIRECTORS

The Directors who served during the year and up to the date of this report are:

NAME	TITLE	Appointment date	STATUS
Sandra Rwamushaija	Chairperson	Appointed on 22 March 2016	Independent member
Dr. Jack Nkusi Kayonga	Vice Chairman	Appointed on 22 September 2016	Independent member
Nathalie Mpaka	Member	Appointed on 22 March 2016	Non independent member
Yves Gatsimbanyi	Member	Appointed on 22 September 2016	Non independent member
Shehzad Noordally	Member	Appointed on 01 August 2018	Independent member
Patrice Bastide	Member	Appointed on 20 November 2018	Non independent member
Jean Enock Habiyambere	Member	Appointed on 19 March 2020	Independent member

Audit committee	Risk management committee	Underwriting&Claims Strategy committee	IAL&HR Committee
Shehzad Noordally,	Dr. Jack N. Kayonga,	Jean Enock Habiyambere,	Dr Jack N. Kayonga,
chairman	chairman	Chairman	Chairman
Patrice Bastide M.G.M	Yves Gatsimbanyi	Patrice Bastide M.G.M	Jean Enock Habiyambere
Nathalie Mpaka	Shehzad Noordally	Yves Gatsimbanyi	Nathalie Mpaka

DIVIDEND

The directors do not recommend payment of dividend for the year ended 31 December 2021.

AUDITORS

Ernst & Younger Rwanda Limited were appointed as external auditors in accordance with Regulation No. 14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions and expressed willingness to continue in office.

By Order of the Board

Sheila A. USANASE
Company secretary

Date:........25/03..........**2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Law No. 007/2021 of 05/02/2021 governing companies requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the Company's profit or loss. It also requires the directors to ensure that the Company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, the Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 governing companies.

The directors accept responsibility for the presentation and preparation of financial statements of the Company in accordance with International Financial Reporting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 governing companies. They also accept responsibility for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible in preparing the financial statements, for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The audit of the financial statements does not relieve the directors of this responsibility.

Approval of annual financial statements

The financial statements on pages 11 to 56 were approved by the Board of directors and are signed on its behalf by:

Board Audit Committee Chairperson

Director

Managing Director

Date:..............................2022

STATEMENT OF CORPORATE GOVERNANCE

BK General Insurance Company Limited is owned by BK Group PLC and SWAN General Limited with 70% and 30% stakes respectively.

BK General Insurance Company Limited ("BK GI") is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes, which comply with best practice as set out in various codes on Corporate Governance.

Board of Directors & their meetings attendance

The Board consists of four independent non-executive directors. The Board is composed of directors with a good mix of skills, experience, and competencies in the relevant fields of expertise and is well placed to take the business forward. Appointments to the Board are made after careful consideration.

During the year, the Board convened and held four (4) ordinary meetings. All the meetings convened had sufficient quorum. A review of attendance to meetings by individual members during the period under review indicates that all the members gave sufficient time and attention to the affairs of the Board.
The Directors in office and their attendance to main Board are as follows:

Board Charter and Work Plan

The directors are also responsible in preparing the financial statements, for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The audit of the financial statements does not relieve the directors of this responsibility.

Board Meetings

The Board of Directors meet quarterly or as required in order to monitor the implementation of the Company's planned strategy, review it in conjunction with its financial performance and approves issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

Board Committees

The Board has created the following principal committees, which normally meet on quarterly basis under well-defined and materially delegated terms of reference set by the Board.

Audit Committee

The Audit Committee in principal meets quarterly or as required. In accordance with regulatory requirement, the committee comprise non- executive members of the Board who are independent of the day today management of the company's operations with only one Non-Independent Director. The committee deals with all matters relating to the financial statements and internal control systems of the Company including dealing with independent auditors and National Bank of Rwanda inspectors.

Underwriting and Claims Strategy Committee

This Committee was set to assist Board to understand the framework of the Insurance Business – Underwriting, Reinsurance and Claims. It reviews all reports related claims in line with corporate governance regulation and assess the adequacy of insurance reserves. It also advises the Board on the reinsurance treaties, related capacity and retention.

Risk Management Committee

The committee was set up to assist the Board to mitigate risks in the Insurance business. It meets quarterly to advise the business on all matters pertaining to risk management in the market, operations and other risks.

REPORT OF THE INDEPENDENT AUDITOR

SEPARATION OF ROLE OF CHAIRMAN FROM MANAGING DIRECTOR

The Chairman is responsible for managing the Board and providing leadership to the Company while the Managing Director is responsible to the Board for running the business in accordance with the delegation of powers given by the Board. The Managing Director directs the implementation of Board decisions and instructions and the general management of the business with the assistance of the Senior Management Team.

Investments, Assets, Liability and HR Committee

The committee meets quarterly where applicable to review Company's investments, Assets and liabilities in addition to that, it reviews human resource policies and make suitable recommendations to the Board on senior management appointments and other related personnel. This committee advises the Board as well on remuneration related to employees

Opinion

We have audited the accompanying financial statements of BK General Insurance Company Limited, which comprise of the statement of financial position as at 31 December 2021, the statement of profit or loss, statement of changes in equity, and statement of cash flows for the year ended 31 December 2021 and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 61.

In our opinion, the financial statements present fairly, in all material respects, the financial position of BK General Insurance Company Limited as at 31 December 2021, and its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 Governing Companies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of BK General Insurance Company Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by Law No. 007/2021 of 05/02/2021 Governing Companies. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

FINANCIAL STATEMENTS:

REPORT ON THE AUDITED FINANCIAL STATEMENTS

Key Audit Matters

Key Audit Matters	Audit procedures to address key audit matter
Insurance contract liabilities included in note 21 of the financial statements are made up the outstanding claims provision (reported claims and incurred but not reported ("IBNR") claims) and the provision for unearned premium. These were considered a matter of most significance to the current year audit for the following reasons: • The estimation of the provisions involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. • The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience. • The magnitude of the insurance contract liabilities balance (RFW 8,209,465,000) in relation to total liabilities of (RFW 11,748,320,000). These insurance contract liabilities involve significant judgment over uncertain future outcomes, mainly the ultimate total settlement value of the insurance contract.	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists: • Evaluating and testing the controls around the claim reserving and settlement process. • Evaluating managements' review process of the provisions. • Comparing, for a sample of claims, the amounts as recorded in the claims systems to source documents. • Reviewing the reconciliation between the claims data and that used to calculate the reserves. • Considering the methodology and assumptions used by the Appointed Actuary and management in the estimation of reserves and assessing the methodologies applied against general accepted actuarial approaches; and Back testing the robustness of the reserving process by performing an actual versus expected analysis on prior year's reserves to assess this for any surpluses or shortfalls.

DIRECTORS'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 007/2021 of 05/02/2021 Governing Companies, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

AUDITOR'S RESPONSIBILITIES
FOR THE AUDIT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

STATEMENT OF COMPREHENSIVE INCOME

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON
OTHER LEGAL REQUIREMENTS

As required by the Law No. 007/2021 of 05/02/2021 Governing Companies we report to you, based on our audit, that:

i) We have no relationship, interests and debts in the company;

ii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

iii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;

iv) We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Stephen K Sang
For and on behalf of Ernst & Young Rwanda Limited

Date:........25/03............2022

	Notes	Dec-21 Rwf'000	Dec-20 Rwf'000
Gross written premium	5(a)	12,134,415	9,153,316
Change in unearned premium	5(b)	(817,835)	(722,329)
Gross earned premiums		**11,316,580**	**8,430,987**
Less: insurance premium ceded to reinsurers	5(c)	(2,694,984)	(1,647,235)
Net insurance premium revenue		**8,621,596**	**6,783,752**
Add Commissions earned	6	567,256	262,563
Less Underwriting expenses	8	(853,233)	(512,051)
Net underwriting income		**8,335,619**	**6,534,264**
Net claims incurred	7	(3,359,442)	(2,982,621)
Management expenses	11 (a)	(2,142,858)	(1,850,173)
Expected credit loss on financial assets	11 (b)	(9,514)	(47,577)
Provision for doubtful debtors	11 (c)	(209,538)	(109,279)
Underwriting profit		**2,614,267**	**1,544,614**
Interest income calculated using effective interest rate	9	1,244,482	912,163
Revenue from contracts with customers	10	81,943	76,016
Profit before income tax		**3,940,692**	**2,532,793**
Income tax charge	13	(1,200,236)	(797,413)
Profit for the year		**2,740,456**	**1,735,380**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**2,740,456**	**1,735,380**

The notes to the financial statements on pages 15 to 56 form an integral part of these financial statements.

Director

Director

	Notes	Dec-21 Rwf'000	Dec-20 Rwf'000
Assets			
Non-current assets			
Equipment and motor vehicles	27	226,480	135,572
Intangible assets	28	173,003	159,705
Right-of-use assets	29	688,018	172,512
Deferred income tax	30	100,415	-
Investment in securities	19 (c)	983,500	983,500
Total non-current assets		**2,171,416**	**1,451,289**
Current assets			
Receivables arising out of direct insurance arrangements	14	4,210,691	912,639
Reinsurers share of insurance liabilities	15	1,941,861	1,631,528
Receivable arising from coinsurance & Subrogation arrangement	16	365,119	254,522
Deferred acquisition costs	17	377,125	275,600
Other receivables	18	299,400	351,223
Deposits with financial institutions	19(a)	3,769,085	4,476,240
Investment in securities	19(b)	6,571,320	4,996,654
Cash and bank balances	20	1,967,245	1,079,425
Total current assets		**19,501,846**	**13,977,831**
Total assets		**21,673,262**	**15,429,120**
Liabilities			
Insurance contract liabilities	21	8,209,465	6,637,396
Creditors arising from reinsurance arrangements	23	1,235,768	165,544
Income tax payable	25	360,654	172,479
Lease liabilities	29	691,462	199,900
Other payables	24	1,250,975	1,212,176
Total liabilities			
Equity	26	**11,748,324**	**8,387,495**
Share capital		3,000,000	2,857,143
Retained earnings		6,924,938	4,184,482
Total Equity		**9,924,938**	**7,041,625**
Total equity and liabilities		**21,673,262**	**15,429,120**

Year ended 31 December 2021	Share Capital Rwf'000	Retained earnings Rwf'000	Total
At start of year	2,857,143	4,184,482	7,041,625
Additional capital	142,857	-	142,857
Total	**3,000,000**	**4,184,482**	**7,184,482**
Comprehensive income:			
Profit for the period	-	2,740,456	2,740,456
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**2,740,456**	**2,740,456**
At end of year	**3,000,000**	**6,924,938**	**9,924,938**

Year ended 31 December 2021	Share Capital Rwf'000	Retained earnings Rwf'000	Total
At start of year	2,857,143	2,449,099	5,306,242
Comprehensive income:			
Profit for the period	-	1,735,383	1,735,383
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**1,735,383**	**1,735,383**
At end of year	**2,857,143**	**4,184,482**	**7,041,625**

The notes to the financial statements on pages 15 to 56 form an integral part of these financial statements.

	Notes	Dec-21 Rwf'000	Dec-20 Rwf'000
Profit before Income tax		3,940,692	2,532,793
Adjust for:			
Depreciation of Tangible assets	27	86,325	46,657
Amortization of Intangible assets	28	12,853	11,783
Depreciation on ROA	29	34,489	34,515
Impairments provisions on premium debtor		39,658	27,054
Write off of premium debtors		77,863	-
Impairments provisions other receivable	11(c)	92,017	82,225
Expected credit loss on financial assets	11 (b)	9,514	47,577
Financial interest expense on lease liability	29	33,819	39,663
Gain on derecognition of Lease		(31,337)	-
Interest income earned	9	(1,227,207)	(894,295)
		3,068,686	**1,927,972**
Changes in working capital:			
Increase/decrease in deferred acquisition cost		(101,526)	(117,878)
Increase / decrease in other receivables		(40,196)	19,445
Increase/decrease in reinsurance assets		(310,332)	(224,150)
Increase/decrease in subrogation receivables		(110,596)	(203,041)
Increase/ decrease in insurance receivable		(3,415,572)	(567,379)
Increase /decrease in insurance contact liabilities		1,572,069	1,484,553
Increase / decrease in reinsurance payable		1,070,224	(745,151)
Increase / decrease in income tax payable		-	58,908
Increase / decrease in other payables		20,727	857,252
Tax paid in the year	25	(1,112,476)	(615,462)
Cash flows generated from operations		**641,008**	**1,857,069**
Cash flows from investing activities			
Purchases of property and equipment	27	(177,231)	(160,313)
Purchases of intangible assets	28	(26,151)	(25,562)
Term deposits with financial institutions		700,000	(46,820)
Interests received from deposits		418,167	162,343
Investment in securities	19(b)	(1,508,978)	(2,672,046)
Interests received on investments	19(b)	746,634	261,505
Net cash generated from investing activities		**152,441**	**(2,480,893)**

	Notes	Dec-21 Rwf'000	Dec-20 Rwf'000
Cash flows from financing activities			
Issue of new shares	26	142,857	-
Repayment of principal lease liabilities	29	(42,846)	(62,325)
Net (decrease)/increase in cash and cash equivalents		893,460	(668,149)
Expected credit loss on financial assets		(5,641)	(3,082)
Cash and cash equivalents at year start		1,079,426	1,750,656
Cash and cash equivalents at year endtt		**1,967,245**	**1,079,425**

The notes to the financial statements on pages 15 to 56 form an integral part of these financial statements.

01. GENERAL INFORMATION

BK General Insurance Company Limited underwrites short-term insurance business (non-life) risks. The company is a limited liability company incorporated and domiciled in Rwanda. The registered office is:

BK General Insurance Company Limited
Ground Floor, I&M Old building
P.O. Box 724 Kigali, Rwanda

02. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated

a) Basis of preparation

(i)Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpreta-tions Committee (IFRS IC) applicable to companies reporting under IFRS.

(ii)Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the certain financial assets carried at fair value through other comprehensive income.

b) Changes in Accounting Policies

(i)New and amended standards and interpretations

The Company has applied for the first-time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2021, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Interest Rate Benchmark Reform Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendment includes the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16
Effective for annual periods beginning on or after 1 April 2021

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.
As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.
Lessees will apply the amendment retrospectively, recognising the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

ii) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2023
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.

In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023. In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 to analyse implementation-related questions. The TRG met four times and while no further meetings have been scheduled, the TRG submission process remains open for stakeholders to send in questions they believe meet the TRG submission criteria.

IFRS 17 applies to all types of insurance contracts (i.e., life, non- life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or

loss based on insurance contract services provided over the coverage period.

- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of a onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

- January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

i] Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

i] Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

i] Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Continued)

Meaning of the term 'settlement'
The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.
Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

In November 2021, the Board published an exposure draft in which it proposed that if a right to defer settlement for at least twelve months is subject to an entity complying with conditions after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purpose of classifying a liability as current or non-current. Additional presentation and disclosure requirements would be applicable in such circumstances, including presenting non-current liabilities that are subject to covenants to be complied with within twelve months after the reporting period, separately in the statement of financial position.

Furthermore, the Board proposed to defer the effective date to no earlier than 1 January 2024 (from 1 January 2023). Comments are due to be received by the Board by 21 March 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counter party under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Effective for annual periods beginning on or after 1 January 2023

Key requirements

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.
Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's financial reporting.

c) Insurance contracts

i) Classification

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the company defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at 10% more than the benefits payable if the insured event did not occur.

Insurance contracts issued by the Company are classified as general insurance business based on the duration of the risk insured. Classes of general insurance include Aviation insurance, Engineering insurance, Fire insurance -domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine Insurance, Motor insurance - private vehicles, Motor insurance - commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third-party risks but exclusive of transit risks.

Short term business is normally of single-year duration.
ii) Recognition and measurement

1. Premium income

Premium income is recognized on assumption of risks and includes estimates of gross premium underwritten less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date and is computed using the 365ths method. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

2. Claims and policyholder benefits payable

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the financial reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed and include provisions for claims incurred but not reported ("IBNR"). Outstanding claims are not discounted.

There is also additional unexpired risk reserve which is a prospective assessment of the amount that needs to be set aside in order to provide for the claims and expenses which will emerge from unexpired risks and which is over and above the unearned premium reserve pertaining to the same risks as the same valuation date.

3. Commissions payable and deferred acquisition costs ("DAC")

A proportion of commission's payable is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

4. Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss.

Reinsurance contracts

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets. These processes are set out in Note 4.

6. Receivables and payables related to insurance contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

7. Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(d) Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note 2(b) above.

(e) Commissions

Commission receivable are recognized as income in the period in which they are earned.

(f) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized within 'investment income' in the Statement of comprehensive income using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

g) Financial assets

i) Classification

The Company classifies its financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership

iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented within operating and other expenses the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

h) Financial liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortized cost.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original

Effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

i) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

j) Equipment and vehicles

All categories of equipment and motor vehicles are initially recorded at cost and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to write down their cost to their residual values over their estimated useful lives, as follows:

Equipment and motor vehicles 3 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the income statement.

k) Intangible assets

The company's intangible assets relate to computer software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.
Development costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets if:

It is technically feasible to complete the software product so that it will be available for use;

Management intends to complete the software product and use or sell it;

There is an ability to use or sell the software product;

It can be demonstrated how the software product will generate probable future economic benefits;

Adequate technical, financial and other resources to complete the development and use or sell it are available; and,

The expenditure attributable to the software product during its development can be reliably measured.
Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs that have been expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years). Costs associated with maintaining computer software program are recognised as an expense as incurred.

l) Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs which is the Company's functional currency and rounded to "000".

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost. All other foreign exchange gains and losses are presented in the profit and loss account within 'other income.

m) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

o) Employee benefits

(i) Retirement benefit obligations

The Company's contributions to the defined contribution schemes are charged to the profit or loss account in the year to which they relate. Its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes.

(ii) Other entitlements

Employee entitlements to long service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the financial reporting date.

The estimated monetary liability for employees accrued annual leave entitlement at the financial reporting date is recognized as an expense accrual.

p) Income tax expense

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with Rwanda tax laws.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

q) Dividend distribution

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

r) Provisions

Provisions for legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

s) The company's leasing activities and how these are accounted for

The company leases office space in two places in City of Kigali namely Remera branch and Headquarters. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

Fixed payments (including in-substance fixed payments), less any lease incentives receivable

Variable lease payment that are based on an index or a rate

Amounts expected to be payable by the lessee under residual value guarantees

The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic company environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by BK General

Insurance company Limited which does not have recent third party financing, andmakes adjustments specific to the lease, eg. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

The amount of the initial measurement of lease liability;
Any lease payments made at or before the commencement date less any lease incentives received

Any initial direct costs and restoration costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property leases across the company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The current lease terms have been estimated to be 7 years periods. During the year 2021. The company changed the headquarter rented office. Change of the headquarters' office led to an increase on ROU by Rwf 515 million and on lease liability by Rwf 492 million

03. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims that we have considered under note 4 – Insurance risk.

Impairment losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.
Refer to credit risk management under note 4 below for further details.

Income taxes

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated)

04. MANAGEMENT OF INSURANCE & FINANCIAL RISKS

The Company's activities expose it to a variety of risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. This section summarizes the way the Company manages these risks.

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.
The frequency and severity of claims can be affected by several factors. The most significant the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.
The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.
The following tables disclose the concentration of casualty insurance liabilities by class and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts.v

5a]. Gross written Premiums

	2021 Rwf'000	2020 Rwf'000
Fire	1,158,417	588,445
Motor	9,068,527	7,479,098
Marine / transport	50,116	42,527
Travel	15,359	1,479
Accident	60,670	93,990
Liability	132,384	102,234
Engineering	796,100	521,215
Bonds	350,816	227,234
Money	123,340	92,943
Agriculture and Livestock	372,288	-
Terrorism	6,398	4,151
Total	**12,134,415**	**9,153,316**

5b]. Change in unearned premium

	2021 Rwf'000	2020 Rwf'000
Change in unearned premium	(1,088,954)	(843,461)
Reinsurance share of UPR	271,119	121,132
Change in unearned premium	**(817,835)**	**(722,329)**

5c]. Premiums ceded to reinsurers/Coinsurers Reinsurers

	2021 Rwf'000	2020 Rwf'000
Fire	435,281	223,097
Motor	706,122	652,790
Marine / Transport	44,074	22,723
Accident	44,161	52,685
Liability	58,095	58,910
Engineering	493,916	401,322
Agriculture	170,976	-
Bonds	290,890	64,534
Terrorism	3,286	-
Sub total	**2,246,801**	**1,476,061**

5c]. Premiums ceded to reinsurers/Coinsurers Reinsurers

	2021 Rwf'000	2020 Rwf'000
Coinsurance cession		
Coinsurers		
Fire	60,529	3,734
Motor	200,000	150,000
Marine / Transport	2,370	4,102
Accident	-	5,090
Liability	2,884	-
Engineering	10,049	-
Money	23,316	-
Terrorism	1,922	1,350
Agriculture	136,780	-
COMESA	10,333	6,898
Sub total	**448,183**	**171,174**
Total premium ceded	**2,694,984**	**1,647,235**

5c]. Premiums ceded to reinsurers/Coinsurers Reinsurers

		2021 Rwf'000	2020 Rwf'000
Zep Re	AM Best B++	1,430,345	1,180,849
Africa Reinsurance Co	AM Best A	658,865	295,212
Ghana RE	AM Best BB+	58,142	-
Klapton Insurance CO LTD	AM Best BB+	172,291	-
Mapfre Asistencia	AM Best BB+	14,666	-
Waica Re Kenya Ltd		58,307	-
Kenya RE		14,281	-
Coinsurers			
SANLAM		-	9,192
MUA Insurance Rwanda		97,748	53,734
Prime General Insurance		69,957	50,000
UAP General Insurance Co Ltd		50,000	-
Britam		60,049	50,000
Sonarwa		10,333	8,248
		2,694,984	**1,647,235**

6. Commissions earned

	2021 Rwf'000	2020 Rwf'000
From reinsurers		
Fire	148,637	73,145
Marine / Transport	16,006	8,084
Accident	24,907	24,225
Liability	17,502	14,331
Engineering	148,139	119,871
Bonds	141,072	19,360
Agriculture and livestock	45,420	-
Terrorism	786	-
	542,469	**259,016**
From Coinsurers		
Fire	15,132	933
Accident	-	1,273
Liability	721	-
Marine / Transport	593	1,003
Engineering	2,512	-
Agriculture	-	-
Terrorism	-	338
Bonds	5,829	-
	24,787	**3,547**
	567,256	**262,563**

7. Claims and policyholder benefits

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Fire	265,502	36,815
Motor	3,936,568	3,177,682
Engineering	70,168	8,778
Bonds	363	3,484
Transport	393	418
Accident	492	5,853
Agriculture and Livestock	7,200	-
Liability	36,082	18,058
Third party responsibility in claims	(564,900)	(139,219)
Coinsurance share in paid and payable claims	(27,957)	(140,010)
Change in claims outstanding provision	343,980	552,438
Change in Incurred but not Reported claims (IBNR)	142,696	86,409
Change in unexpired risk reserve	(3,562)	3,562
Claims and policyholder benefits	**4,207,025**	**3,614,268**
Reinsurer's share in paid claims	(808,371)	(583,138)
Reinsurer's share in outstanding claims	31,473	(61,214)
Reinsurer's share in IBNR	(70,685)	12,705
Reinsurer's share in paid and payable claims	**(847,583)**	**(631,647)**
	3,359,442	**2,982,621**

8. Commission expensest

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Commission-brokers	463,939	346,198
Commission- agents	389,294	165,853
	853,233	**512,051**

9. Investment income

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Interest from bank deposits	405,861	336,451
Interest from Treasury Bonds	665,682	426,015
Interest from Corporate Bonds	125,000	107,129
Interest from Commercial Papers	30,664	24,699
Interest from remunerated accounts	17,275	17,869
	1,244,482	**912,163**

10. Revenue from other contracts

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Sale of scraps (salvage)	-	6,603
Non/Insurance certificates policy fees	76,776	60,548
Other income	5,167	8,865
	81,943	**76,016**

11a]. Operating and other expenses

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Salaries And Other Employee Benefits (Note 12)	1,372,403	1,182,669
Fuel And Oil Expense	19,000	9,100
Rent Expense	15,335	1,240
Stationery Expenses	38,333	15,355
Transport Expenses	8,033	5,805
Transport Abroad (Staff, Directors)	-	4,168
Services	85,086	79,221
It Consumables	43,652	38,196
Cleaning Services	6,748	6,782
Actuarial Charges	3,630	3,378
Communication Fees	20,637	14,610
Internet Expenses	26,561	20,059
Marketing Expenses	120,520	60,187
Insurance Fees	69,368	14,884
Contribution For Adherence	9,877	8,615
BNR Supervision Fees	45,767	36,851
Training Fees	24,636	4,896
Bank Charges, Commissions And Other Charges	14,744	137,141
Board Sitting Allowances	53,276	42,533
Refreshments And Reception	20,862	10,236
Lease Finance Cost	2,482	39,663
Bad Debtor Provision, Impairment & Written Off	3,891	21,629
Depreciation And Amortisation Expense	138,017	92,955
	2,142,858	**1,850,173**

	Dec-2021	Dec-2020
11b]. Expected credit loss on financial assets	**9,514**	**47,577**

11c]. Impairment provision

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Impairments provisions on premium debtor	39,658	27,054
Write off of premium debtors	77,863	-
Impairments provisions other receivable	92,017	82,225
Impairment provision	**209,538**	**109,279**

12. Employee benefits expense

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Basic salary	934,184	719,805
Transport Allowance	104,894	131,390
Housing Allowance	247,287	225,055
RSSB pension Contributions	50,546	58,031
Maternity leave	2,297	2,811
Complementary pension	33,195	45,577
	1,372,403	**1,182,669**

13. Current Income tax expense

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Current income tax charge	1,300,651	797,413
Deferred income tax credit (note 30)	(100,415)	-
	1,200,236	**797,413**

The income tax expense on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Profit before income tax	3,940,695	2,532,796
Tax calculated at the statutory income tax rate of 30% (2021 - 30%)	1,182,208	759,839
Tax effect of:		
Expenses not deductible for tax purposes	54,933	37,574
Prior year understatement on deferred income tax asset	(36,906)	-
Income tax expense	1,200,236	797,413

14. Receivables arising out of direct insurance arrangements

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Premium debtors	-	-
Premium debtors-Direct	1,293,740	474,451
Premium debtors-Agency	408,332	61,676
Premium debtors-Broker	2,567,256	424,025
Premium debtor-Coinsurance	28,533	-
Expected credit loss on premium debtors	(87,170)	(47,513)
	4,210,691	912,639

Movements in the provision for impairment of receivables arising out of direct insurance arrangements are as follows:

At start of year	(47,513)	(1,596)
Charge for the year	(39,657)	(45,917)
Bad debt written off recovery	-	-
At end of year	(87,170)	(47,513)

15. Reinsurer's share of insurance liabilities

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Reinsurer share of:		
Unearned premiums	1,051,066	779,946
Notified/outstanding claims	711,118	742,591
Incurred but not reported claims	179,677	108,991
	1,941,861	1,631,528

16. Receivables arising out of coinsurance & subrogation arrangements

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Subrogation assets		
Coinsurance control account	70,956	73,486
MUA Insurance	52,181	2,980
Sonarwa	(14,383)	63,494
Saham	670	670
Britam	61,511	1,470
Special Guarantee Fund (SFG)	57,986	19,876
Prime insurance	21,423	807
Sanlam insurance	71,570	56,709
Radiant insurance	36,033	35,030
UAP INSURANCE	7,172	-
	365,119	254,522

17. Deferred acquisition costs

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
At start of year	275,599	157,721
Gross underwriting expense	954,759	629,930
Underwriting expense	(853,233)	(512,051)
At 31 December	377,125	275,600

18. Other receivables

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
VAT Recoverable	419,974	378,165
Bank guarantee receivables	39,377	40,991
Other debtors	6,168	6,907
BK Staff pension Fund	5,560	5,560
RSSB Maternity leave receivable	2,563	1,825
Impairment provision on receivable	(174,242)	(82,225)
	299,400	**351,223**
Impairment provision on receivable		
Start of the year	82,225	-
Movement for the period	92,017	82,225
Impairment provision on receivable	**174,242**	**82,225**

19a]. Deposits with financial institutions

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Bank of Kigali	800,000	800,000
Cogebanque	500,000	500,000
I & M Bank	1,000,000	500,000
Commercial Bank of Africa	500,000	500,000
Equity Bank Rwanda	300,000	1,700,000
Unguka Bank	300,000	300,000
Aguka	200,000	-
Total term deposits	**3,600,000**	**4,300,000**
Add: Interest receivable	185,286	197,592
Less: Expected credit losses	(16,201)	(21,352)
Carrying amount	**3,769,085**	**4,476,240**

19b]. Investments in securities

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Treasury bonds (National Bank of Rwanda)		
As at the start of the year	4,515,292	2,884,100
Addition during the year	1,508,978	1,660,492
Disposal/Matured during the year	-	(29,300)
Total T.Bonds	**6,024,270**	**4,515,292**
Interest receivable on T.Bond		
As at the start of the year	137,577	135,998
Interest income during the year	665,682	383,549
Interest received during the year	(590,655)	(381,970)
Total interest receivable	**212,604**	**137,577**
Expected credit losses	(35,550)	(26,522)
Interest receivable on corporate bond (CVL)		
As at the start of the year	105,479	-
Interest income during the year	125,000	149,595
Interest received during the year	(125,399)	(44,116)
Total interest receivable	**105,080**	**105,479**
Expected credit losses	(1,734)	(1,740)
Commercial paper (Horizon Group Limited)		
As at the start of the year	278,000	278,000
Addition during the year	278,000	278,000
Matured during the year	(278,000)	(278,000)
Total Commercial paper	**278,000**	**278,000**
Interest received in advance		
As at the start of the year	(5,881)	24,464
Interest income during the year	30,664	24,699
Interest received during the year	(30,580)	(55,044)
Total interest received in advance	**(5,797)**	**(5,881)**
Expected credit losses	(5,553)	(5,551)
	266,650	**266,568**
Total securities	**6,571,320**	**4,996,654**

19c]. Long term Investments ins securities

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Corporate bond (Crystal Ventures Limited)		
As at the start of the year	1,000,000	-
Addition during the year	-	1,000,000
Less: Expected credit losses	(16,500)	(16,500)
	983,500	**983,500**

20. Cash and bank balances

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Bank balances under current accounts	1,976,667	1,083,206
Less: Excess credit loss	(9,422)	(3,781)
	1,967,245	**1,079,425**

21. Insurance contract liabilities

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Claims reported and loss adjustment expenses		
As at start of the year	2,241,404	1,682,576
Claim register during the year	4,660,747	3,809,914
Paid claim during the year	(4,316,767)	(3,251,086)
	2,585,384	**2,241,404**
Claims incurred but not reported (IBNR)		
As at start of the year	408,603	322,195
Movement into IBNR during the year	142,696	86,408
	551,299	**408,603**
Provision for unearned premium		
As at start of the year	3,983,827	3,148,072
Gross premium written	12,134,417	9,153,316
Premium earned during the period	(11,045,462)	(8,317,561)
	5,072,782	**3,983,827**
Provision for unexpired risk reserve	-	3,562
Total gross insurance contract liabilities	**8,209,465**	**6,637,396**
Reinsurance share of Reserves		
Claims reported and loss adjustment expenses	1,051,066	779,946
Claims incurred but not reported (IBNR)	711,118	108,991
Provision for unearned premium	179,677	742,591
Total reinsurers' share of insurance contract liabilities	**1,941,861**	**1,631,528**
Net		
Claims reported and loss adjustment expenses	1,874,266	1,498,812
Claims incurred but not reported (IBNR)	371,623	299,612
Provision for unearned premium	4,021,716	3,203,881
Unexpired risk provision	-	3,562
Total net insurance contract liabilities	**6,267,605**	**5,005,867**

21a]. Claims development schedule

Gross claims	2017	2018	2019	2020	2021
Accidental Year	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
At end of claim year	1,626,282	1,726,170	3,081,307	3,650,382	4,388,358
One year later	13,918	50,698	104,103	165,652	-
Two years later	5,500	-	270	-	-
Three years later	2,000	-	-	-	-
Gross claims incurred	1,647,700	1,776,868	3,185,680	3,816,034	4,388,358
Gross IBNR	-	-	-	40,420	510,879
Ultimate gross claims projected	1,647,700	1,776,868	3,185,680	3,856,454	4,899,237
Net claims					
Accidental Year					
At end of claim year	1,150,779	1,221,461	2,180,374	2,583,060	3,105,262
One year later	9,849	35,875	73,665	117,218	-
Two years later	3,892	-	191	-	-
Three years later	1,415	-	-	-	-
Gross claims incurred	1,165,935	1,257,336	2,254,230	2,700,278	3,105,262
Gross IBNR	-	-	-	28,602	361,505
Ultimate gross claims projected	1,165,935	1,257,336	2,254,230	2,728,880	3,466,767

22. Unearned premiums reserve

Unearned Premium Reserves (UPR) represents the liability for short term business contracts where the Company's obligations are not expired at the year end. Movements in the reserve are shown below:

Period ended 31 December 2020	Gross	Reinsurance	Net
	Rwf'000	Rwf'000	Rwf'000
At start of year:	3,148,072	610,646	2,537,426
Increase/(decrease) in the year	835,755	169,300	666,455
	3,983,827	**779,946**	**3,203,881**
Period ended 31 December 2020			
At start of year:	3,983,827	779,946	3,203,881
Increase/(decrease) in the year	1,088,955	271,120	817,835
	5,072,782	**1,051,066**	**4,021,716**

UPR was computed based on Regulation N°05/2009 of 29/07/2009 on licensing requirements and other requirements for carrying out insurance business in Rwanda using 365th method.

The Company uses the chain ladder techniques to estimate the ultimate cost of claims and the IBNR. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

23. Creditors arising from reinsurance & subrogation arrangements

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Reinsurers payables:		
ZEP-RE	624,334	130,234
Africa-RE	244,319	32,558
Kenya-RE	9,997	-
CICA RE	(839)	-
GHANA REINSURANCE COMPANY LIMITED	5,845	-
KLAPTON INSURANCE COMPANY LIMITED	17,162	-
WAICA REINSURANCE KENYA LIMITED	5,874	-
MAPFRE	12,188	-
Total	**918,880**	**162,792**
Coinsurers payables:		
SONARWA-COMESA	29,615	2,191
BRITAM INSURANCE CO (RWANDA) LTD	59,000	-
MUA INSURANCE	59,000	-
PRIME INSURANCE LTD	76,091	-
RADIANT INSURANCE CO LTD	17,091	-
UAP INSURANCE	76,091	561
	316,888	**2,752**
	1,235,768	**165,544**

24. Other Payables

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Other payables		
Supplier's control account	94,693	1,225
Technical service providers	11,723	19,251
Commissions payable-Agents	84,034	8,203
Commissions payable-Brokers	632,539	477,674
Staff or employees accounts	162,587	135,772
PAYE	54,252	47,644
15% Withholding tax payable	702	2,567
30% wop on sitting allowances	-	557
RSSB payables	40,373	25,737
Maternity leave payable	1,092	487
Special guarantee fund dues	6,977	292
BRD student loan recovery	207	207
Community based health insurance (Mutuelle)	90	254
Complementary pension scheme	21,011	29,433
Self-commitment deduction (RPF)	2,018	1,967
Staff social assistance fund	1,302	1,285
Other creditors	137,375	422,275
Suspense account	-	37,346
Total	**1,250,975**	**1,212,176**

25. Current Income Tax

	Dec-2021 Rwf'000	Dec-2020 Rwf'000
Profit for the year	3,940,695	2,532,796
Add back other tax expenses	394,808	125,248
Taxable profit for the year	4,335,503	2,658,044
Adjusted current income tax	1,300,651	797,413
Income tax for the period	**1,300,651**	**797,413**
Income tax payments during the year	939,997	624,934
Current income tax payable	**360,654**	**172,479**

26a]. Share Capital

	% Holding Rwf'000	Dec-2021 Rwf'000
BK Group	70%	2,100,000
SWAN Group	30%	900,000
		3,000,000

26b]. Share Capital

	Number of shares Rwf'000	Ordinary shares Rwf'000
At 1 January 2021,	2,857,143	2,857,143
Addition	142,857	142,857
At 31 December 2021	3,000,000	3,000,000

The total number of authorised shares is 5,000,000 with a par value of RWF 1,000 per share

27. Property and equipment

	IT equipment Rwf'000	Motor vehicle Rwf'000	Furniture & fittings Rwf'000	Total Rwf'000
Cost:				
At 1 Jan 2021	108,295	229,780	16,416	354,491
Additions	40,908	45,763	90,561	177,231
Tot cost At 31 Dec 2021	149,203	275,543	106,977	531,722
Acc. depreciation:				
At 1 Jan 2021	102,559	109,014	2,996	214,569
Charge for the year	24,309	58,629	7,735	90,673
Tot Acc Dep At 31 Dec 2021	126,868	167,643	10,731	305,242
Net Book Value 31 Dec 2021	22,335	107,900	96,246	226,480
Cost:				
At 1 Jan 2020	88,525	139,017	9,745	237,287
Additions	19,770	90,763	6,671	117,204
Total cost At 31 Dec 2020	108,295	229,780	16,416	354,491
Acc. depreciation:				
At 1 Jan 2020	93,848	74,064	4,350	172,262
Charge for the year	8,711	34,950	2,996	46,657
Tot Acc Depr 31 Dec 2020	102,559	109,014	7,346	218,919
Net Book Value 31 Dec 2020	5,736	120,766	9,070	135,572

28 . ntangible assets

	2021 Rwf'000	2020 Rwf'000
At 1 January	235,656	210,094
Additions	26,151	25,562
Total cost At 31 December	261,807	235,656
Accumulated depreciation:		
At 1 January	75,951	64,168
Charge for the year	12,853	11,783
Total Accumulated depreciation at 31 December	88,804	75,951
Net book value at end of the year	173,003	159,705

29. Leases

i] Amounts recognised in the statement of financial position

Right of use assets: Buildings	2021 Rwf'000	2020 Rwf'000
Cost:		
At 1 January	250,142	207,028
Additions	674,286	43,114
Release of the old HQ ROA	(217,510)	-
At 31 December	706,918	250,142
Accumulated depreciation:		
At 1 January	77,630	43,115
Charge for the year	34,489	34,515
Release for Acc Dep of the old HQ ROA	(93,219)	-
At 31 December	18,900	77,630
Net book value	688,018	172,512
Leases Liabilities		
At 1 January	199,900	222,562
Recognition of Newly rented HQ Office	674,286	-
De-recognition of left rented Office	(155,629)	-
Interest for the period	33,819	39,663
Transfer to Account payable	(18,068)	
Repayments	(42,846)	(62,325)
At 31 December	691,462	199,900

During the year 2021, there were additions to the right of use assets and lease liability due to change of the head office rented building from BK Group's building to the I&M bank's old building. This led to the derecognition of existing lease & ROU balances and the additions of both ROU and lease liability is 674 million (2020: RWF 43,114).

ii]. Amounts recognised in the statement of comprehensive income

	2021 Rwf'000	2020 Rwf'000
Depreciation of right of use assets	34,489	34,515
Finance costs	33,819	39,663
Expense related to leases of low value assets that are not shown above as short term leases (included in administrative expenses)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

31. Related party transactions

The Company is controlled by BK Group PLC incorporated in Rwanda. There are other companies that are related to BK General Insurance Company Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

	2021 Rwf'000	2020 Rwf'000
a) Directors remuneration		
Director's fees	**53,276**	**42,533**
b) Key management remuneration		
Salaries	383,976	354,523
Other benefits	-	-
	383,976	**354,523**

30. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2019:30%). The movement on the deferred income tax account is as follows:

	1 January 2020 Rwf'000	Credit to SOCI Rwf'000	31 December 2020 Rwf'000
Deferred income tax liabilities			
Property and equipment:	-	-	-
Deferred income tax assets:			
Tax Provision	-	-	-
Deferred income tax asset not recognised	-	-	-

	1 January 2021 Rwf'000	Credit to SOCI Rwf'000	31 December 2021 Rwf'000
Deferred income tax liabilities			
Property and equipment:	-	-	100,415
Deferred income tax assets:			
Tax Provision	-	100,415	100,415
Deferred income tax asset not recognised	-	100,415	100,415

31. Related party transactions

The Company is controlled by BK Group PLC incorporated in Rwanda. There are other companies that are related to BK General Insurance Company Limited through common shareholdings or common directorships.
The following transactions were carried out with related parties:

	2021 Rwf'000	2020 Rwf'000
c) Insurance premiumst		
Bank of Kigali Plc	216,924	271,092
BK Group Plc	99,192	-
BK Techouse Limited	6,652	3,644
BK Capital Limited	2,578	2,578
	325,346	**277,314**
d) Payment of claims		
Bank of Kigali Plc	269	7,382
BK Group Plc	2,664	-
BK Techouse Limited	-	322
BK Capital Limited	-	-
	2,933	**7,704**
e) Outstanding balances with related parties		
Amounts receivable from the related parties	-	-
Amount payable to related parties	19,835	-
	19,835	**-**
f) Deposit with related parties		
Bank of Kigali Plc	1,388,478	1,260,064
	1,388,478	**1,260,064**
Interest Income with related party		
Bank of Kigali Plc	93,769	43,372
	93,769	**43,372**

g) Factoring of Invoices with Bank of Kigali Plc

The company entered into a factoring with no recourse agreement with the Bank of Kigali PLC in order to solve the issue of long outstanding receivable especially from public institutions. The cost of factoring of the invoices is agreed at 5% flat fee applicable on any paid invoice. There were no factoring transactions during the year ended December 31, 2021. (2020: Nil).

32. Contingent liabilities

In common with the insurance industry, the company is subject to litigation arising in the normal course of insurance business. No provision has been made in these financial statements as all pending litigations at the year-end were related to claims outstanding which have been provided for

I. Required Solvency

	Amount Rwf'000
Gross premium less reinsurance ceded last preceding year	7,506,081
Solvency margin Required:20% of previous year net premium or Rwf 1 000 million whichever is greater	1,501,216
Compliance with Solvency Margin	
Total Assets	21,656,860
Less: Non-Admitted Assets as per II.A,7	3,780,839
less: Deductions for assets subject to maximum admissible %as per II.B,7	2,705,619
Admitted Assets I.3 less I.4 and I.5	15,170,402
vLess Admitted Liabilities as per III.C,3	12,223,536
Solvency margin Available (1,6 less 1,7)	2,946,866
Excess or Deficiency of solvency required (I.8 less I.2)	1,445,650
Solvency Coverange Ratio (I.8 divided by I.2)	**196.3%**

II. [a]. Non-Admitted Assets

Intangible Assets	173,003
Exposures (loans & Investments) to connected persons	-
Loans to insurance intermediaries overdue for more than 6 months	-
Reinsurance recievables overdue for more than 6 months	-
Loans and other recievables overdue for more than 2 months	3,607,836
Deferred expenses, deferred taxes and prepayments	-
Total Non-Admitted Assets (add 11, A,1 to 7)	**3,780,839**

II.[b] Assets Subject to Maximum Admissible Percentages

	Amount A	Admissible%	Deductions
	Rwf'000	Rwf'000	Rwf'000
Investment in equities, Listed	-	85%	-
Investment in equities, unlisted	1,377,283	70%	413,185
Investment in debt securities	-	70%	-
Investment in properties	-	80%	-
Receivables from reinsurer which are not overdue		90%	-
All other Assets (Total assets less II.A & II.B 1,2,3)	16,498,738		
Less:			
(-) Cash	1,976,669		
(-) Deposit Balances	3,785,286		
(-) Government securities	6,151,914		
(b) All other assets subject to maximum %	4,584,869	50%	2,292,434
Total Deductions (add II.B,1,2,3 and 4e)			**2,705,619**

III.[c] Admitted Liabilities

	Amount on B/sheet A	Aditional percentage factor 10	Admitted liabilities (A plus A*B°)
	Rwf'000	Rwf'000	Rwf'000
Technical Provisions	8,209,465	820,946	9,030,411
Unearned premium	5,072,782	507,278	5,580,060
Unexpired risk	-	-	-
Outstanding claims	2,585,384	258,538	2,843,922
IBNR	551,299	55,130	606,429
Other provisions	-	-	-
All other liabilities (Total liabilities-less Technical provisions)	**3,193,124**		**3,193,124**
Total Admitted Liabilities	**11,402,589**		**12,223,536**

REVENUE ACCOUNT

31-DECEMBER-2021	Motor	Fire	Guarantee	Engineering	Liability	Miscellaneous	Accidents & Health	Transport	Total
	Rwf'000	Rwf'000	Rwf'000						
Gross written premium	9,068,527	1,158,417	350,816	796,100	132,384	517,387	60,670	50,116	12,134,417
Unearned premium reserve b/f	3,306,629	263,681	93,189	229,807	50,129	14,538	18,040	7,816	3,983,827
Unearned premium reserve c/f	(3,965,518)	(454,034)	(114,416)	(265,066)	(58,602)	(172,356)	(30,305)	(12,485)	(5,072,782)
Reinsurance portfolio premium reserves b/f	(359,716)	(134,958)	(27,288)	(200,514)	(32,840)	(8,865)	(11,001)	(4,765)	(779,946)
Reinsurance portfolio premium reserve c/f	397,537	201,342	71,999	166,799	26,996	155,120	19,703	11,570	1,051,066
Gross earned premiums	8,447,459	1,034,449	374,299	727,125	118,066	505,824	57,108	52,253	11,316,582
Premiums ceded to treaties & facultative reinsures	(706,122)	(435,281)	(290,890)	(493,916)	(58,095)	(174,261)	(44,161)	(44,074)	(2,246,801)
Premiums ceded to co-insurance	(200,000)	(60,529)	-	(10,049)	(2,884)	(172,351)	-	(2,370)	(448,183)
Premium ceded to reinsurance	(906,122)	(495,810)	(290,890)	(503,965)	(60,979)	(346,613)	(44,161)	(46,444)	(2,694,984)
Net insurance premium revenue	7,541,337	538,638	83,409	223,160	57,087	159,211	12,947	5,809	8,621,598
Commissions Earned	-	163,769	146,901	150,651	18,223	46,206	24,907	16,598	567,256
Underwriting Expenses (Commissions Paid)	(603,056)	(125,949)	(5,384)	(58,415)	(11,492)	(43,869)	(2,941)	(2,127)	(853,233)
Net underwriting income	6,938,281	576,458	224,926	315,396	63,818	161,548	34,913	20,280	8,335,620
Gross claims paid & benefits	3,936,568	265,502	363	70,168	36,082	7,200	492	393	4,316,767
Outstanding claims reserve b/f	(1,881,862)	(201,702)	-	(129,417)	-	-	(28,422)	-	(2,241,404)
Outstanding claims reserve c/f	2,384,386	644	6,291	98,049	10,277	50,195	35,541	-	2,585,384
Incurred but not report (IBNR) b/f	(310,786)	(44,344)	(14,242)	(20,023)	(9,597)	-	(7,060)	(2,552)	(408,603)
Incurred but rot report (IBNR) c/f	371,437	65,433	22,061	54,950	8,101	22,065	4,031	3,221	551,299
Reserve for unxpired risk b/f	-	-	-	-	-	-	(3,562)	-	(3,562)
Reserve for unxpired risk c/f	-	-	-	-	-	-	-	-	-
Subrogation Recoveries	(564,900)	-	-	-	-	-	-	-	(564,900)
Net claims payable	3,934,843	85,532	14,472	73,727	44,863	79,460	1,020	1,063	4,234,981
Claims recoveries from treaties & facultative reinsurance	(836,328)	-	-	-	-	-	-	-	(836,328)
Reinsurance portfolio claims reserve b/f	491,130	176,500	-	74,961	-	-	-	-	742,591
Reinsurance portfolio claims reserve c/f	(594,195)	(240)	(1,289)	(65,680)	(1,858)	(45,176)	(2,679)	-	(711,118)
Incurred but not report (IBNR) b/f	66,508	17,968	8,202	14,144	-	-	-	2,169	108,992
Incurred but rot report (IBNR) c/f	(92,563)	(23,776)	(4,796)	(36,791)	(1,465)	(19,858)	(304)	(123)	(179,677)
Amount recoverable from reinsurers	(965,449)	170,452	2,116	(13,366)	(3,323)	(65,034)	(2,982)	2,046	(875,540)
Net Claims Incurred	2,969,394	255,985	16,589	60,361	41,540	14,426	(1,962)	3,109	3,359,441
Management Expenses	(1,883,806)	(152,111)	(98,886)	(121,051)	(10,574)	(69,830)	(17,503)	(8,150)	(2,361,911)
Underwriting profit	2,085,081	168,363	109,451	133,984	11,704	77,291	19,373	9,021	2,614,269
Investment Income	992,571	80,147	52,103	63,781	5,571	36,793	9,222	4,294	1,244,482
Other Income	65,356	5,277	3,431	4,200	367	2,423	607	283	81,943
Total Income for the Period	3,143,008	253,787	164,985	201,965	17,642	116,507	29,202	13,598	3,940,694
Income Tax Expense	(970,361)	(78,353)	(50,937)	(62,354)	(5,447)	(35,970)	(9,016)	(4,198)	(1,216,636)
Profit for the Year	2,172,646	175,434	114,048	139,611	12,195	80,537	20,186	9,400	2,724,058

REVENUE ACCOUNT

31-DECEMBER-2020	Motor	Fire	Guarantee	Engineering	Liability	Miscellaneous	Accidents & Health	Transport	Total
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Gross written premium	7,479,098	588,445	227,234	521,215	102,234	97,094	93,990	44,006	19,153,316
Unearned premium reserve b/f	2,743,845	129,543	84,169	77,594	48,730	45,392	16,845	1,954	3,148,072
Unearned premium reserve c/f	(3,261,449)	(256,606)	(99,091)	(227,289)	(44,582)	(42,340)	(40,987)	(19,190)	(3,991,533)
Reinsurance portfolio premium reserves b/f	(389,190)	(66,734)	(40,252)	(69,512)	(15,594)	(28,602)	-	(761)	(610,646)
Reinsurance portfolio premium reserve c/f	396,907	50,147	41,499	197,083	17,240	27,604	174	1,124	731,778
Gross earned premiums	**6,969,211**	**444,795**	**213,558**	**499,091**	**108,028**	**99,147**	**70,023**	**27,133**	**8,430,987**
Premiums ceded to treaties & facultative reinsures	(652,790)	(223,096)	(64,534)	(401,322)	(58,913)	-	(52,684)	(22,723)	(1,476,063)
Premiums ceded to co-insurance	(156,897)	(3,734)	-	-	-	(1,350)	(5,090)	(4,102)	(171,172)
Premium ceded to reinsurance	**(809,687)**	**(226,830)**	**(64,534)**	**(401,322)**	**(58,913)**	**(1,350)**	**(57,774)**	**(26,825)**	**(1,647,235)**
Net insurance premium revenue	**6,159,524**	**217,965**	**149,024**	**97,769**	**49,115**	**97,797**	**12,248**	**308**	**6,783,751**
Commissions Earned	-	73,478	19,960	119,871	14,331	338	25,498	9,087	262,563
Underwriting Expenses (Commissions Paid)	(396,448)	(28,318)	(4,224)	(62,039)	(2,679)	(9,772)	(5,083)	(3,488)	(512,051)
Net underwriting income	**5,763,076**	**263,126**	**164,761**	**155,600**	**60,768**	**88,363**	**32,663**	**5,907**	**6,534,263**
Gross claims paid & benefits	3,177,682	36,815	3,484	5,499	16,058	-	11,132	418	3,251,087
Outstanding claims reserve b/f	(1,474,970)	(199,800)	-	(3,678)	(2,000)	-	(2,128)	-	(1,682,576)
Outstanding claims reserve c/f	2,071,890	38,050	-	82,183	4,787	-	38,104	-	2,235,014
Incurred but not report (IBNR) b/f	(221,246)	(72,935)	(4,117)	(1,343)	(9,309)	(1,525)	(10,399)	(1,321)	(322,195)
Incurred but rot report (IBNR) c/f	376,617	7,461	-	16,115	939	-	7,471	-	408,603
Reserve for unexpired risk	-	-	-	-	-	-	3,562	-	3,562
Subrogation Recoveries	(139,219)	-	-	-	-	-	-	-	(139,219)
Net claims payable	**3,794,316**	**(190,410)**	**(633)**	**98,776**	**10,475**	**(1,525)**	**47,742**	**(903)**	**3,754,276**
Claims recoveries from treaties & facultative reinsurance	(723,148)	-	-	-	-	-	-	-	(723,148)
Reinsurance portfolio claims reserve b/f	504,189	177,432	-	-	-	-	-	-	681,622
Reinsurance portfolio claims reserve c/f	(491,130)	(176,500)	-	(74,961)	-	-	-	-	(742,591)
Incurred but not report (IBNR) b/f	115,110	-	-	-	-	-	-	-	115,110
Incurred but rot report (IBNR) c/f	(102,650)	-	-	-	-	-	-	-	(102,650)
Amount recoverable from reinsurers	**(697,628)**	**932**	**-**	**(74,961)**	**-**	**-**	**-**	**-**	**(771,657)**
Net Claims Incurred	**3,096,688**	**(189,477)**	**(633)**	**23,815**	**10,475**	**(1,525)**	**47,742**	**(903)**	**2,982,619**
Management Expenses	(1,696,041)	(99,456)	(52,096)	(74,265)	(23,138)	(41,156)	(16,236)	(4,639)	(2,007,028)
Underwriting profit	**973,910**	**353,148**	**113,298**	**57,520**	**27,155**	**48,732**	**(31,315)**	**2,171**	**1,544,616**
Investment Income	745,321	58,641	22,645	51,941	10,188	9,676	9,367	4,385	912,164
Other Income	36,287	20,550	7,335	376	515	8,880	813	1,261	76,016
Total Income for the Period	**1,755,518**	**432,338**	**143,277**	**109,837**	**37,858**	**67,288**	**(21,136)**	**7,817**	**2,532,796**
Income Tax Expense	(651,560)	(51,264)	(19,796)	(45,407)	(8,906)	(8,459)	(8,188)	(3,834)	(797,413)
Profit for the Year	**1,103,958**	**381,075**	**123,481**	**64,430**	**28,952**	**58,829**	**(29,324)**	**3,984**	**1,735,383**

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