

**83<sup>rd</sup> ANNUAL GENERAL MEETING HELD ON 29 JUNE 2021**

**AGM Q&A**

**Question 1**

Explain the challenges facing the Group business in the year under review.

2020 was a challenging year for the Group as a result of the negative impact of the Covid 19 pandemic, which resulted in policy cancellations, reduced insurance uptake, pressure to extend credit terms, early surrenders etc.

The Group developed innovative products (such Octagon Afya Plus PRMS Cover, Jubilee Group Micro Health Cover and Equimed SME-2020) and service offering on the digital platforms. The Group also enhanced its partnerships with banks to enable as many customers as were interested to avail themselves of insurance premium financing facilities.

**Question 2**

Is the group implementing IFRS 17?

The group is on course to implement IFRS 17. We envisage to have fully implemented this new standard by 1<sup>st</sup> January 2023.

**Question 3**

We note the group has borrowed US\$ 22M from DFCU to finance investment in Bujagali Holdings Limited and the investment has increased by Kes 4.4bn. Kindly explain if the DFCU financing is over and above the 4.4 bn and how is the return on Bujagali?

The Group acquired an additional 15.9% stake in Bujagali Holdings Limited for a total amount of Kes 4.4bn. The Group borrowed Kes 2.2bn from the DFCU Bank and the balance was financed by the subsidiaries in the group. The investment is performing very well and is yielding us 12% return.

**Question 4**

The EPS is Kes 50 yet the dividend declared is Kes 9 per share. Could you consider paying more dividends or issuing bonus shares?

Despite the challenges brought about by the pandemic, the Group delivered the same profit after tax as for 2019. Given the tough economic environment envisaged to carry on even in 2021, the Board made a conscious decision to sustain dividend at the same level. Since listing in 1984, JHL has always declared a dividend which has never been lower than the previous year and JHL has never asked its shareholders for additional money by way of a 'rights issue'

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**Question 5**

The Group has a lot of funds held as retained earnings, how much can be distributed to shareholders as bonus or special dividends?

The consolidated reserves stand at Kes 27.4bn, these retained earnings are part of the capital of the insurance companies within the Group and necessary to ensure these companies comply with the minimum capital requirements under the insurance regulations in each country. As more countries move to risk-based capital, the amount of capital required will increase.

The Company's, as opposed to the Group's reserves, are Kes 7.2bn majority of which are currently invested in business of the insurance and investment subsidiaries of the Group. These assets generate the profits each year from which the Company is able to pay dividends.

**Question 6**

Why did the group undertake a loan from DFCU Bank? Does the group forecast additional return? The DFCU bank loan only catered for Kes 2.2 billion, what contributed to the increase in the asset by approximately Kes 4 billion?

The Group took a loan from DFCU Bank of Kes 2.2 Bn to fund additional investment in Bujagali Holdings limited. The additional Kes 2.2 bn was funded from subsidiaries bringing the total investment in Kes 4.4 bn. The loan is at a rate of approximately 6% while our returns are approx. 12%. The loan will be paid off from the cash flow earned on the investment.

**Question 7**

On page 72 of the Annual report, the tax expense increased as compared to 2019. What brought about this increase?

Tax paid depends on the source of earnings which comprise of insurance business, investments and associates in different jurisdictions in the region and which is taxed at various differing rates depending on the nature of the earnings. Depending on the mix, the tax expense will vary year on year.

**Question 8**

Is the group affected by fraud?

We are affected by fraud as any other insurance company, especially in our medical business. The group continues to be vigilant and continuously monitor our claims to identify fraudulent ones in addition to discontinuing to work with any service providers or individuals perpetrating fraud.

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**Question 9**

How is the company assisting SME especially in the Covid times?

We have partnered with banks, brokers and agents to facilitate access to insurance for the SME market.

We have also partnered with banks for insurance premium financing to allow for flexible payment terms by our SME clients.

Our call centre has representatives to advice on SME insurance requirements and best options for SMEs to consider.

**Question 10**

What is the business doing to support the for youth?

We have partnered with Strathmore Business School where through the Wanafunzi Ignite program students have been able to learn more about insurance and this has enabled them to form Wananfunzi Insurance Agency that has seen them sell insurance products. Through the agency, the students have been able to earn income and sustain themselves.

**Question 11**

Is the profitability going to increase in the year?

The half year results will be published in August.

**Question 12**

Regional expansion?

Jubilee continues to assess opportunities to expand in Africa. We will review each opportunity as it arises.

The Group is also waiting for the Ethiopian market to open so that we may expand our service offering in this region.

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### **Question 13**

What measures are put to safeguard employees from the Covid-19?

The Group has taken several measures to protect all its stakeholders from the effects of Covid19. We implemented our business continuity measures to continue to serve our clients, and expense control and other measures to safeguard our business and profitability and retained all our employees. None of our staff were asked to take any pay cuts.

Further, we have put in place Covid-19 precaution protocols in all our offices across the region- in line with government directives aimed at safeguarding our employees. Some of which include:

- Temperature checks at all points of entry;
- Hand sanitizers at all entry and exit points;
- Compulsory wearing of face masks,
- Physical distancing in the office environment through staff shift systems;
- Encourage meetings on-line;
- Facilitating employees to work from home.

### **Question 14**

Could you ensure that once dividends are declared, payment is done as quickly as possible.

The Company pays as practically as possible after the approvals of the dividends & no later than the with the prescribed periods. The final dividend approved today will be paid on 26 July 2021.

### **Question 15**

Are you paying a special dividend to shareholders from the proceedings from Allianz?

We are still in the process of completing the transaction which we expect to be concluded in the second half of the year, further to which the Board will deliberate on the appropriate utilisation of the funds received.

### **Question 16**

Who audited the board cooperate governance report?

Scribe Services Registrars Limited. Their report is on pages 28 of the Annual Report.

### **Question 17**

In the post pandemic world how would you encourage the hybrid AGM system because as shareholders we cannot rely on virtual AGMS only since many shareholders cannot manage get internet?

We have witnessed higher participation by shareholders in virtual meetings. We will consider the option of a hybrid meeting in future.

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**Question 18**

What is management doing towards conforming with the new business era of digitization, Artificial intelligence, and data analytics?

We are currently well on our way in the digital transformation journey having already launched the online Motor, Travel, Personal Pension Plans and health insurance sales platform.

We have also launched various mobile applications and e-claims to improve customer service and interaction through mobile apps such as Maisha fiti.

**Question 19**

What is the company's post covid business strategy? Any lessons learnt?

We plan on remaining strong & resilient. The Group will continue to rely on the strength of our brand and diversity of our asset base and most of all, the tremendous resilience of our team.

**Question 20**

Why did the professional audit fees increase by Kes 10mn?

The professional fees comprise of legal and consultancy fees. The increase is on account of legal and transaction advisors fees for the composite split of The Jubilee Insurance Company of Kenya Limited and Allianz transactions undertaken during the year.

The auditor's fees increased as well due to additional advisory work done in connection assurances provided for the above transactions.