



**EAST AFRICA REINSURANCE
COMPANY LIMITED**

**2025 ANNUAL REPORT AND
FINANCIAL STATEMENTS**

SECURED SOLID PARTNERSHIP



WHO WE ARE

MISSION STATEMENT

To provide quality risk solutions, excellent service and enhanced value to all stakeholders.

VISION STATEMENT

To be the risk partner of choice in our markets

CORE VALUES

Integrity, Commitment, Partnership, Excellence,
Professionalism, Innovation

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ABBREVIATIONS

ARC	Asset for Remaining Coverage
BSC	Balance Scorecard
CAR	Capital Adequacy Ratio
CPD	Continuous Professional Development
CSM	Contractual Service Margin
ESG	Environmental, Social and Governance
ECL	Expected Credit Losses
FVTPL	Fair Value Through Profit or Loss
FVOCI	Fair Value Through Other Comprehensive Income
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
LC	Loss Component
LGD	Loss Given Default
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
PAA	Premium Allocation Approach
PD	Probability of Default
PV	Present Value
PVFCF	Present Value of Future Cash Flows
RA	Risk Adjustment
REITs	Real Estate Investment Trusts
RLRC	Reinsurance Loss Recovery Component

CORPORATE INFORMATION

DIRECTORS

A.K. Wainaina

J.P.M. Ndegwa

P.K. Maina

D.G.M. Hutchison*

P.K. Mugambi

R. Narayanan** - Resigned 30 September 2025

L. Nyachae

W. Mwaniki (Ms)

C.W. Ng'ang'a (Ms)

L. Murage

***British**

****Indian**

REGISTERED OFFICE

East Africa Reinsurance Company Limited

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Mobile: +254 728111041; +254 733623737

Email: info@eastaficare.com

Website: www.eastafricare.com

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P.O. Box 14427 Dar es Salaam, Tanzania

Email: eare@eastaficare.co.tz

COMPANY SECRETARY

S. Gitau

Certified Public Secretary (Kenya)

P.O.Box 30345 - 00100

Nairobi, Kenya

AUDITOR

KPMG Kenya

Certified Public Accountants (Kenya)

8th Floor ABC Towers, Waiyaki Way, Westlands

P.O.Box 40612 - 00100

Nairobi, Kenya

LEGAL ADVISORS

LJA Associates LLP

Cavendish Block

14 Riverside Drive

P.O. Box 49594 - 00100

Nairobi, Kenya

Kaplan & Stratton

Williamson House

4th Ngong Avenue

P.O.Box 40111 - 00100

Nairobi, Kenya

CONSULTING ACTUARY

Zamara Actuaries, Administrators and Consultants Limited

Zamara Place, Ground Floor,

Chiromo Road

P.O.Box 52439 - 00200

Nairobi, Kenya

PRINCIPAL BANKER

NCBA Bank Kenya Plc.

NCBA House Branch, Masaba Road

P.O. Box 30090 - 00100

Nairobi, Kenya

BOARD OF DIRECTORS



A.K. Wainaina
(Chairman)



J.P.M. Ndegwa
(Director)



P.K. Maina
(Group CEO)



D.G.M. Hutchison
(Director)



W. Mwaniki
(Director)



L. Murage
(Director)



P.K. Mugambi
(Director)



C.W. Ng'ang'a
(Director)



L. Nyachae
(Director)



A.S.M. Ndegwa
(Alternate Director)



S. Gitau
(Company Secretary)

MANAGEMENT



P.K. Maina
Group Chief Executive
Officer



C. Ogaye
Group Head of
Technical Business



P. Mumba
Group Chief Finance
Officer



D. Wilson
Country Manager
& Principal Officer
East Africa Re Tanzania



D. Miano
Senior Manager Life
Business



B. Njoroge
HR & Admin Manager



D. Kaniaru
Risk & Compliance
Consultant



J. Oduong
IT Manager



THREE YEARS' FINANCIAL HIGHLIGHTS COMBINED BUSINESS

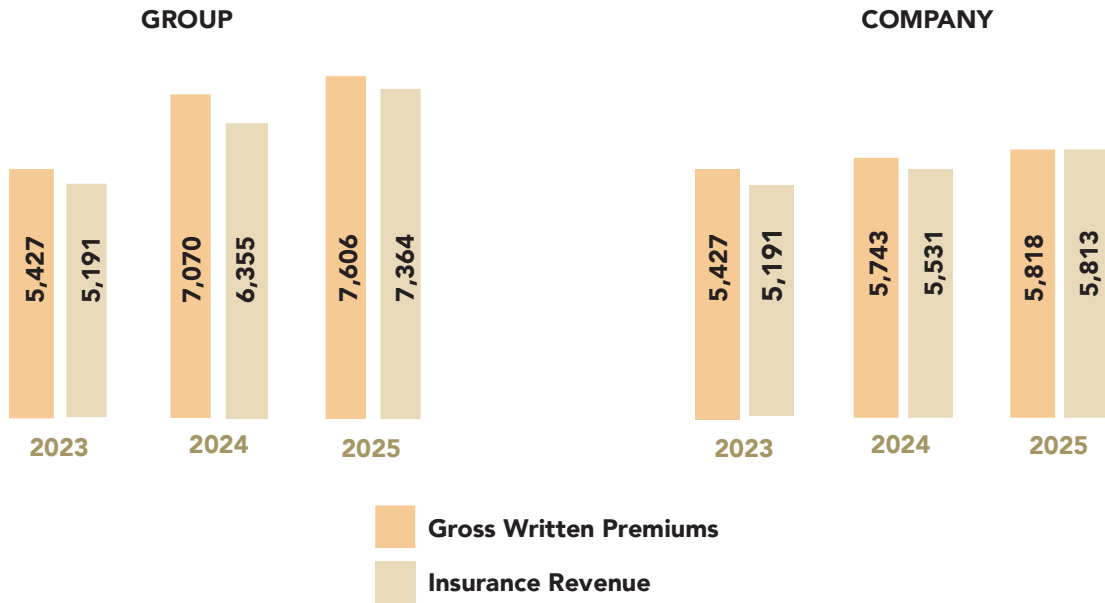
GROUP	2025 Kshs '000'	2024 Kshs '000'	2023 Kshs '000'
Gross written premiums	7,606,857	7,070,685	5,427,348
Insurance revenue	7,364,260	6,355,907	5,190,755
Insurance service expenses	5,975,788	5,600,893	4,540,514
Insurance service result	422,402	378,793	311,657
Investment return	1,039,034	1,092,106	923,233
Profit Before Tax	1,186,287	957,209	1,267,186
Profit After Tax	864,043	804,325	891,128
Dividend	300,000	200,000	200,000
Shareholders' Funds	8,143,756	7,396,022	6,891,803
Share Capital	1,500,000	1,500,000	1,500,000
Total Assets	15,772,206	13,752,002	11,702,015

Ratios	2025	2024	2023
Claims Loss Ratio	47%	49%	52%
Earnings Per Share (Shs)	575	535	594
Dividend Cover	3	4	4
Return on Equity Before Tax	15%	13%	19%
Return on Equity After Tax	11%	11%	13%

COMPANY	2025 Kshs '000'	2024 Kshs '000'	2023 Kshs '000'
Gross written premiums	5,818,292	5,743,738	5,427,348
Insurance revenue	5,813,070	5,531,185	5,190,755
Insurance service expenses	4,896,163	4,951,551	4,540,514
Insurance service result	306,353	281,285	311,657
Investment return	938,662	1,041,354	923,233
Profit Before Tax	1,024,697	849,293	1,267,186
Profit After Tax	742,992	724,846	891,128
Dividend	300,000	200,000	100,000
Shareholders' Funds	7,961,114	7,418,122	6,893,276
Share Capital	1,500,000	1,500,000	1,500,000
Total Assets	13,602,909	12,465,543	11,703,488

Ratios	2025	2024	2023
Claims Loss Ratio	50%	45%	52%
Earnings Per Share (Shs)	495	482	594
Dividend Cover	2	4	4
Return on Equity Before Tax	13%	12%	19%
Return on Equity After Tax	10%	10%	13%

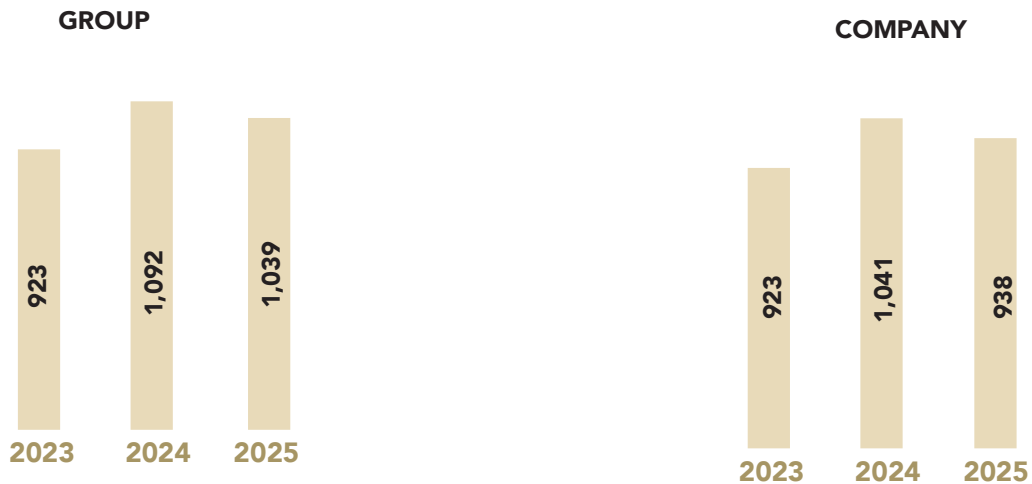
GROSS WRITTEN PREMIUMS & INSURANCE REVENUE (KSHS MILLIONS)



INSURANCE SERVICE RESULT (KSHS MILLIONS)



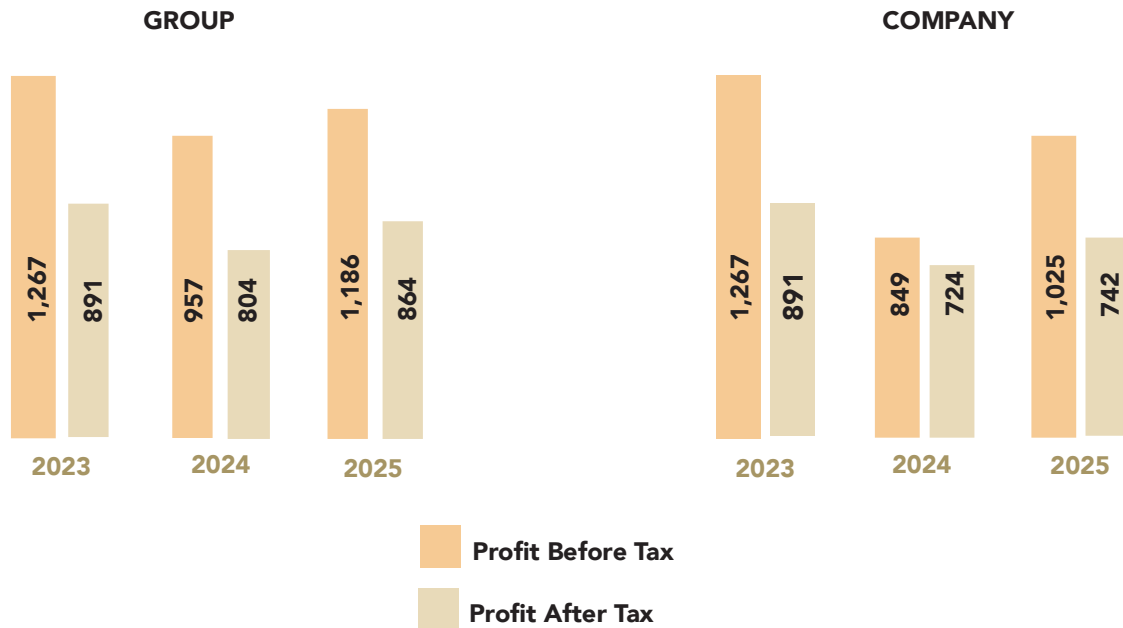
INVESTMENT INCOME (KSHS MILLIONS)



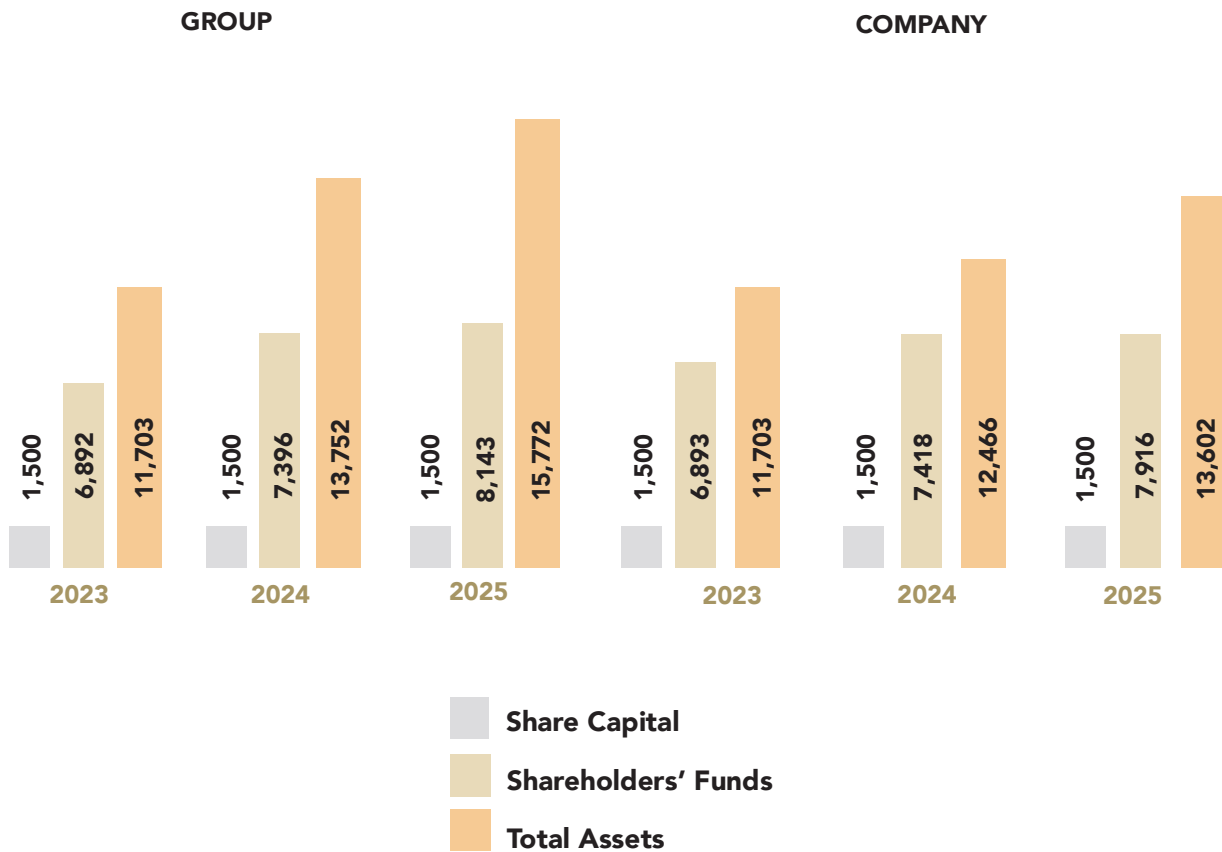
THREE YEARS' FINANCIAL HIGHLIGHTS

COMBINED BUSINESS continued

PROFIT BEFORE AND AFTER TAX (KSHS MILLIONS)



SHARE CAPITAL, SHAREHOLDERS' FUNDS AND TOTAL ASSETS (KSHS MILLIONS)





A.K. Wainaina
Chairman

Discipline in a Changing Risk Landscape

On behalf of the Board of Directors of East Africa Reinsurance Company Limited (the "Company") and its subsidiary, East Africa Reinsurance (Tanzania) Company Limited (together, the "Group"), it is my privilege to present the Annual Report and Financial Statements for the year ended 31 December 2025.

The year 2025 was both significant and defining for the Group. As we marked 30 years of excellence in reinsurance, we reflected on a journey shaped by resilience, disciplined growth, and an unwavering commitment to our stakeholders. This milestone not only affirms the strength of our foundation but also sharpens our focus on the future.

The environment in which we operate continues to evolve. Globally, economic growth remained moderate, influenced by geopolitical tensions, policy uncertainty, and structural shifts in trade and capital flows. Within Sub-Saharan Africa, the outlook remained comparatively resilient, supported by easing inflation and steady investment activity, albeit within constrained fiscal environments.

In our core markets, Kenya and Tanzania, macroeconomic conditions were broadly stable but uneven. While inflation moderated and currencies stabilised, fiscal pressures and liquidity constraints continued to influence economic activity and business confidence.

At the same time, the global reinsurance industry remains in a period of structural adjustment. Strong capitalisation and improved pricing have reinforced sector fundamentals, yet emerging risks - including climate-related losses, cybersecurity threats, and geopolitical disruptions - continue to reshape the risk landscape.

Against this backdrop, the Group has remained deliberate in its approach. We have continued to refine our portfolio, exiting non-core and high-volatility markets while strengthening our presence within Africa and selectively expanding into new opportunities. This reflects a clear and consistent principle: to prioritise the quality and sustainability of earnings over short-term growth.

Performance Anchored on Resilience and Quality

The Group delivered a strong and resilient performance in 2025, underpinned by disciplined underwriting, a diversified income base, and a robust capital position.

Insurance revenue at the Group level increased by 16% to KShs 7.36 billion, while the Company recorded a 5% increase to KShs 5.81 billion, reflecting continued growth in core markets and facultative business.

Profit before tax increased by 24% to KShs 1.19 billion, demonstrating the strength of our underlying business and the effectiveness of our strategy in a challenging environment.

Our balance sheet strengthened further, with total assets increasing by 12% to KShs 15.77 billion, reinforcing our ability to absorb risk, meet obligations, and deploy capital effectively.

From an underwriting perspective, performance remained stable and disciplined. Loss ratios were maintained within prudent ranges, and the combined ratio remained below 100%, confirming the continued profitability of the core business. Notably, the year recorded a significant reduction in large losses, reflecting improved portfolio quality and enhanced risk selection.

While technical profit moderated compared to the prior year, this outcome reflects a deliberate repositioning of the portfolio and the normalisation of prior-period gains, rather than any structural deterioration.

"The year 2025 was both significant and defining for the Group. As we marked 30 years of excellence in reinsurance, we reflected on a journey shaped by resilience, disciplined growth, and an unwavering commitment to our stakeholders. This milestone not only affirms the strength of our foundation but also sharpens our focus on the future."

The Life business continued to demonstrate resilience, delivering improved technical profitability and underwriting surplus, supported by disciplined retention strategies and effective claims management.

Investment income, while slightly lower due to declining interest rates, remained a stable and important contributor to overall earnings, supported by a diversified and prudently managed portfolio.

Capital Strength and Strategic Optionality

The Group's capital position remains a defining strength.

The Company maintained Capital Adequacy Ratios of 400% for Non-Life and 348% for Life business, significantly above regulatory requirements, while our Tanzanian subsidiary remained fully compliant with all solvency thresholds.

This strong capital base provides not only resilience but also strategic flexibility—enabling the Group to absorb volatility, support growth, and respond proactively to emerging opportunities.

Our financial strength continues to be recognised by independent rating agencies, with both A.M. Best and GCR Ratings reaffirming our ratings with stable outlooks, reflecting our disciplined approach to underwriting and risk management.

In line with our performance and commitment to shareholder returns, the Board has recommended a dividend of KShs 300 million (2024: Kshs 200 million) to the Shareholders in the Register of Members on 31 December 2025. This will be subject to approval at the forthcoming Annual General Meeting.

Strategic Focus in a Changing Market

2025 marked the second year of executing our 2024–2026 strategic plan, which remains focused on delivering sustainable growth in an uncertain environment.

The African reinsurance market continues to present significant long-term opportunities, driven by low insurance penetration, economic growth, and increasing demand for risk solutions. At the same time, structural shifts—such as increased cedant retention and evolving distribution models—require a more adaptive and disciplined approach.

Our strategy remains clear:

- Strengthen our position in core markets;
- Expand selectively into high-potential regions;
- Enhance underwriting, analytical, and operational capabilities; and
- Deliver consistent, exceptional service to our customers.

We are also investing in technology, including data analytics and artificial intelligence, to improve risk assessment and decision-making, ensuring that we remain competitive in a rapidly evolving industry.

Sustainability and Governance

We remain committed to the highest standards of corporate governance and responsible business practices.

During the year, the Board continued to strengthen oversight structures and governance processes. On 30 September 2025, Mr. Ramaswamy Narayanan resigned as a nonexecutive director. In addition, Mr. Kennedy Ontiti resigned as the Company Secretary on 27 November 2025, and Ms. Sally Gitau was appointed to assume the responsibility. I extend my gratitude to Mr Narayanan and Mr Ontiti for their dedicated service to the Company while serving on the Board.

Sustainability remains integral to our long-term strategy. We are actively embedding ESG principles into our operations and preparing for the adoption of IFRS S1 and S2 sustainability disclosure standards, ensuring that we are well positioned for the evolving regulatory landscape.

Outlook

Looking ahead, we remain cautiously optimistic.

The global economic outlook is moderately positive but fragile, with steady growth supported by easing inflation and improving financial conditions, yet tempered by persistent geopolitical risks, policy uncertainty, and structural economic pressures. Within our core markets, Kenya will likely track the global outlook closely - growing steadily, but with limited upside due to fiscal pressure and sensitivity to global financial conditions.

Tanzania on the other hand, is likely to outperform the global and regional average, benefiting from structural growth drivers and a relatively insulated domestic demand base.

The Group enters 2026 from a position of strength. The strategic actions taken over the past two years - particularly in portfolio market and product refinement, capital strengthening, and market positioning - provide a solid foundation for the next phase of growth.

We remain focused on disciplined execution, recognising that sustainable value creation requires both patience and consistency. At the same time, we are well positioned to respond to opportunities as they arise, supported by our strong capital base and experienced team.

EARe at 30

As we celebrate 30 years of excellence, we recognise that our success has been built on trust, discipline, and long-term partnerships.

This milestone belongs to all who have contributed to our journey—our clients, shareholders, partners, and employees and we thank you for your continued support.

Appreciation and Closing

I extend my sincere appreciation to our shareholders for their continued confidence, to my fellow Directors for their stewardship, and to our management and staff for their dedication and professionalism.

To our clients and partners, we remain committed to delivering value through responsiveness, agility, and excellence in service.

Conclusion

The year 2025 was one of discipline, resilience, and strategic clarity.

While the operating environment remains uncertain, the Group is stronger, more focused, and better positioned for the future. With continued discipline and a clear strategic direction, we are confident in our ability to deliver sustainable growth and long-term value.

Thank you.

A.K. Wainaina
Chairman
4 March 2026

EARE AT 30

2025 was a milestone year for the Group - we celebrated 30 years of excellence in reinsurance, built on trust, discipline and long-term partnerships.

Reflecting on three decades of growth, innovation, commitment and resilience, we reaffirmed our dedication to delivering enhanced value to all our stakeholders.



IRA Commissioner, TIRA official and Company Directors cutting the cake during the 30th Anniversary Celebrations.



Guests experiencing the Company's 30-year history through a commemorative milestone display.



The CEO and a few staff members sharing a moment with the Ghetto Classics team during the 30th Anniversary Celebrations



**YEARS OF
SECURED SOLID PARTNERSHIP**

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of East Africa Reinsurance Company Limited (the "Company") and its Subsidiary, East Africa Reinsurance (Tanzania) Company Limited (the "Subsidiary") (together the "Group").

1. Incorporation

The Company is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015, as a private company. The address of its registered office is set out as part of the Corporate Information on page 3.

2. Principal activities

The Group is engaged in underwriting all classes of reinsurance and reinsurance businesses as defined by the Insurance Act Cap 487, Laws of Kenya, and the Tanzania Insurance Act, 2009.

3. Group and Company Results

The Group reported a profit after tax of Kshs 864,043,000 (2024: Kshs 804,325,000). The Company's profit after tax of Kshs 742,992,000 (2024: Kshs 724,846,000) has been added to retained earnings for the Non-Life Business and to the general reserve for the Life Business.

	GROUP 2025 Kshs'000	GROUP 2024 Kshs'000	COMPANY 2025 Kshs'000	COMPANY 2024 Kshs'000
Profit before income tax	1,186,287	957,209	1,024,697	849,293
Income tax expense	(322,244)	(152,884)	(281,705)	(124,447)
Profit after income tax	864,043	804,325	742,992	724,846

4. Dividends

The Directors recommend the payment of a first and final dividend of Kshs 300,000,000 (2024: Kshs 200,000,000) representing a dividend per share of Kshs 200 (2024: Kshs 133.33) and a dividend payout ratio of 40% (2024: 25%).

5. Business review

The Group reported a profit before tax of Kshs 1,186,287,000 (2024: Kshs 957,209,000), whereas the Company reported a profit before tax of Kshs 1,024,697,000 (2024: 849,293,000). The increase in profitability was primarily attributed to foreign exchange stability and an increase in insurance service revenue compared to the prior period. The Group reported a double-digit growth in insurance revenue driven by sustained marketing efforts. The Group and Company's financial highlights, including key performance ratios, are summarised on pages 7 to 9.

The Company has maintained a robust capital adequacy ratio (CAR) at 400% and 348% for Non-Life and Life Businesses, respectively. These ratios are well above the regulator's minimum capital requirement of 100% and the prescribed requirement of 200%, ensuring the Company is well-positioned to pursue its strategic plan supported by this strong capital position.

The Group's activities expose it to a variety of risks, including underwriting risk, accumulation risk, retrocession risk, concentration risk, strategic risk and credit risk, among others. The Group's overall risk management focuses on proactive risk anticipation, risk identification and risk management to minimise potential adverse effects on its financial performance. Details of these risks and relevant risk management strategies are included under Note 2.

Details of the Group's strategy are contained in the Chairman's statement.

6. Directors

The Directors who held office during the year to the date of this report are shown on page 3.

7. Disclosure to the Auditor

The Directors confirm that with respect to each director at the time of approval of this report:

- there was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. Terms of Appointment of the Auditor

KPMG Kenya continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

9. Approval of the Financial Statements

The financial statements set out on pages 33 to 165, which have been prepared on the going concern basis, were approved and authorised for issue by the Board of directors on 4 March 2026.

By Order of the Board

S. Gitau
Company Secretary
4 March 2026

The Board of Directors and Management of East Africa Reinsurance Company Limited (the “Company”) and its Subsidiary, (together the “Group”) are committed to upholding the highest standards of corporate governance and ensuring compliance with applicable legislation, regulations, and best practices in the insurance industry. The Group continues to fulfill its corporate governance obligations and responsibilities in the best interests of all its stakeholders. The Board recognises that good corporate governance enhances the Group's performance, ensures business sustainability, and maintains stakeholder confidence and trust.

The Group has a binding Code of Business Conduct and Ethics for all its employees to ensure its business is conducted ethically, fairly, and transparently. The Board is guided by a Board Charter, which defines the constitution, roles, responsibilities, and authorities of the Board of Directors.

The Board recognises that the principles of corporate governance are continuously evolving, and in this regard, it continues to monitor, anticipate, and respond to global corporate governance developments and trends. Further, the Board has continued to embrace the principles of sustainable insurance by integrating environmental, social, and governance (ESG) factors in its corporate decision-making process and strategy implementation. The “Statement of Social and Environmental Responsibilities” provides details on the various initiatives supporting the Group's sustainability agenda.

1. BOARD OF DIRECTORS

The Board of Directors is responsible for the Group's vision and providing strategic direction in line with best practices while promoting and protecting shareholder value. This is achieved by setting appropriate business strategies and plans and establishing a mechanism to monitor performance against them. The Board of Directors is accountable to the shareholders and is therefore, responsible for providing overall leadership to the Group.

1.1 Roles and Responsibilities of the Board

The key roles of the Board include:

- Providing strategic direction by exercising sound, objective and informed judgment;
- Monitoring performance and reporting to shareholders;
- Setting appropriate policies, guidelines and governance structures for effective management of business operations; and
- Ensuring that the Group conducts its business in an ethical manner and complies with applicable laws and regulations.

The Board has established three Board Committees, namely: the Finance, Investments, and IT Committee; the Audit, Risk and Compliance Committee; and the Ethics, Nominations and Remuneration Committee. These Committees ensure that the Company has adequate internal controls and robust risk management processes, complies with relevant laws and regulations, and delivers on its commitment to all stakeholders.

In carrying out the above responsibilities, the Board delegates its authority to the Group Chief Executive Officer to oversee the day-to-day management and implementation of the strategy. However, the Board retains the overall responsibility for the Group's financial performance, compliance with laws and regulations, monitoring operations and ensuring competent business management.

1.2. Board Composition and Appointments

As at the date of this report, nine directors served on the Company's Board, eight of whom were non-executive and one executive, the Group Chief Executive Officer. The Directors have diverse experiences and competencies in various industries, including Insurance, Banking, Legal, Accounting, and Auditing. This diversity provides the Board with a range of relevant skills in discharging its responsibilities and brings independent judgment and risk assessment in the decision-making process. All directors comply with the Guidelines of Suitability of Key Persons set out by the Insurance Regulatory Authority.

The Board maintains transparent procedures for the appointment and induction of new members. The Board of Directors makes appointments after receiving recommendations from the Ethics, Nominations and Remuneration Committee.

All Directors have a fixed tenure in office and are required to retire every three years, with a provision for re-election, subject to attaining a favourable performance evaluation by the Board

1. BOARD OF DIRECTORS (continued)

1.3. Board Meetings

The Board meets at least four times a year, while special meetings are called when necessary. Each year, the Board meetings calendar is prepared in advance and provided to all directors. The notice of Board meetings is circulated in accordance with the Company's Articles of Association and distributed to all the Directors beforehand, along with the agenda and accompanying Board papers through the Boardvantage system. This ensures that the Directors have sufficient time to review the Board papers ahead of the meeting and therefore have meaningful deliberations during the meetings.

The Board maintains transparent procedures for the appointment and induction of new members. The Board of Directors makes appointments after receiving recommendations from the Ethics, Nominations and Remuneration Committee.

The Board of Directors has full and unlimited access to the Group's records. All reports from external stakeholders, such as professional consultants, rating agencies, and regulatory bodies, are reviewed at board meetings, and appropriate actions are taken.

1.4. Board Evaluation

An independent evaluation of the performance of the Board, its Committees, and the respective Directors is undertaken. This evaluation process aims to improve the Board's overall performance, incorporate any amendments that the Insurance Regulatory Authority may issue, and adopt best practices.

2. REMUNERATION OF DIRECTORS

The Board is remunerated fairly and responsibly based on a compensation structure aligned with the Company's strategy. The Directors' remuneration reflects their roles and responsibilities and takes into account industry benchmarks and international practices. The Shareholders approve the directors' remuneration at every Annual General Meeting.

The aggregate amount of emoluments paid to non-executive directors for services rendered during the financial year is disclosed in Note 33(c) to the financial statements for the year ended 31 December 2025.

3. COMMITTEES OF THE BOARD

While the Board has ultimate responsibility for the Company's performance and corporate governance, it has delegated certain powers to various committees to enable the effective execution of its mandate and responsibilities.

The committees of the Board are as follows:

- The Finance, Investment and IT (FII) Committee.
- The Audit, Risk and Compliance (ARC) Committee.
- The Ethics, Nominations and Remuneration (ENR) Committee.

Each of the three Committees has detailed terms of reference set out by the Board in line with the guidelines issued by the Insurance Regulatory Authority and best practices. The Committees hold meetings regularly, as per the schedule set at the beginning of each year. The Committees meet and make recommendations to the Board on matters within their respective mandates. The Board may delegate some of its powers to any established committees or appoint any other committee or adhoc task force as it may deem necessary.

3.1 Finance, Investments and IT Committee

The Finance, Investment and IT (FII) Committee is chaired by a Non-executive Board member. The other members include the Group Chief Executive Officer and non-executive appointees of the Board. The Group Chief Finance Officer and the Group Head of Technical Business are regular invitees to the meetings.

The Committee meets every quarter and oversees the formulation and implementation of the Company's financial, investment, and information technology strategies, policies and plans on behalf of the Board. It also reviews and monitors the Company's compliance with investment policy statement and applicable regulatory guidelines; approves, or recommends to the Board for approval, investment projects in line with the Company's investment policy; reviews the performance of the investment portfolio; and monitors the implementation of special projects.

3.2. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance (ARC) Committee is chaired by an independent Non-executive Director with accounting and finance knowledge and experience. The other members are non-executive appointees of the Board. The Group Chief Executive Officer, the Group Chief Finance Officer, the Group Head of Technical Business and the Risk and Compliance Manager are regular invitees to the meetings.

3. COMMITTEES OF THE BOARD (continued)

3.2. Audit, Risk and Compliance Committee (continued)

The ARC Committee meets quarterly and is responsible for ensuring that the Company's internal systems, controls, procedures and policies, including risk management processes, are properly established, monitored, and reported on. The Committee receives reports and reviews the findings of appointed actuaries, regulators, internal and external auditors, the risk and compliance department and rating agencies and monitors the implementation of their recommendations on behalf of the Board.

In addition, the ARC Committee is responsible for monitoring and oversight of the financial reporting process as established by Management to ensure accurate and timely financial reporting; and entrenching good corporate governance practices.

3.3. Ethics, Nominations and Remuneration Committee

The Ethics, Nominations and Remuneration (ENR) Committee is chaired by a Non-executive Director. The other members include non-executive appointees of the Board and the Group Chief Executive Officer. The Group Chief Finance Officer and Human Resource & Administration Manager are regular invitees to the meetings.

The Committee meets biannually and is responsible for, among other things, making recommendations to the Board on remuneration and incentive policies; recruitment, retention and termination policies for senior management; and remuneration framework for directors. The ENR Committee is also responsible for developing a process for evaluating the performance of the Board, its Committees and the respective Directors, as well as succession planning.

4. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for establishing and overseeing the Company's risk management and internal control framework through the Audit, Risk and Compliance (ARC) Committee. An effective risk management framework ensures a systematic and orderly process of identifying, assessing, managing, monitoring, and reporting all material risks that could adversely impact the achievement of the business objectives. On the other hand, the internal control framework comprises a set of internal policies and procedures that ensure the integrity of financial and accounting information, promote compliance and operational efficiency, and prevent fraud.

The Board of Directors has established and approved appropriate internal policies and procedures across all critical business processes to ensure effective and efficient management of business operations. Internal policies and procedures are reviewed by management on a regular basis to ensure they remain relevant, effective, and aligned with applicable laws and regulations and prevailing market conditions; any changes to the policies are subject to Board approval.

The Board has established a Risk and Compliance Department headed by the Function Manager, who directly reports to the ARC Committee, as required by the Insurance Regulatory Authority. The Risk and Compliance function is responsible for monitoring and reporting on the Company's ongoing risk management activities, assessing the effectiveness of internal controls, and ensuring adherence to internal policies and compliance with applicable laws and regulations. In addition, the Internal Audit function reviews the internal control environment on a regular basis. It gives the Board assurance over the effectiveness of the internal control environment while highlighting areas of improvement. These control functions regularly report ongoing audit, risk, and compliance matters to the ARC Committee to ensure effective oversight by the Board.

5. EMPLOYEE GROWTH AND DEVELOPMENT

The Group respect employee individuality within the practices of its corporate culture. The Group's performance-based culture is guided by the Balanced Scorecard (BSC), a performance management system that focuses on qualitative and quantitative performance. The BSC aligns the performance of the individual employees with the corporate objectives and values. Whereas an increase in shareholder value can readily measure the attainment of quantitative goals, the attainment of qualitative goals is measured by employees' personal growth.

The Group has established strategic learning and growth objectives that enable employees to achieve their career aspirations. In addition, the Group encourages and supports employees in undertaking continuous professional development (CPD) training programs to elevate their professional competencies and be in good standing with the various professional bodies' CPD requirements.

The Group further recognises the need for diversity, equality and inclusivity; non-discrimination; and provision of a safe and conducive work environment for all its staff. The Group also embraces regular team-building initiatives to create a sense of

STATEMENT OF CORPORATE GOVERNANCE continued

oneness among staff.

6. CONFLICT OF INTEREST

The Directors are required to always act in the Company's best interest. Consequently, all Directors have an obligation to disclose any conflict of interest at the beginning of every Board meeting in relation to matters that are brought before them for deliberation. A Director must refrain from discussing or voting on matters of potential conflict of interest.

Further, a process of declaration of interest has been implemented, and all staff are required to declare any relevant interests where applicable. The Group's Code of Business Conduct & Ethics outlines measures employees should take to avoid conflicts of interest.

7. RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Group and its Directors or Management except those disclosed in Note 33 to the financial statements for the year ended 31 December 2025.

8. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of its knowledge, the Board is satisfied that the Group has implemented appropriate measures and safeguards to ensure compliance with all the applicable laws and regulations. The Compliance function is responsible for tracking the Group's compliance with all applicable laws and regulations. The Group leverages on the Governance, Risk & Compliance (GRC) system to maintain a comprehensive compliance register which enhances compliance with relevant laws and regulations.

The Audit, Risk and Compliance Committee is responsible for monitoring compliance and ensuring that any breaches are promptly and adequately resolved. To the knowledge of the Board, no Director or employee of the Group acted or committed any indictable offense in conducting the affairs of the Group nor been involved or been used as a conduit for money laundering, terrorism financing, proliferation financing or any other activity in contravention of relevant laws and regulations.

9. DIRECTORS' ATTENDANCE OF MEETINGS

The Company Secretary keeps the Board attendance record, which is noted in the minutes of the respective meetings.

Key

- Yes - In attendance.
- No - Absent with apologies.
- N/A - Not expected to attend.

The Directors' attendance record at the Board and its Committee meetings is as follows.

9.1 BOARD

	Position	18 March	22 May	07 August	27 November
A.K. Wainaina	Chairman	Yes	Yes	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes	Yes	Yes
J.P.M Ndegwa	Member	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	Yes
P.K. Mugambi	Member	Yes	Yes	Yes	Yes
L. Murage	Member	Yes	Yes	Yes	Yes
R. Narayanan*	Member	Yes	No	No	N/A
L.N. Nyachae	Member	Yes	Yes	Yes	Yes
C.W. Nganga	Member	Yes	No	Yes	No
W. Mwaniki	Member	Yes	Yes	Yes	Yes
K.M. Ontiti**	Company Secretary	Yes	Yes	Yes	N/A
S. Gitau***	Company Secretary	N/A	N/A	N/A	Yes

9.2 FII

	Position	24 February	02 May	30 July	12 November
P.K. Mugambi	Chairman	Yes	Yes	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	Yes
L. Murage	Member	Yes	Yes	Yes	Yes
C.W. Nganga	Member	Yes	Yes	Yes	Yes
K.M. Ontiti**	Company Secretary	Yes	Yes	Yes	Yes

9.3 ARC

	Position	24 February	02 May	30 July	12 November
L. Murage	Chairman	Yes	Yes	Yes	Yes
P.K. Mugambi	Member	Yes	Yes	Yes	No
P.K. Maina	By invitation	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	No
W. Mwaniki	Member	No	Yes	Yes	Yes
K.M. Ontiti**	Company Secretary	Yes	Yes	Yes	Yes

9.4 ENR

	Position	25 February	08 October
J.P.M Ndegwa	Chairman	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes
P.K. Mugambi	Member	Yes	Yes
A.K. Wainaina	By invitation	Yes	Yes
L.N. Nyachae	Member	Yes	Yes
K.M. Ontiti**	Company Secretary	Yes	Yes

* Resigned on 30 September 2025

** Resigned on 27 November 2025

*** Appointed on 27 November 2025

10. COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are followed and that the Board and Committee meetings are held procedurally in conjunction with the Chairman and the Group Chief Executive Officer. The Company Secretary links the flow of information between the Management and the Board and ensures that the Board receives adequate and timely information, and that Management similarly receives feedback. The Company Secretary ensures that the business of the Board meets all statutory requirements, keeps all legal, governance and regulatory requirements under review and briefs the Board accordingly about these developments.

All Directors have access to the Company Secretary, who is also responsible for implementing and monitoring good corporate governance practices at the Board.

The Company Secretary is appointed by the Directors for a term and remuneration they deem fit.

STATEMENT OF CORPORATE GOVERNANCE continued

11. ACTUARIAL FUNCTION

The Group has set up an in-house actuarial function. This function evaluates and provides advice to the Group regarding, at a minimum, technical provisions and compliance with related statutory and regulatory requirements. The Company has further contracted an Independent Actuary who is a Fellow of The Actuarial Society of Kenya in compliance with the Actuarial Function Guidelines released by the Regulator. During the year, the appointed actuary generated the technical liabilities used in the Company audited financial statements and commented on the Company's Financial Condition via the Financial Condition Report (FCR).

12. SHAREHOLDERS

The list of the Shareholders and their holdings at the year-end was as follows:

	2025 Number of Shares	%	2024 Number of Shares	%
ICEA LION Life Assurance Company Limited	463,627	30.91	463,627	30.91
First Chartered Securities Limited	442,829	29.52	397,829	26.52
Kenindia Assurance Company Limited	239,898	15.99	239,898	15.99
General Insurance Corporation of India	221,281	14.75	221,281	14.75
GA Insurance Limited	102,870	6.86	102,870	6.86
Pioneer Holdings (Africa) Limited	-	-	45,000	3.00
Apollo Investments Limited	20,211	1.35	20,211	1.35
United Insurance Company Limited (In Receivership)	9,284	0.62	9,284	0.62
	1,500,000	100.00	1,500,000	100.00

A.K. Wainaina
Chairman
4 March 2026

L. Murage
Director
4 March 2026

P.K.Maina
Director
4 March 2026

The Board of Directors and Management at East Africa Reinsurance Company uphold the principles of sustainable insurance, reflecting the Group’s mission to deliver sustainable value for all stakeholders. In keeping with this commitment, the Group integrates environmental, social, and governance (ESG) measures into its strategic planning and decision-making processes. Moreover, it remains firmly committed to advancing the United Nations (UN) Sustainable Development Goals (SDGs), recognising their effectiveness in advancing consistent and positive impact on the community over the years.

The Company is a signatory to both the Nairobi Declaration on Sustainable Insurance and the United Nations Environment Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI). Accordingly, the Company has committed to joining other global players in supporting the achievement of the UN Sustainable Development Goals and addressing major global sustainability challenges such as climate change, biodiversity loss, ecosystem degradation and pollution, human rights violations, poverty and social inequalities.

SUSTAINABILITY STRATEGY

The Group’s sustainability strategy involves integrating Environmental, Social, and Governance (ESG) factors across underwriting, investment, and operations to manage risks, reduce climate impact, and drive sustainable growth. In its pursuit of these ambitions, the Company recognises the importance of building strong partnerships with stakeholders aligned with SDG 17: “Partnerships for the Goals”, which emphasises the need to work together to achieve sustainability. This report provides details of the Group’s efforts and contributions toward SDGs across the ESG pillars.

ENVIRONMENTAL SUSTAINABILITY INITIATIVES

Advancing Afforestation and Reforestation

In line with SDG 15 “Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”, the Group remains committed to supporting efforts that safeguard, revive, and conserve the environment. The Group takes deliberate action to mitigate the impacts of climate change by engaging in projects that expand and restore forest cover, thereby helping to reduce carbon emissions.

During the year, as part of this commitment, the Company maintained its partnership with the Kenya Forestry Research Institute (KEFRI) to enhance national forest cover and mitigate the effects of climate change. The Company established a seedling nursery in 2023, through which 10,000 seedlings were distributed to various stakeholders, including corporates, schools, and individuals, to support environmental conservation and climate resilience. This initiative was sustained in 2024 with the distribution of an additional 15,000 seedlings. In 2025, the Company commenced the third phase of the nursery and is currently nurturing 15,000 indigenous tree seedlings for future distribution at no cost, reinforcing its commitment to long-term environmental sustainability.



Seedling distribution to staff under the EARe and KEFRI initiative, aimed at promoting tree planting.

Sustainable Investing

During the year, the Company made additional investments in solar-powered systems at its investment property, Acorn House. This initiative aims to conserve energy and reduce reliance on hydro and fuel-based power sources, in line with SDG 13: “Take urgent action to combat climate change and its impacts”. Further, the investment property undergoes a comprehensive energy audit every three years to identify opportunities for further energy-saving measures.

In 2025, the Company invested in the Safaricom Green Bond issued by Safaricom Plc, which targets investment in eligible green projects. This investment is an affirmation of the Group’s commitment towards sustainable financing.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES STATEMENT continued

Sustainable Operations

Environmental stewardship remains a priority for the Company, supported by internal initiatives focused on energy conservation, environmental protection, and reducing carbon emissions across its operations. These efforts align with SDG 13 “Climate Action” and SDG 12: “Ensure sustainable consumption and production patterns”. They include implementing an electronic data management system to significantly reduce paper use and carbon emissions, installing LED bulbs in office premises, and adopting server virtualisation technology in the data centre to minimise the energy required for physical servers.

Sustainable Underwriting

The Company participates in several reinsurance programmes that directly support infrastructure projects that generate clean and renewable energy (i.e., both solar and geothermal energy), in Kenya and other markets, in line with SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”.

Some of the major solar energy projects covered by the Company’s reinsurance programmes are the Garissa Solar Photovoltaic Power Plant in Kenya, the largest gridconnected solar plant in East and Central Africa; the Helios BeauChamp Solar PV Park in Mauritius; and the Farmers Choice Solar Power project in Kenya. The Company also underwrites several major geothermal energy projects, including the Kenya Electricity Generation Company (KenGen) geothermal plants, Geothermal Development Company, and the Menengai Geothermal Project.

SOCIAL SUSTAINABILITY INITIATIVES

Education

The Company regards education as a fundamental human right and a key catalyst for sustainable development in line with SDG 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. For over ten years, the Company has offered education scholarships to bright and needy students. This program has consistently empowered talented students from disadvantaged backgrounds to gain access to secondary education, opening doors to life-changing opportunities. The program covers tuition fees, boarding costs, books, uniforms, shopping, and pocket money, to uplift the students and their wider communities. The Company sponsors eligible students either directly or through a partnership with Ghetto Classic and the Street Children Association Network of Nakuru (SCANN).



Staff with alumni and current scholars at the 10th anniversary celebration of the education scholarship program.

The success of the program is measured by the rate of direct university admissions after sitting the final secondary education examination (KCSE). During the year, all but one of the sponsored KCSE exam candidates qualified for university entry. In the last seven years, over 73% of the sponsored students have successfully enrolled in various universities. To further support their development, the Company hosts a Student Holiday Internship Program, which enables former beneficiaries to gain practical work experience during their tertiary education.

During the year, the Company celebrated the 10th anniversary of the mentorship program by hosting an event for alumni and current scholarship students to mark a significant milestone in the education program. This landmark event also involved all employees who, over the years, actively participated in mentoring sessions, shared valuable experiences, or engaged in interactive activities.

Health

Through a longstanding partnership with the Faraja Cancer Support Centre, the Company has consistently helped improve the lives of cancer patients. During the year, the Company donated to Faraja Cancer Support Centre's "Be Bold Go Gold" annual initiative, which supports children in Kenya living with cancer.

In addition, staff members visited the Kenyatta National Hospital, where they engaged with patients across seven oncology wards. During the visit, staff supported diversional therapy activities, including knitting, crocheting, and art, as part of efforts to promote patient well-being.

To demonstrate the Company's commitment to safeguarding the physical and mental well-being of all team members and in keeping with SDG 3: "Ensure healthy lives and promote well-being for all at all ages", the Company places a high priority on supporting the holistic well-being of its workforce. The Company hosts regular medical awareness sessions covering key health and well-being topics, conducts annual medical checkups, and provides comprehensive medical insurance and group life insurance cover for all its staff members. Employees enjoy access to a fully equipped gym and professional fitness trainers, promoting a culture of health and wellness. Furthermore, to ensure comfort and prevent workplace strain, ergonomic chairs are provided in the office to support optimal posture during work hours.

Social and Child Welfare

During the year, the Company provided donations to the Street Children Association Network of Nakuru (SCANN), a home for street boys in Nakuru, and the Agape Children Home in Nairobi. This reaffirmed the Company's commitment to social responsibility and community development.

Additionally, as part of the Company's 30th Anniversary celebrations held during the year, the Company sponsored an initiative by SCANN, which operates a daily 'Hot Kitchen', and provided free meals to those in need in the Nakuru community for two days. This sponsorship aimed to extend our support to the community and share the 30th anniversary milestone with those in need.



Staff serving at the Hot Kitchen, in collaboration with SCANN.

Diversity, Inclusivity, Employee Well-being, and Growth

Employees' well-being is a top priority for the Company. Recognising the need for diversity, equal opportunity, gender sensitivity, and a safe, conducive work environment, the Company aligns its efforts with SDG 8 "Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all".

The Company maintains a competitive remuneration structure, recognises and rewards strong performance, and offers flexible working conditions to encourage productivity and promote a healthy work-life balance. Regular team-building activities further foster unity among employees, cultivating a positive and engaging workplace culture.

The Company's dedication to creating opportunities for career advancement underpins both individual and organisational success. During the year, the Company introduced a Leadership Development Program for all staff members, underscoring its commitment to professional growth and inclusivity. Over the years, the Company has consistently invested in professional studies, certifications, training programs, and memberships to professional bodies, ensuring employees remain at the forefront of their fields.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES STATEMENT continued

As part of its commitment to fostering an inclusive and supportive work environment, the Company offers flexible working hours, parental leave, and work-from-home arrangements to accommodate employees at different stages of life, including new mothers. Additionally, the Company's premises have a dedicated lactation room to support the health and well-being of nursing staff. By supporting every employee's ability to thrive personally and professionally, the Company continues to embody the principles of SDG 8.



Staff at a team building at The Forest, Kereita.

Sustainable Underwriting and Operations

As part of the core underwriting business, the Company underwrites certain lines that directly address and support critical social needs, such as medical, critical illness, and individual life covers. Beyond technical support, the Company provides its clients with regular training on various health matters to promote healthy lifestyles within the community.

Further, as part of its promise to its clients, the Company ensures the timely payment of verified claims to fulfil its fiduciary and social responsibility to secure insurance cover for the ultimate policyholders.

Sustainable Investing

The Company's investment portfolio includes a significant investment in government securities that ultimately contribute directly or indirectly to the national macro-economic and social agenda that benefits the citizenry.

SUSTAINABLE GOVERNANCE

Corporate Governance Risk Management and Compliance

The Company has a robust governance structure designed to maintain high standards of oversight, integrity and ethics. The statement of corporate governance reflects the commitment of the Board of Directors and Management of the Company to upholding the highest standards of corporate governance, fostering an effective risk management and internal control framework, and ensuring compliance with applicable laws and regulations, in line with best practices.

The Board of Directors plays a critical role in shaping internal policies, culture, and business practices to ensure effective and efficient management of business operations. As such, the Group has a comprehensive suite of policies and procedures covering all critical business processes, including underwriting, investments and operations. These policies and procedures are reviewed and updated regularly to ensure they remain relevant, compliant with applicable laws and regulations and aligned with industry best practices.

The Board has established a Risk and Compliance function that is responsible for identifying, assessing, and reporting on material risks and opportunities affecting the Group, and for ensuring compliance with applicable laws and regulations and adherence to established policies and procedures. The Risk and Compliance function reports directly to the Audit, Risk and Compliance Committee of the Board, thus enabling effective oversight by the Board of Directors. Further, the Company Secretary ensures that the business of the Board of Directors meets all statutory requirements, keeps all legal, governance, and regulatory requirements under review, and regularly updates the Board on all matters related to their fiduciary responsibilities.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of East Africa Reinsurance Company Limited (the "Group and Company") set out on pages 33 to 165, which comprise the consolidated and company statements of financial position as at 31 December 2025, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policies in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards, hereinafter referred to as "IFRS Accounting Standards") and in the manner required by the Kenyan Companies Act, 2015.

The Directors' responsibilities include determining that the basis of accounting described in Note 1 is an acceptable basis for preparing and presenting the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position and profit or loss of the Group and Company.

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the consolidated and company financial statements give a true and fair view of the financial position of the Group and Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and company financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 4 March 2026.

A.K. Wainaina
Chairman
4 March 2026

L. Murage
Director
4 March 2026

P.K. Maina
Director
4 March 2026

REPORT OF THE CONSULTING ACTUARY

I have conducted an insurance liability valuation of the Company's insurance liabilities at 31 December 2025.

The valuation was conducted in accordance with generally accepted actuarial principles and the requirements of the Insurance Act Cap 487 of the Laws of Kenya. These principles require prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies. In completing the actuarial valuation, I have relied upon the separate financial statements of the Company.

In my opinion, the Company's insurance liabilities were adequate as at 31 December 2025.

J.I. Olubayi
Zamara Actuaries, Administrators and Consultants Limited
4 March 2026



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST AFRICA REINSURANCE COMPANY LIMITED

Report on the audit of the financial statements

Opinion

We have audited the consolidated and separate financial statements of East Africa Reinsurance Company Limited ("the Group and Company") set out on pages 33 to 165, which comprise the consolidated and company statements of financial position as at 31 December 2025, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2025, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

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 consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated and separate financial statements of public interest entities in Kenya, and we have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of insurance and reinsurance contract liabilities

The disclosure associated with the valuation of insurance and reinsurance contract liabilities is set out in the financial statements in the following notes:

- Note 1.4 – Insurance and Reinsurance Contracts
- Note 1.22 – Use of Judgements and Accounting Estimates.
- Note 24 – Insurance contracts
- Note 25 – Reinsurance contracts.

The key audit matter	How the matter was addressed in our audit
At 31 December 2025, the Group and Company held insurance and reinsurance contract liabilities as a result of its insurance operations. The Group and Company applies IFRS 17 Insurance contracts to insurance contracts and reinsurance contracts it issues, and reinsurance contracts it holds.	Our audit procedures included the below, amongst others: <ul style="list-style-type: none"> • We assessed the appropriateness of management's allocation of groups of contracts by reviewing management's grouping analysis, inspecting sample contracts, performing walkthroughs of the process used to assign portfolios and annual cohorts.

KPMG Kenya is a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Partners

AM Mbai	JM Ngonga
BM Ndung'u	MM Gachuhi
BO Amukah	M Muthusi
GM Kasimu	PI Kinuthia
J1 Kariuki	S Ituku
JM Gathecha	S Obock
JM Nduonyu	W Genga

Key audit matters (continued)

Valuation of insurance and reinsurance contract liabilities (continued)	
See notes 1.4, 1.22, 24 and 25 to the financial statements.	
Key audit matter (continued)	How the matter was addressed in our audit
<p>All contracts were accounted for under the simplified premium allocation approach.</p> <p>In valuing insurance and reinsurance contract liabilities, management applies significant judgment including best estimate assumptions on expected claims, premiums, expenses, commissions and related charges, and any changes to these assumptions may materially affect the resulting liabilities.</p> <p>The most significant assumptions made in the valuation of insurance and reinsurance contract liabilities arising from the Group and Company's insurance contracts relate to:</p> <ul style="list-style-type: none"> • Discount rates • Confidence levels applied in determining the risk adjustment for non-financial risk. <p>We considered the valuation of insurance and reinsurance contract liabilities to be a key audit matter in our audit of the consolidated and separate financial statements because of the following:</p> <p>The significant judgments and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; and</p> <p>The significant nature of the insurance and reinsurance contract liabilities on the consolidated and separate statements of financial position and resultant impact on the consolidated and separate statements of comprehensive income.</p>	<ul style="list-style-type: none"> • We evaluated the accuracy of the risk adjustment, including calculation method, and its related release by performing walkthroughs and inspection of supporting calculations. • We tested the effectiveness of management controls over the valuation of insurance contract liabilities. • With the assistance of our actuarial specialists, our procedures included; <ul style="list-style-type: none"> • Assessing the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Group and Company accounting policies. • Challenging key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data (discount rate and confidence levels applied in the determination of the risk adjustment) and our assessment of the Group and Company's analysis of experience to date and allowance for future uncertainty. • Our challenge focused on the assumptions around the discount rate (and associated illiquidity premium) and the confidence levels applied in the determination of the risk adjustment for non-financial risk. <ul style="list-style-type: none"> • Evaluating whether the risk characteristics and expected cash flows supported the chosen measurement buckets under IFRS 17. • Ascertaining compliance of the chosen measurement method with the premium allocation approach (PAA) eligibility criteria in IFRS 17. • For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Group and Company, we assessed management's valuation models. We also assessed the adequacy of the assumptions applied by management, e.g., the claims triangles, and evaluated the year end LIC valuation by reviewing the actuarial models used, testing the accuracy and consistency of the underlying claims data and development triangles, and assessing key assumptions such as loss development factors and expected loss ratios. We also compared current year results to prior year estimates, analysed movements in key claims ratios, and performed back testing to determine whether the assumptions applied by management were reasonable and free from bias. • We evaluated whether the associated disclosures of the insurance and reinsurance contract liabilities in the consolidated and separate financial statements are adequate and in accordance with IFRS 17.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*East Africa Reinsurance Company Limited (Registration number 54208) Annual Report and Financial Statements for the year ended 31 December 2025*", but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

Directors responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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. 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 consolidated and separate 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 consolidated and separate 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 Group and 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 Group and 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 consolidated and separate 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 Group and Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST AFRICA REINSURANCE COMPANY LIMITED

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you solely based on our audit of the consolidated and separate financial statements that in our opinion, the information in the directors' report on pages 14 and 15 is consistent with the consolidated and separate financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jacob Gathecha, practicing certificate No. P/1610.

For and on behalf of

KPMG Kenya
Certified Public Accountants (Kenya)
PO Box 40612 - 00100
Nairobi, Kenya

Date: 30 March 2026



UNIQUE CODE: 989362980206



**2025
FINANCIAL
STATEMENTS**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
Insurance revenue	3	1,768,578	5,595,682	7,364,260	1,461,180	4,894,727	6,355,907
Insurance service expenses	4.1	(1,343,573)	(4,632,215)	(5,975,788)	(1,133,325)	(4,467,568)	(5,600,893)
Reinsurance recoveries	4.2	220,492	130,113	350,605	176,790	437,642	614,432
Reinsurance expenses	4.2	(457,780)	(858,895)	(1,316,675)	(375,858)	(614,795)	(990,653)
Insurance service result		187,717	234,685	422,402	128,787	250,006	378,793
Interest revenue calculated using the effective interest method	7	290,313	671,950	962,263	283,564	707,470	991,034
Other investment revenue	7	6,463	88,134	94,597	5,066	92,393	97,459
Impairment on financial assets	7	(5,824)	(12,002)	(17,826)	(1,770)	5,383	3,613
Investment return		290,952	748,082	1,039,034	286,860	805,246	1,092,106
Net finance expenses from insurance contracts	5	(26,114)	(149,444)	(175,558)	(26,506)	(179,603)	(206,109)
Net finance income from reinsurance contracts	5	8,138	24,684	32,822	6,920	30,317	37,237
Net insurance finance expenses	5	(17,976)	(124,760)	(142,736)	(19,586)	(149,286)	(168,872)
Net financial result		272,976	623,322	896,298	267,274	655,960	923,234
Net insurance and investment result		460,693	858,007	1,318,700	396,061	905,966	1,302,027
Other expenses	6	(15,716)	(113,558)	(129,274)	(15,598)	(86,153)	(101,751)
Foreign exchange losses	32	(2,375)	(764)	(3,139)	(41,091)	(201,976)	(243,067)
Profit before tax		442,602	743,685	1,186,287	339,372	617,837	957,209
Income tax expense	8	(127,837)	(194,407)	(322,244)	(100,304)	(52,580)	(152,884)
Profit after tax		314,765	549,278	864,043	239,068	565,257	804,325
Profit attributable to:							
Owners of the Company		314,401	548,634	863,035	239,068	565,257	804,325
Non-controlling interests		364	644	1,008	-	-	-
		314,765	549,278	864,043	239,068	565,257	804,325



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME CONTINUED

Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs'000	Non-Life business Kshs '000	Total 2024 Kshs '000
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Exchange differences on translation of the net assets of foreign subsidiary	2,064	(6,561)	(4,497)	592	(100,698)	(100,106)
Total other comprehensive income	2,064	(6,561)	(4,497)	592	(100,698)	(100,106)
Total comprehensive income for the year	316,829	542,717	859,546	239,660	464,559	704,219
Total comprehensive income attributable to:						
Owners of the Company	316,448	542,128	858,576	239,660	464,559	704,219
Non-controlling interests	381	589	970	-	-	-
	316,829	542,717	859,546	239,660	464,559	704,219
Earnings per share (Basic and Diluted) Kshs			575.36			536.22
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The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the annual report and financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
Insurance revenue	3	1,334,886	4,478,184	5,813,070	1,220,774	4,310,411	5,531,185
Insurance service expenses	4.1	(1,085,662)	(3,810,501)	(4,896,163)	(985,778)	(3,965,773)	(4,951,551)
Reinsurance recoveries	4.2	60,104	141,377	201,481	86,516	383,636	470,152
Reinsurance expenses	4.2	(151,146)	(660,889)	(812,035)	(211,128)	(557,373)	(768,501)
Insurance service result		158,182	148,171	306,353	110,384	170,901	281,285
Interest revenue calculated using the effective interest method	7	265,802	591,034	856,836	280,048	659,153	939,201
Other investment revenue	7	6,463	88,134	94,597	5,066	92,393	97,459
Impairment on financial assets	7	(4,497)	(8,274)	(12,771)	(1,595)	6,289	4,694
Investment return		267,768	670,894	938,662	283,519	757,835	1,041,354
Net finance expenses from insurance contracts	5	(22,343)	(122,909)	(145,252)	(26,506)	(179,603)	(206,109)
Net finance income from reinsurance contracts	5	5,362	23,326	28,688	6,920	30,317	37,237
Net insurance finance expenses	5	(16,981)	(99,583)	(116,564)	(19,586)	(149,286)	(168,872)
Net financial result		250,787	571,311	822,098	263,933	608,549	872,482
Net insurance and investment result		408,969	719,482	1,128,451	374,317	779,450	1,153,767
Other expenses	6	(11,502)	(87,327)	(98,829)	(11,698)	(68,284)	(79,982)
Foreign exchange losses	32	(2,867)	(2,058)	(4,925)	(39,411)	(185,081)	(224,492)
Profit before tax		394,600	630,097	1,024,697	323,208	526,085	849,293
Income tax expense	8	(123,551)	(158,154)	(281,705)	(100,304)	(24,143)	(124,447)
Profit after tax		271,049	471,943	742,992	222,904	501,942	724,846
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Total other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		271,049	471,943	742,992	222,904	501,942	724,846
Earnings per share (Basic and Diluted) Kshs				495.33			483.23

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the annual report and financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
ASSETS							
Property and equipment	12	-	379,630	379,630	-	413,639	413,639
Right-of-use assets	29	-	1,415	1,415	-	2,868	2,868
Deferred tax asset	26	-	64,783	64,783	-	44,756	44,756
Investment properties	14	-	740,000	740,000	-	735,000	735,000
Intangible assets	13	-	10,449	10,449	-	5,549	5,549
Mortgage loans	16	-	103,896	103,896	-	116,256	116,256
Government securities at amortised cost	19	1,469,494	4,852,897	6,322,391	1,289,032	3,940,332	5,229,364
Corporate bonds at amortised cost	18	200,847	342,636	543,483	-	-	-
Reinsurance contract assets	25	393,534	693,946	1,087,480	395,763	687,520	1,083,283
Receivables arising out of reinsurance arrangements		592,160	1,908,602	2,500,762	434,730	1,384,603	1,819,333
Real estate investments trusts (REITs)	15	-	191,169	191,169	-	181,408	181,408
Equity investments at fair value through profit or loss	15	14,465	28,931	43,396	9,152	18,305	27,457
Other receivables	17	31,971	83,736	115,707	24,165	67,401	91,566
Current tax receivable	9	45,083	9,970	55,053	47,756	26,931	74,687
Deposits with financial institutions	20	1,175,895	1,906,724	3,082,619	1,200,858	2,146,649	3,347,507
Cash and bank balances	27	242,799	287,174	529,973	148,594	430,735	579,329
Total Assets		4,166,248	11,605,958	15,772,206	3,550,050	10,201,952	13,752,002
LIABILITIES							
Insurance contract liabilities	24	1,062,289	4,038,273	5,100,562	1,140,705	3,788,753	4,929,458
Reinsurance contract liabilities	25	562,079	313,088	875,167	371,325	58,517	429,842
Deferred tax liability	26	568,855	-	568,855	452,689	-	452,689
Current tax payable	9	3,647	39,898	43,545	-	15,792	15,792
Lease liabilities	29	-	1,639	1,639	-	3,071	3,071
Other payables	23	80,102	958,580	1,038,682	12,295	512,833	525,128
Total Liabilities		2,276,972	5,351,478	7,628,450	1,977,014	4,378,966	6,355,980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 continued



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
EQUITY							
Share capital	21	500,000	1,000,000	1,500,000	500,000	1,000,000	1,500,000
General reserve	11	1,327,328	-	1,327,328	1,056,279	-	1,056,279
Reserves	11	8,874	268,464	277,338	4,304	250,291	254,595
Translation reserve		2,048	(108,086)	(106,038)	592	(102,171)	(101,579)
Retained earnings	11	50,645	5,021,033	5,071,678	11,861	4,674,866	4,686,727
Equity attributable to owners of the Company		1,888,895	6,181,411	8,070,306	1,573,036	5,822,986	7,396,022
Non-controlling interest		381	73,069	73,450	-	-	-
Total Equity		1,889,276	6,254,480	8,143,756	1,573,036	5,822,986	7,396,022
Total Equity and Liabilities		4,166,248	11,605,958	15,772,206	3,550,050	10,201,952	13,752,002

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the financial statements.

The annual report and financial statements and the notes on pages 33 to 165, were approved and authorised for issue by the Board of Directors on the 4 March 2026 and were signed on its behalf by:

A.K. Wainaina
Chairman
4 March 2026

L. Murage
Director
4 March 2026

P.K. Maina
Director
4 March 2026



COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
ASSETS							
Property and equipment	12	-	365,860	365,860	-	395,468	395,468
Investment in subsidiary	22	-	644,852	644,852	-	644,852	644,852
Deferred tax asset	26	-	43,047	43,047	-	36,397	36,397
Investment properties	14	-	740,000	740,000	-	735,000	735,000
Intangible assets	13	-	6,431	6,431	-	125	125
Mortgage loans	16	-	103,896	103,896	-	116,256	116,256
Government securities at amortised cost	19	1,373,058	4,358,388	5,731,446	1,289,032	3,654,040	4,943,072
Corporate bonds at amortised cost	18	200,847	342,636	543,483	-	-	-
Receivables arising out of reinsurance arrangements		320,016	1,406,936	1,726,952	203,249	839,396	1,042,645
Reinsurance contract assets	25	155,817	534,720	690,537	215,739	593,021	808,760
Real estate investments trusts (REITs)	15	-	191,169	191,169	-	181,408	181,408
Equity investments at fair value through profit or loss	15	14,465	28,931	43,396	9,152	18,305	27,457
Other receivables	17	39,927	49,507	89,434	32,141	100,301	132,442
Current tax receivable	9	45,083	-	45,083	47,693	26,931	74,624
Deposits with financial institutions	20	958,644	1,347,330	2,305,974	1,113,013	1,817,348	2,930,361
Cash and bank balances	27	187,756	143,593	331,349	106,997	289,679	396,676
Total Assets		3,295,613	10,307,296	13,602,909	3,017,016	9,448,527	12,465,543
LIABILITIES							
Insurance contract liabilities	24	750,947	3,115,858	3,866,805	893,930	3,160,036	4,053,966
Reinsurance contract liabilities	25	99,144	111,006	210,150	114,118	-	114,118
Deferred tax liability	26	568,855	-	568,855	452,689	-	452,689
Current tax payable	9	-	39,898	39,898	-	-	-
Other payables	23	49,339	906,748	956,087	-	426,648	426,648
Total Liabilities		1,468,285	4,173,510	5,641,795	1,460,737	3,586,684	5,047,421

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 continued



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2025 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
EQUITY							
Share capital	21	500,000	1,000,000	1,500,000	500,000	1,000,000	1,500,000
General reserve	11	1,327,328	-	1,327,328	1,056,279	-	1,056,279
Revaluation reserve	11	-	199,204	199,204	-	221,545	221,545
Retained earnings	11	-	4,934,582	4,934,582	-	4,640,298	4,640,298
Total Equity		1,827,328	6,133,786	7,961,114	1,556,279	5,861,843	7,418,122
Total Equity and Liabilities		3,295,613	10,307,296	13,602,909	3,017,016	9,448,527	12,465,543

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the financial statements.

The annual report and financial statements and the notes on pages 33 to 165, were approved and authorised for issue by the Board of Directors on the 4 March 2026 and were signed on its behalf by:

A.K. Wainaina
Chairman
4 March 2026

L. Murage
Director
4 March 2026

P.K. Maina
Director
4 March 2026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs'000	Translation reserve Kshs'000	Revaluation reserve Kshs'000	Contingency reserve Kshs'000	General reserve Kshs'000	Total reserves Kshs'000	Retained earnings Kshs'000	Attributable to share- holders	Non- controlling interest	Total equity Kshs'000
Balance at 1 January 2024	1,500,000	(1,473)	243,885	-	833,375	1,075,787	4,316,016	6,891,803	-	6,891,803
Profit for the year	-	-	-	-	222,904	222,904	581,421	804,325	-	804,325
Other comprehensive income	-	(100,106)	-	-	-	(100,106)	-	(100,106)	-	(100,106)
Total comprehensive income for the year	-	(100,106)	-	-	222,904	122,798	581,421	704,219	-	704,219
Transfer from retained earnings to contingency reserve	-	-	-	33,050	-	33,050	(33,050)	-	-	-
Transfer of excess depreciation	-	-	(31,915)	-	-	(31,915)	31,915	-	-	-
Deferred tax on excess depreciation	-	-	9,575	-	-	9,575	(9,575)	-	-	-
Dividends paid	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Balance at 31 December 2024 and 1 January 2025	1,500,000	(101,579)	221,545	33,050	1,056,279	1,209,295	4,686,727	7,396,022	-	7,396,022
Profit for the year	-	-	-	-	271,049	271,049	591,986	863,035	1,008	864,043
Other comprehensive income	-	(4,459)	-	-	-	(4,459)	-	(4,459)	(38)	(4,497)
Total comprehensive income for the year	-	(4,459)	-	-	271,049	266,590	591,986	858,576	970	859,546
Transfer from retained earnings to contingency reserve	-	-	-	45,084	-	45,084	(45,084)	-	-	-
Transfer of excess depreciation	-	-	(31,916)	-	-	(31,916)	31,916	-	-	-
Deferred tax on excess depreciation	-	-	9,575	-	-	9,575	(9,575)	-	-	-
Dividends paid	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Changes in ownership interest - control not lost	-	-	-	-	-	-	15,708	15,708	72,480	88,188
Balance at 31 December 2025	1,500,000	(106,038)	199,204	78,134	1,327,328	1,498,628	5,071,678	8,070,306	73,450	8,143,756
Note(s)	11	11	11	11	11	11	11			

The material accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs'000	Revaluation reserve Kshs'000	General reserve Kshs'000	Total reserves Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
Balance at 1 January 2024	1,500,000	243,885	833,375	1,077,260	4,316,016	6,893,276
Profit for the year	-	-	222,904	222,904	501,942	724,846
Total comprehensive income for the year	-	-	222,904	222,904	501,942	724,846
Transfer of excess depreciation	-	(31,915)	-	(31,915)	31,915	-
Deferred tax on excess depreciation	-	9,575	-	9,575	(9,575)	-
Dividends paid	-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2024 and 1 January 2025	1,500,000	221,545	1,056,279	1,277,824	4,640,298	7,418,122
Profit for the year	-	-	271,049	271,049	471,943	742,992
Total comprehensive income for the year	-	-	271,049	271,049	471,943	742,992
Transfer of excess depreciation	-	(31,916)	-	(31,916)	31,916	-
Deferred tax on excess depreciation	-	9,575	-	9,575	(9,575)	-
Dividends paid	-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2025	1,500,000	199,204	1,327,328	1,526,532	4,934,582	7,961,114
Note(s)	11	11	11		11	

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the annual report and financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Total 2025 Kshs '000	Total 2024 Kshs '000
Cash flows from operating activities			
Cash generated from operations	28	623,050	270,613
Interest paid - lease liability		(263)	(437)
Tax paid	9	(178,321)	(287,128)
Net cash generated/(used in) operating activities		444,466	(16,952)
Cash flows from investing activities			
Purchase of property and equipment	12	(8,992)	(24,192)
Purchases of investment property	14	(12,332)	(803)
Purchase of intangible assets	13	(11,486)	(8,034)
Mortgage loans advanced	16	(8,250)	(103,805)
Mortgage loans repaid	16	20,610	4,857
Proceeds from disposal of equities		-	4,748
Purchase of government securities	19	(2,975,687)	(531,294)
Proceeds from disposal of government securities	19	1,994,268	569,495
Purchase of corporate bonds	18	(540,950)	(5,500)
Proceeds from disposal of corporate bonds	18	-	62,000
Proceeds from deposits with financial institutions	20	7,100,851	12,671,809
Purchase of deposits with financial institutions (maturing over 3 months)		(8,927,638)	(13,669,847)
Investment income received		857,382	938,399
Net cash used in financing activities		(2,512,224)	(92,167)
Cash flows from financing activities			
Principal lease payment		(1,344)	(1,193)
Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost	22	88,188	-
Dividends paid		(200,000)	(200,000)
Net cash used in financing activities		(113,156)	(201,193)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		2,809,340	3,196,309
Effect of exchange rate changes on translation of cash and cash equivalents		(26,009)	(76,657)
Cash and cash equivalents at 31 December	27	602,417	2,809,340

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the annual report and financial statements.

COMPANY STATEMENT OF CASH FLOWS



	Notes	Total 2025 Kshs '000	Total 2024 Kshs '000
Cash flows from operating activities			
Cash generated from/(used in) operations	28	45,666	(41,887)
Tax paid	9	(102,750)	(266,356)
Net cash used in operating activities		(57,084)	(308,243)
Cash flows from investing activities			
Purchase of property and equipment	12	(8,736)	(2,848)
Purchases of investment property	14	(12,332)	(803)
Purchase of intangible assets	13	(9,553)	(186)
Investment in subsidiary	22	-	(355,241)
Mortgage loans advanced	16	(8,250)	(103,805)
Mortgage loans repaid	16	20,610	4,857
Proceeds from disposal of equities		-	4,748
Purchase of government securities	19	(2,419,851)	(250,000)
Proceeds from disposal of government securities	19	1,716,812	337,200
Purchase of corporate bonds	18	(540,950)	(5,500)
Proceeds from disposal of corporate bonds	18	-	62,000
Proceeds from deposits with financial institutions	20	6,444,087	12,161,532
Purchase of deposits with financial institutions (maturing over 3 months)		(7,939,004)	(12,762,693)
Investment income received		795,144	895,115
Net cash used in financing activities		(1,962,023)	(15,624)
Cash flows from financing activities			
Dividends paid		(200,000)	(200,000)
Net cash used in financing activities		(200,000)	(200,000)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		2,626,431	3,154,868
Effect of exchange rate changes on translation of cash and cash equivalents		(4,485)	(4,570)
Cash and cash equivalents at 31 December		402,839	2,626,431

The accounting policies on pages 44 to 68 and the notes on pages 69 to 165 form an integral part of the annual report and financial statements.

GENERAL INFORMATION

East Africa Reinsurance Company Limited (the "Company") is incorporated in Kenya under the Kenyan Companies Act, 2015, as a private limited liability company and is domiciled in Kenya. The address of its registered office is set out on page 3.

The Company is organised into two main divisions, Non-Life business and Life business. Life business underwrites Life related. Non-Life business relates to all other categories of the insurance business accepted by the Company, analysed into several sub-classes of business based on the nature of the assumed risks.

For the Kenyan Companies Act reporting purposes, the balance sheet is presented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income.

The Company's subsidiary, East Africa Reinsurance (Tanzania) Company Limited, is incorporated in Tanzania as a limited liability and offers Non-Life and Life reinsurance solutions. Refer to the Corporate information on page 3 for details of the Company and its Subsidiary's addresses.

1. Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Where reference is made in the accounting policies to Group and Company, it should be interpreted as being applicable to the consolidated and separate financial statements.

1.1 Basis

Statement of compliance with IFRS Accounting Standards

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis of preparation

The financial statements have been prepared on a historical cost basis except where otherwise stated in the accounting policies below.

Use of estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.22.

1.2 New and Amended Standards

New and Amended Standards Adopted by the Group

The following standards and interpretations apply for the first time to the financial reporting period commencing 1 January 2025:

(a) Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment is to be effective for annual periods beginning on or after 1 January 2025.

The above standard and interpretation did not have a significant impact on the Company's financial statements.

1.2 New and Amended Standards (continued)

New Standards and Interpretations Issued but not yet effective

The Group has not applied the following new and revised standards and interpretations that have been published but are not yet effective as at 31 December 2025. None of the changes is expected to have any material impact on the Company's financial statements except IFRS 18, which will require changes to the presentation, and related disclosures, of the profit and loss account and the statement of cash flows.

(a) Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendment is to be effective for annual periods beginning on or after 1 January 2026. (early adoption is available).

(b) Amendments to IFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

These amendments are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

(c) IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' effective 1 January 2027

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

This standard is applicable to annual periods beginning on or after 1 January 2027. Earlier application is permitted.

(d) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

1.2 New and Amended Standards (continued)

New Standards and Interpretations Issued but not yet effective (continued)

(e) Contract Referencing Nature dependent Electricity - Amendments to IFRS 9 and IFRS 7, effective 1 January 2026

Companies face challenges in applying IFRS 9 Financial Instruments to contract referencing nature-dependent electricity-sometimes referred to as renewable power purchase agreements (PPAs). The International Accounting Standards Board (IASB) has now amended IFRS 9 to address these challenges. The amendments include guidance on:

- the own-use exemption for purchasers of electricity under such PPAs; and
- hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

(f) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

Effective date for these amendments was deferred indefinitely.

(g) Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements

These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.

Effective date for these amendments is to be determined.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the Company and its subsidiaries. Control is achieved when the company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

(a) Subsidiary

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

- The size of the Company's holding of voting relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the company, other vote holders or other parties; and
- Rights arising from other contractual arrangements

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

1.3 Basis of consolidation (continued)

(a) Subsidiary (continued)

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiary, East Africa Reinsurance (Tanzania) Company Limited, up to 31 December 2025.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previous recognised in other comprehensive income are reclassified to profit or loss.

(b) Investment in subsidiary companies

In the company financial statements, investment in subsidiary is accounted for at cost.

(c) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. In determining whether an acquired set of activities and assets is a business, the Group assesses whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as they are incurred, unless they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.4 Insurance and Reinsurance Contracts

(a) Classification

Contracts under which the Group accepts significant insurance risk from a cedant by agreeing to compensate the cedant if a specified uncertain future event adversely affects the cedants are classified as reinsurance contracts. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as retrocession contracts. Reinsurance and retrocession contracts also expose the Group to financial risk.

The Group's reinsurance contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Insurance Act.

1.4 Insurance and Reinsurance Contracts (continued)
(a) Classification (continued)
i. Non-Life Insurance Business

This represents the insurance business of any class or classes not being Life assurance business. Classes of Non-Life insurance include Aviation, Engineering, Fire, Liability, Marine, Motor, Personal Accident, Theft, Workmen's Compensation, Employer's Liability, Medical and Miscellaneous (i.e. class of business not included under those listed above). The Group's main classes are described below.

Fire insurance business comprises the business of effecting and carrying out contracts of reinsurance, otherwise than incidental to some other class of reinsurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

Medical insurance comprises the business of effecting and carrying out contracts of reinsurance against payment of expenses relating to both inpatient and outpatient treatment in respect of corporate and individual clients.

Motor insurance business comprises the business of effecting and carrying out contracts of reinsurance 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.

Miscellaneous insurance business comprises the business of effecting and carrying out contracts of reinsurance which are not principally or wholly of any types included in other classes of business but shall include reinsurance of bonds of all types, reinsurance of livestock and crop reinsurance.

ii. Life Assurance Business

This includes assurance business of all or any of the following classes, namely, ordinary Life assurance business, group Life assurance business and business incidental to any such class of business.

Ordinary Life assurance business comprises the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human Life (either with or without provision for a benefit under a continuous disability reinsurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuance of human Life.

Group Life assurance business comprises Life reinsurance business, being business of, or in relation to, the issuing of or the undertaking of liability under group Life and permanent health reinsurance policy.

(b) Aggregation and Recognition of Insurance and Reinsurance Contracts
Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

For reinsurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

1.4 Insurance and Reinsurance Contracts (continued)

(b) Aggregation and Recognition of Insurance and Reinsurance Contracts (continued)

Insurance Contracts (continued)

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts

The Group uses facultative and treaty retrocession programs to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the retrocessionaire substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Groups of reinsurance contracts are established such that each group comprises a single contract. Some retrocession contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the retrocession contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the retrocession contracts are not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date:

- *Reinsurance contracts initiated by the Group that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.
- *Other reinsurance contracts initiated by the Group:* The beginning of the coverage period of the group of reinsurance contracts.

However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

(c) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. commissions), then they are allocated to that group. However, if insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

1.4 Insurance and Reinsurance Contracts (continued)
(c) Insurance acquisition cash flows(continued)

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- a) recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

(d) Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance Contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the cedant to pay premiums or has a substantive obligation to provide services (including reinsurance coverage).

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular cedant and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from cedants to the Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance Contracts

For retrocession contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the retrocessionaire or has a substantive right to receive services from the retrocessionaire.

A substantive right to receive services from the retrocessionaire ends when the retrocessionaire has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that :

- fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

1.4 Insurance and Reinsurance Contracts (continued)

(e) Measurement - Premium Allocation Approach

The Group uses the Premium Allocation Approach (PAA) to the measurement of groups of contracts when the following criteria are met at inception.

- Reinsurance contracts: The coverage period of each contract in the group is one year or less, or the Group reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from the result of applying the general measurement method.
- Loss-occurring retrocession contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching retrocession contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the general measurement method. When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Insurance contracts measured under the PAA

On initial recognition of each group of contracts, the Group measures the liability for remaining coverage at the amount of premiums received on less any acquisition cash flows paid and any amounts from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (c) above). The Group amortises insurance acquisition cash flows over the reinsurance coverage period. Therefore the Group does not expense acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (see (g)) and any insurance acquisition cash flows paid in the period or allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the Liability for Remaining Coverage (LRC). The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group recognises the liability for incurred claims of a group of reinsurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts measured under PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of reinsurance contracts.

For reinsurance contracts held, on initial recognition, the Group measures the asset for remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the retrocessionaire and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. On subsequent measurement, the remaining coverage is increased for ceding premiums and broker fees paid in the period; and decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. Further, the Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

1.4. Insurance and Reinsurance Contracts (continued)
(e) Measurement - Premium Allocation Approach (continued)
Reinsurance contracts measured under PAA (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the retrocession contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

The Group does not have any retrocession contracts held measured under the PAA with underlying contracts measured under the general measurement method.

(f) Contract Derecognition and Modification

The Group derecognizes a contract when it is extinguished, i.e., when the specified obligation in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, and contract aggregation requirements.

When a reinsurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(g) Presentation

Portfolios of reinsurance contracts that are assets and those that are liabilities, and portfolios of retrocession contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

1.4. Insurance and Reinsurance Contracts (continued)

(g) Presentation (continued)

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) the net finance income or expenses. The Group has voluntarily included the net insurance and investment result, which sums the insurance service result, investment return and the net finance income or expenses.

Income and expenses from retrocession contracts are presented separately from income and expenses from reinsurance contracts. Income and expenses from retrocession contracts, other than insurance finance income or expenses, are presented separately.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses are recognised as follows.

Insurance revenue

Following the Group's policy to measure contracts under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

Loss component

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component of the liability for remaining coverage. The loss component is calculated as the difference between the carrying amount of the liability for remaining coverage and the fulfilment cash flows that relate to remaining coverage of the group. The loss component is recognised in profit or loss and a corresponding increase in the liability for remaining coverage.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses
- Amortisation of insurance acquisition cash flows: The Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Loss component on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein (risk adjustment for non-financial risk).
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Other expenses not meeting the above categories are included in other expenses in the statement of profit or loss and other comprehensive.

Reinsurance Expenses and Recoveries

Reinsurance expenses comprise an allocation of reinsurance premiums paid while recoveries are the amounts recoverable from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period. Further, ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

1.4. Insurance and Reinsurance Contracts (continued)
(g) Presentation (continued)
Reinsurance Expenses and Recoveries

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance Finance Income and Expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of reinsurance and retrocession contracts arising from the effects of the time value of money, financial risk and changes therein. Their key components within insurance finance income and expenses are:

- interest accreted on the liability for incurred claims (LIC); and
- the effect of changes in interest rates and other financial assumptions.

The Group has chosen not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income (OCI). The Group presents insurance finance income or expenses in profit or loss, as the supporting assets are generally measured at fair value through profit or loss (FVTPL).

1.5 Revenue recognition
(i) Insurance revenue

The revenue recognition policy relating to reinsurance contracts is set out under note 1.4 above.

(ii) Investment income

Interest income: Interest income is calculated by applying the effective interest method to the gross carrying amount of the financial assets measured at amortised cost. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected Life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

Dividend income: Dividends are recognized as income in the period in which the right to receive payment is established.

Rental income: Rental income is recognized as income in the period in which it is earned.

All investment income is stated net of investment expenses.

1.6 Property and equipment

All property and equipment are initially measured at historical cost. Land and buildings are subsequently shown at revaluation value, based on periodic valuations by external independent valuers, less subsequent depreciation and any accumulated impairment losses. All other categories of property and equipment are stated at historical cost less depreciation and any accumulated impairment losses.

Increases in the carrying amount of land and buildings arising from revaluations are credited to other comprehensive income and accumulated in a revaluation reserve under a separate heading in the statement of changes in equity. Decreases that offset previous increases of the same asset are charged against other comprehensive income. All other decreases are charged to the profit or loss. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful Life as follows:

- Land and Buildings Remaining lease period
- Motor vehicles 4 years
- Computer equipment and software 3 years
- Furniture, fittings and office equipment 8 years

Property and equipment values are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on derecognition of property and equipment are determined by reference to their carrying amounts. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

1.7 Intangible assets – Computer software

Acquired computer software and related licenses are stated at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful Life of the software, from the date that it is available for use, not exceeding 3 years.

1.8 Investment property

Investment property comprises land and buildings held to earn rentals or for capital appreciation or both. Investment property, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value at the reporting date as determined through an annual revaluation by external valuers on the basis of the highest and best use. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they arise.

The investment property is not subject to depreciation. Changes in the carrying amount between the ends of each reporting periods are recognised through profit or loss. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss

1.9 Financial assets

On initial recognition, the Group classifies a financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL), and
- Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Consequently, financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All financial assets not classified as measured at amortised cost are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income (FVOCI) as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

a. Recognition and derecognition

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

b. Measurement

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

Debt instruments

Debts instruments are those instruments that meet the definition of financial liability from the issuer's perspective such as loans, government and corporate bonds. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Based on these factors, the Group classifies its debt instruments to amortised cost.

- At amortised 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 amortised 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 as a separate line item in the statement of profit or loss.
- Business model: the business model reflected how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

1.9 Financial assets (continued)

b. Measurement (continued)

Debt instruments (continued)

- SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flow represent solely payments of principal and interest ('SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit or loss.

c. Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (Nairobi Securities Exchange). The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or a significant increase in the bid-offer spread, or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

1.9 Financial assets (continued)
d. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
 - a) An adverse changes in the payment status of issuers or debtors in the Group; or
 - b) National or local economic conditions that correlate with defaults on the assets in the Group.

The expected credit loss impairment model applies to the following financial instruments that are not measured at FVTPL:

- Government securities measured at amortised cost;
- Receivables arising out of reinsurance arrangements;
- Other receivables;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or Lifetime ECLs. Life time ECLs are the ECLs that result from all possible default events over the expected Life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to Lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in government securities; and
- Other financial instruments (other than trade receivables) for which credit risk has not increased significantly since initial recognition.

The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Measurement of expected credit losses (ECL)

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

1.9 Financial assets (continued)

d. Impairment (continued)

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract - e.g. a default or past-due event;
- A lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Expected credit losses

The key inputs into the measurement of ECL are the term structures of the following variables, Probability of Default (PD); Loss given default (LGD); and Exposure at default (EAD).

To determine Lifetime and 12-month PDs, the Group uses the PD tables supplied by Standard & Poors based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated based on current bond yields, and adjusted to reflect forward-looking information. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by mortgage property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

In applying the IFRS 9 impairment requirements, the Group applies both the general approach; and the simplified approach.

The General Approach

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise Lifetime ECL but interest income will continue to be recognised on a gross basis.
- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise Lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

1.9 Financial assets (continued)
d. Impairment (continued)
The Simplified Approach

Under the simplified approach, the Group measures the loss allowance at an amount equal to Lifetime expected credit losses.

Definition of default

The Group will consider a financial asset to be in default when:

- The counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The counterparty or borrower is more than 90 days past due on any material credit obligation to the Group and 2 years for receivables arising from reinsurance arrangements. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group.

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining Lifetime probability of default (PD) as at the reporting date; with
- The remaining Lifetime PD for this point in time that was estimated on initial recognition of the exposure

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on Lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month and Lifetime ECL measurements.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and forecast scenarios based on consideration of a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

1.9 Financial assets (continued)

d. Impairment (continued)

Write off policy

The Group writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Group is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

1.10 Financial liabilities

Financial liabilities are initially recognized at fair value. After initial recognition, the Group measures all financial liabilities at amortized cost. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Offsetting financial assets and financial liabilities

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

1.11 Impairment of other non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.12 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at amortised cost.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and government securities and deposits with financial institutions with original maturities of 90 days or less.

1.13 Dividends

Dividends on ordinary shares are charged to retained earnings in the year in which they are approved. Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the shareholders.

1.14 Employee benefits

(i) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of each reporting period is recognized as an expense accrual.

(ii) Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees.

The Group and all its employees also contribute to the National Social Security Fund (NSSF) in Kenya and Tanzania, which is a statutory defined contribution scheme

1.15 Leases
Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

1.15 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Group as lessor

The Group is a lessor, and its investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include periodic escalation rates, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or security deposits for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and, therefore, will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'investment income'.

1.16 Share capital

Ordinary shares are recognized at par value and classified as 'share capital' in equity.

1.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes of presentation in the current year.

1.18 Investment in Subsidiaries

Investments in subsidiaries are carried at cost less provisions for impairment losses. Where in the opinion of the Directors, there has been impairment in the value of the investment; the loss is recognised as an expense in the period in which the impairment is recognised.

1.19 Income Tax Expense

Income tax expense represents the sum of the current tax payable and the deferred income tax. Tax is recognised as an expense or income and included in the profit or loss except to the extent that the tax arises from a transaction which is recognised in other comprehensive income or items recognised directly in equity in which case it will also be recognised in equity.

(i) Current income tax

Current tax is computed in accordance with the income tax laws applicable to insurance companies. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets attributable to tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets 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.

1.20 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 Group operates ('the functional currency'). The financial statements are presented in Kenya shillings, which is the Group's presentation currency. The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit or loss, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Kenya shillings, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

1.21 Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

1.22 Use of Judgements and Accounting Estimates

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

(a) The ultimate liability arising from claims payable under reinsurance contracts

The estimation of future benefit payments in relation to Life reinsurance and Non-Life reinsurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately pay for such claims. The determination of the liabilities under Non-Life reinsurance contracts and Life reinsurance contracts is undertaken by the Group's consulting actuaries on an annual basis.

The main assumption applied in the estimation of the ultimate claims liability is the expectation that the Group's past claims experience can be used to project future claims development and hence ultimate claims costs. Actuarial methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by event years. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. A margin for adverse deviation may also be included in the liability valuation.

Further details on this process are disclosed in Note 24.

b) Determining Fulfilment Cash Flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

1.22 Use of Judgements and Accounting Estimates (continued)
b) Determining Fulfilment Cash Flows (continued)

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) cedants, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the group will incur in providing investment services;
- costs that the group will incur in performing investment activities to the extent that the group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group's insurance acquisition cash flows comprises of commissions, deferred acquisition costs (DAC) and pipeline commissions. Commissions within each group are determined by actual bookings, while DAC and pipeline commissions are allocated proportionally to total premiums within each group. Additionally, maintenance and administration costs are assigned to each group based on their respective total premiums. Other costs are recognised in profit or loss as they are incurred.

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the Chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount Rates

Cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using the observed government bond yield curves. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. The practical approach the Group will apply is to use covered bonds, where illiquid bonds are covered with a collateral that is considered safe. The illiquidity premium in this case is equal to the covered bond spread over the risk free rate. To compute the illiquidity premium, the Group will compare yield on government and corporate bonds of the same maturity profile. The difference determined constitute both credit and liquidity premiums. External rating agencies credit rating are used as the proxy for the credit risk factor and the balance is then considered to be illiquidity premium as applicable.

1.22 Use of Judgements and Accounting Estimates (continued)

b) Determining Fulfilment Cash Flows (continued)

Discount Rates (continued)

The tables below set out the yield curves used to discount the cash flows of insurance contracts

COMPANY At 31 December	1 year	2 years	3 years	4 years	5 years	>5 years
2025	9.6%	10.4%	11.1%	10.9%	11.1%	11.9%-13.9%
2024	11.4%	12.3%	13.4%	14.2%	14.1%	13.9% -13.7%

SUBSIDIARY At 31 December	1 year	5 years	>5 years
2025	6.2%	12.0%	12.0% -12.8%
2024	11.7%	12.5%	13.05% -15.7%

c) Determination of the contract boundary

The measurement of a group of reinsurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract’s pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

d) Level of aggregation

The Group applies judgement when identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

e) Assessment of directly attributable cash flows

The Group uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

f) Assessment of eligibility for Premium Allocation Approach (PAA)

For reinsurance contracts with a coverage period extending beyond one year, the Group has elected to apply the premium allocation approach (PAA), if at the inception of the group, the Group reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Group exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

g) Selecting a method of risk adjustments for non-financial risk and allocation of coverage units

IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement in determining the techniques for estimating risk adjustments for nonfinancial risk and development of estimates of the coverage units provided under a contract considering individual facts and circumstances. The Group selects the appropriate method on a portfolio-by-portfolio basis.

h) Pipeline income and expense transactions

At each reporting period, estimates are made for revenue earned but not reported by the Group’s cedants, claims, insurance benefits incurred and other related expenses. Retrocession costs and associated commissions receivable and acquisition costs are also estimated by application of the appropriate ratios to the annualised retrocession costs.

1.22 Use of Judgements and Accounting Estimates (continued)
i) Measurement of expected credit losses on financial assets

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of cedants defaulting and the resulting losses). A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings for a forward-looking scenarios for each type of product/market and associated ECL;
- Establishing groups of similar assets for the purposes of measuring ECL; and
- Determining the appropriate business models and assessing the “solely payments of principal and interest (SPPI)” requirements for financial assets.

The Group uses historical data to project the possibility of default. Further, the Group uses the possibility of default tables supplied by S&P based on the default history of a particular company with the same credit rating. This also applies to unrated investments which are mapped to the equivalent external credit ratings. Any change in the counterparty leads to a change in the estimated possibility of default.

Note 2 sets out information about the impairment of financial assets and the Group’s exposure to credit risk.

j) Valuation of investment property, land and buildings

Estimates are made in determining valuations of investment properties, land and buildings. The Group's management uses experts in determination of the values to adopt. The current use of the investment properties equates to the highest and best use.

k) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Other areas of judgement

Management exercises critical judgment in determining the classification of debt and equity instruments and considers the substance of the contractual terms of the various instruments.

2. RISK AND CAPITAL MANAGEMENT

Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, and expense risk.

In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk, equity prices risk and other price risk.

This note presents information about the Group's risk exposures, and the Group's objectives, policies and processes for measuring and managing risks and for managing capital, in the sections below.

- A. Risk management framework
- B. Key risks arising from contracts issued
 - i. Life contracts
 - ii. Non-Life contracts
- C. Underwriting risk
 - i. Management of underwriting risk
 - ii. Concentrations of underwriting risk
 - iii. Sensitivity
- D. Market risk
 - i. Management of market risk
 - ii. Currency risk
 - iii. Interest rate risk
 - iv. Equity price risk
- E. Liquidity risk
- F. Credit risk
- G. Fair value estimation
- H. Operation risk
- I. Capital management

A. Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's Audit and Risk Committee is responsible for approving and monitoring the Group's risk management policies, and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. It is assisted in its oversight role by internal audit, which undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit & Risk Committee.

Under the risk management framework, the Group employs risk management programmes, including asset-liability matching (ALM) processes, and retrocession programmes.

2. RISK AND CAPITAL MANAGEMENT (continued)

B. Key Risks Arising from Contracts Issued

The Group issues insurance contracts and the nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related retrocession contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Group.

Product	Key risks	Risk mitigation
Life Contracts	<ul style="list-style-type: none"> Mortality risk: death of policy holder earlier than expected 	<ul style="list-style-type: none"> Reinsurance with financially strong reinsurers
Term assurance and critical illness	<ul style="list-style-type: none"> Morbidity risk: diagnosis of critical illness earlier than expected 	
Non-Life Contracts	<ul style="list-style-type: none"> Extreme weather events Natural catastrophes 	<ul style="list-style-type: none"> Diversification of types of risk, industries and geographic locations in which risks are written
Property and casualty	<ul style="list-style-type: none"> Legislative changes giving rise to increased claims Emergence of long-tailed claims: e.g. latent disease type claims 	<ul style="list-style-type: none"> Extensive analysis of data to enhance risk selection, segmentation and profitability Reinsurance with financially strong reinsurers, including excess of loss catastrophe cover

These key risks reflect only the downside risk to the Group. However, for most of these risks, there is also an upside risk.

Life Contracts

All Life contracts expose the Group to significant insurance risk. Although mortality, morbidity and longevity experience may be affected by unexpected events (e.g. epidemics), the most significant changes to insurance risk factors (e.g. lifestyle changes, medical advances and improvements in social conditions) tend to occur over a long period of time. The longer the coverage period, the greater the Group's exposure to insurance risk.

Term assurance contracts provide policy holders with a fixed lump sum payable on death. Term assurance contracts provide coverage over a fixed term. Term assurance premiums may be level or increasing over time (for yearly renewable contracts).

Critical illness contracts are similar to term assurance but pay out a lump sum if the policyholder is diagnosed with an illness specified in the contract.

For details of the credit risk from reinsurance contract assets and investments, see section F.

Non-Life contracts

The key risks arising from Non-Life contracts are the unknown frequency and severity of claims, which are influenced by the nature of the risks covered and the geographic location in which the risks are written.

The frequency and severity of Non-Life claims is affected by the occurrence of extreme weather events (e.g. floods, wild fires and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk. In addition, the severity of claims is significantly affected by increases in the value of settlements awarded for latent diseases and inflation. The nature and frequency of claims may be affected by emerging trends and changes in legislation.

2 RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk

Underwriting risk comprises insurance risk and expense risk.

- Insurance risk: the risk transferred from the client to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

(i) Management of underwriting risk

The Board of Directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives such as, aggregation limits, reinsurance protection thresholds and line of business diversification parameters, are prepared and reviewed by Management. The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

Life Contracts

A key aspect of the underwriting process for Life contracts is pricing contracts with regard to the insurance risks assumed. Prices charged for the cost of insurance risk are set through a generally accepted reinsurance pricing model which takes into account emerging trends in insurance risk factors.

Mortality, morbidity and longevity risks are mitigated by the use of retrocession programmes. The aggregation of risk ceded to individual reinsurers is monitored. Expense risk is managed through the annual budgeting process and regular expense analyses.

Non-Life contracts

A key component of the management of underwriting risk for the Group's Non-Life products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Group's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

Non-Life contracts are renewable annually and the ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

The Group uses various techniques to assess risk exposure and endeavour to optimise the pricing of Non-Life contracts. The possibility of weather-related calamities is built into pricing, considering trends in historical data and leading indicators of climate risk. In property, the Group leverages advanced analytics (e.g. flood mapping) for identifying properties most at risk and improving risk selection.

The Group uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain Non-Life businesses are required to protect against catastrophe events. Where an individual exposure exceeds the Group's risk appetite, additional facultative reinsurance is also purchased.

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

For a portfolio of reinsurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its reinsurance contracts is that the actual claims and benefit payments may exceed the carrying amount of the reinsurance liabilities and the pricing is inadequate to meet its obligations. 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.



2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

i. Management of underwriting risk (continued)

Experience shows that the larger the portfolio of similar reinsurance 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 Group has developed its reinsurance underwriting strategy to diversify the type of 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 reinsurance risk include lack of risk diversification in terms of type and amount of risk, geographic allocation and type of industry covered.

The Group minimizes its exposure by purchasing retrocession protection from credible counter parties. The Group’s retention (net exposure) is protected by retrocession treaties as follows:

GROUP AND COMPANY	Limit (Kshs)
Property	<ul style="list-style-type: none"> • 3,425 million in excess of 75 million Property Surplus Treaty Limit: 750 million
Marine	<ul style="list-style-type: none"> • 1,032 million in excess of 17.5 million
Miscellaneous Accident	<ul style="list-style-type: none"> • 80 million in excess of 20 million
Terrorism and Political Risks	<ul style="list-style-type: none"> • Quota Share Limit: 1,040 million
Life Business	<ul style="list-style-type: none"> • Warranted minimum number of victims: 3 • Group’s Catastrophe (CAT) retention: 120 million • Reimbursable portion: 100% • Reinsurer’s max liability: 40 million per Life, 400 million per CAT and 800 million per period. • Credit Life 30% Quota Share

The concentration in the Non-Life business increased by Kshs 262.48 billion in 2025, reaching Kshs 610.43 billion, up from Kshs 347.95 billion in 2024. On the other hand, the Company’s concentration in the Non-Life business increased by Kshs. 221.38 billion in 2025, reaching Kshs 525.36 billion, up from Kshs. 303.98 billion in 2024. The growth is attributed to an increase in facultative business acceptance, particularly in property and financial lines classes, namely Fire, Engineering, Cyber Risks and Bankers Blanket.

The tables below provide disclosure of the concentration of reinsurance exposure by the main classes of business in which the Group operates. The amounts are the carrying amounts of the reinsurance exposure (gross and net of retrocession) arising from reinsurance contracts.

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

(i) Management of underwriting risk (continued)

GROUP

2025

Class of Business

TOTAL EXPOSURE

		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
Life & Non-Life Business					
Ordinary Life	Gross	10,496,117	1,891,330	398,711	12,786,158
	Net	7,460,708	165,620	2,695	7,629,023
Group Life	Gross	179,910,181	21,812,783	4,522,290	206,245,254
	Net	100,485,007	1,714,480	27,280	102,226,767
Fire	Gross	3,322,699	55,240,412	320,229,920	378,793,031
	Net	3,317,099	53,547,527	176,953,444	233,818,070
Miscellaneous	Gross	2,204,052	14,049,822	175,964,976	192,218,850
	Net	2,171,508	12,482,496	164,022,192	178,676,196
Motor	Gross	883,020	1,499,404	-	2,382,424
	Net	883,020	1,499,404	-	2,382,424
Others	Gross	704,254	7,679,578	23,465,136	31,848,968
	Net	153,451	1,582,116	5,574,157	7,309,724
Total	Gross	197,520,323	102,173,329	524,581,033	824,274,685
Total	Net	114,470,793	70,991,643	346,579,768	532,042,204

2024

Class of Business

TOTAL EXPOSURE

		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
Life & Non-Life Business					
Ordinary Life	Gross	11,490,188	2,078,386	438,145	14,006,719
	Net	8,178,560	182,000	2,963	8,363,523
Group Life	Gross	173,222,279	23,864,747	2,997,106	200,084,132
	Net	99,603,079	1,896,794	-	101,499,873
Fire	Gross	3,231,960	47,781,885	238,335,889	289,349,734
	Net	3,170,247	46,211,714	135,272,493	184,654,454
Miscellaneous	Gross	2,622,658	15,939,389	33,745,490	52,307,537
	Net	2,117,920	10,393,523	15,108,711	27,620,154
Motor	Gross	1,049,196	1,439,507	-	2,488,703
	Net	1,029,096	1,336,745	-	2,365,841
Others	Gross	156,163	848,648	2,798,272	3,803,083
	Net	154,269	720,331	-	874,600
Total	Gross	191,772,444	91,952,562	278,314,902	562,039,908
Total	Net	114,253,171	60,741,107	150,384,167	325,378,445



NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

(i) Management of underwriting risk (continued)

COMPANY

2025

Class of Business	TOTAL EXPOSURE				
	0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000	
Life & Non-Life Business					
Ordinary Life	Gross	10,314,525	1,891,330	398,711	12,604,566
	Net	7,340,969	165,620	2,695	7,509,284
Group Life	Gross	98,392,615	19,052,889	260,846	117,706,350
	Net	52,072,515	1,554,880	2,580	53,629,975
Fire	Gross	2,437,867	44,483,191	263,138,378	310,059,436
	Net	2,437,867	43,307,464	143,285,900	189,031,231
Miscellaneous	Gross	1,561,014	11,296,020	166,140,660	178,997,694
	Net	1,561,014	10,739,311	164,008,692	176,309,017
Motor	Gross	681,543	1,209,054	-	1,890,597
	Net	681,543	1,209,054	-	1,890,597
Others	Gross	501,286	6,755,613	21,972,508	29,229,407
	Net	100,257	1,351,123	4,718,405	6,169,785
Total	Gross	113,888,850	84,688,097	451,911,103	650,488,050
Total	Net	64,194,165	58,327,452	312,018,272	434,539,889

2024

Class of Business	TOTAL EXPOSURE				
	0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000	
Life & Non-Life Business					
Ordinary Life	Gross	11,334,643	2,078,385	438,144	13,851,172
	Net	8,067,000	182,000	2,962	8,251,962
Group Life	Gross	114,410,017	22,154,523	303,309	136,867,849
	Net	60,549,436	1,808,000	3,000	62,360,436
Fire	Gross	2,506,180	38,011,807	212,554,741	253,072,728
	Net	2,506,180	37,570,546	121,249,385	161,326,111
Miscellaneous	Gross	1,958,320	13,989,118	32,504,451	48,451,889
	Net	1,620,303	9,031,104	14,456,379	25,107,786
Motor	Gross	850,817	1,127,770	-	1,978,587
	Net	850,817	1,127,770	-	1,978,587
Others	Gross	108,420	364,220	-	472,640
	Net	108,420	364,220	-	472,640
Total	Gross	131,168,397	77,725,823	245,800,645	454,694,865
Total	Net	73,702,156	50,083,640	135,711,726	259,497,522

The Company's earthquake exposure for the Nairobi zone is estimated at Kshs 88,139,471,000 (2024: Kshs 82,008,970,000).

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

(ii) Concentrations of underwriting risk

The following table sets out the carrying amounts of the insurance contracts (net of reinsurance) by type of product.

GROUP	2025 Kshs '000	2024 Kshs '000
Life Business		
Group and Ordinary Life	668,752	744,943
	668,752	744,943
Non-Life Business		
Aviation	15,007	5,407
Engineering	478,071	417,684
Fire	948,018	1,014,010
Liability	27,955	19,622
Marine	209,505	209,415
Motor	448,941	418,839
Personal accident	26,159	49,659
Medical	761,616	621,259
Miscellaneous	429,147	351,068
	3,344,419	3,106,963
Total	4,013,171	3,851,906

COMPANY	2025 Kshs '000	2024 Kshs '000
Life Business		
Group and Ordinary Life	595,127	678,192
	595,127	678,192
Non-Life Business		
Aviation	3,197	1,031
Engineering	373,190	355,012
Fire	590,805	724,382
Liability	17,103	16,081
Marine	143,233	165,043
Motor	410,519	404,347
Personal accident	24,440	47,013
Medical	738,890	592,483
Miscellaneous	279,855	267,352
	2,581,232	2,572,744
Total	3,176,359	3,250,936

2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

iii. Sensitivity analysis

The table below analyses how the profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by retrocession and assumes that all other variables remain constant.

Changes in underwriting risk variables mainly affect the profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

- Profit or loss: Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
- Equity : The effect on profit or loss as above.

GROUP	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
2025				
Non-Life Business				
Best estimate insurance contract liabilities Ultimate Claims (after 5% increase)				
Ultimate Claims (after 5% increase)	(84,831)	(79,537)	(59,382)	(55,676)
Ultimate Claims (after 5% decrease)	84,831	79,537	59,382	55,676
Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(23,606)	(9,634)	(16,524)	(6,744)
Ultimate Claims (after 5% decrease)	23,606	9,634	16,524	16,524
2024				
Non-Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(75,250)	(71,807)	(52,675)	(50,265)
Ultimate Claims (after 5% decrease)	75,250	71,807	52,675	50,265
Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(20,905)	(14,937)	(14,634)	(10,456)
Ultimate Claims (after 5% decrease)	20,905	14,937	14,634	10,456

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

C. Underwriting risk (continued)

COMPANY	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
2025				
Non-Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(56,651)	(52,473)	(39,656)	(36,731)
Ultimate Claims (after 5% decrease)	56,651	52,473	39,656	36,731
Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(8,255)	(6,333)	(5,779)	(4,433)
Ultimate Claims (after 5% decrease)	8,255	6,333	5,779	4,433
2024				
Non-Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(57,225)	(54,688)	(40,058)	(38,282)
Ultimate Claims (after 5% decrease)	57,225	54,688	40,058	38,282
Life Business				
Best estimate insurance contract liabilities				
Ultimate Claims (after 5% increase)	(17,777)	(14,026)	(12,444)	(9,818)
Ultimate Claims (after 5% decrease)	17,777	14,026	12,444	9,818

D. Market risk

Market risk is the risk that changes in market prices, such as, foreign exchange rates, interest rates and equity prices, will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's interest-bearing financial assets and financial liabilities, financial assets and financial liabilities denominated in foreign currencies, and equity investments. These exposures are largely offset by similar exposures arising from insurance and reinsurance contracts. The nature of the Group's business and asset liability matching processes means that it is exposed to market risk on net assets representing shareholders' equity

i. Management of market risk

The Board of Directors sets the Group's strategy for managing market risk. Management oversee the implementation of this strategy and the asset liability matching framework. The framework seeks to match the cash flows arising from the Group's financial investments with the cash flows arising from its insurance contracts while optimising long-term investment return on its financial investments representing shareholders' equity for an acceptable level of risk.

2. RISK AND CAPITAL MANAGEMENT (continued)

D. Market risk (continued)

(ii) Currency risk

The Group deals with cedants in a number of countries and writes business in various currencies. It is therefore exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currency of Company. Foreign currency exposures exist with respect to the United States Dollar, Uganda Shilling and Tanzania Shilling.

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed to be both practical and appropriate. The Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency gains and losses on insurance and reinsurance contracts and financial instruments are recognised in profit or loss.

Exposure at period end is as follows:

Exposure	GROUP 2025 Kshs '000'	GROUP 2024 Kshs '000'	COMPANY 2025 Kshs '000'	COMPANY 2024 Kshs '000'
Insurance contract assets	2,500,762	1,819,333	1,726,952	1,042,645
Deposits with financial institutions	3,082,619	3,347,507	2,305,974	2,930,361
Cash and bank balances	529,973	579,329	331,349	396,676
Total	6,113,354	5,746,169	4,364,275	4,369,682

GROUP

At 31 December 2025, if the Kenya Shilling and the Tanzania Shilling had weakened or strengthened by 10% against the US dollar with all other variables held constant the profit or loss and equity would be affected by the below amounts.

	Effect on profit 2025 Kshs '000'	Effect on equity 2025 Kshs '000'	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'
+10 percentage point movement	251,162	175,813	148,628	104,040
-10 percentage point movement	(251,162)	(175,813)	(148,628)	(104,040)

COMPANY

At 31 December 2025, if the Kenya Shilling had weakened or strengthened by 10% against the US dollar with all other variables held constant the profit of loss and equity would be affected by the below amounts.

	Effect on profit 2025 Kshs '000'	Effect on equity 2025 Kshs '000'	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'
+10 percentage point movement	218,043	152,630	139,891	97,924
-10 percentage point movement	(218,043)	(152,630)	(139,891)	(97,924)

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

D. Market risk (continued)

iii. Interest rate risk

Interest rate risk on financial instruments arises primarily from the Group's investments in debt securities and insurance contract liabilities. The Group's investments are not exposed to the risk of adverse changes in carrying values or future cash flows because of changes in market interest rates, as they are at fixed interest rates.

The Group manages interest rate risk by closely monitoring of the asset positions. The Board of Directors monitors the interest rate risk, assisted by risk management in its day-to day monitoring activities.

Interest rates impact the insurance finance income or expenses recognised in profit or loss for insurance and reinsurance contracts as a result of discounting future cash flows at a revised current rate.

Exposure at period end is as follows:

Exposure	GROUP 2025 Kshs '000'	GROUP 2024 Kshs '000'	COMPANY 2025 Kshs '000'	COMPANY 2024 Kshs '000'
Insurance contract liabilities	5,100,562	4,929,458	3,866,805	4,053,966

GROUP

The sensitivity analysis presented below shows how the Group's profit and equity would change if the discount rates had increased/(decreased) on the reporting date with all other variables held constant.

	Impact on P&L 2025 Kshs '000	Impact on Equity 2025 Kshs '000	Impact on P&L 2024 Kshs '000	Impact on Equity 2024 Kshs '000
Non-Life Business				
+5% increase in discount rate	9,919	7,411	11,577	8,545
-5% decrease in discount rate	(10,090)	(7,535)	(11,811)	(8,713)
Life Business				
+5% increase in discount rate	1,314	945	1,555	1,112
-5% decrease in discount rate	(1,331)	(932)	(1,577)	(1,128)

COMPANY

The sensitivity analysis presented below shows how Company's profit and equity would change if the discount rates had increased/(decreased) on the reporting date with all other variables held constant.

	Impact on P&L 2025 Kshs '000	Impact on Equity 2025 Kshs '000	Impact on P&L 2024 Kshs '000	Impact on Equity 2024 Kshs '000
Non-Life Business				
+5% increase in discount rate	8,359	5,851	10,108	7,075
-5% decrease in discount rate	(8,515)	(5,961)	(10,325)	(7,228)
Life Business				
+5% increase in discount rate	1,231	862	1,477	1,034
-5% decrease in discount rate	(1,247)	(873)	(1,498)	(1,049)

2. RISK AND CAPITAL MANAGEMENT (continued)

D. Market risk (continued)

iv. Equity price risk

GROUP AND COMPANY

The exposure to equity price risk arises from its investments in equity securities classified at fair value through profit or loss. To manage its price risk arising from investments in equity and tradable bonds securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the board and in accordance with the Insurance Act of Kenya. All quoted shares held by the Company are traded on the Nairobi Securities Exchange (NSE) and the management of the equity portfolio is done in house with consultations with various approved stock brokers and is diversified across industries.

The Company has a conservative investment policy with regard to equities. At 31 December 2025 investments in equities constituted only 1.78% (2024: 2.1%) of the total assets.

The Board regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Company does not have a significant concentration of equity price risk.

Exposure at period end is as follows:

Exposure	GROUP 2025 Kshs '000'	GROUP 2024 Kshs '000'	COMPANY 2025 Kshs '000'	COMPANY 2024 Kshs '000'
Equity investments at fair value through profit or loss	43,396	27,457	43,396	27,457
Real estate investments trusts (REITs)	191,169	181,408	191,169	181,408
Total	234,565	208,865	234,565	208,865

At 31 December 2025, if the share prices at the NSE had increased/decreased by 10% (2024: 10%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation to the index, post tax profit and equity for the year would have been as follows:

GROUP AND COMPANY	Effect on profit 2025 Kshs '000'	Effect on equity 2025 Kshs '000'	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'
+10 percentage point movement	4,340	4,340	2,746	2,746
-10 percentage point movement	(4,340)	(4,340)	(2,746)	(2,746)

At 31 December 2025, if the share prices for real estate investments trusts (REITs) had increased/decreased by 10% with all other variables held constant, post tax profit for the year would have been Kshs 19,117,000 (2024: Kshs 18,141,000) higher/lower, and equity would have been Kshs 19,117,000 (2024: Kshs 18,141,000) higher/lower.

GROUP AND COMPANY	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'	Effect on profit 2023 Kshs '000'	Effect on equity 2023 Kshs '000'
+10 percentage point movement	19,117	19,117	18,141	18,141
-10 percentage point movement	(19,117)	(19,117)	(18,141)	(18,141)

E. Liquidity risk

Liquidity risk is the risk that the Group and Company will be unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The Group and Company is exposed to daily calls on its available cash for claims settlement and other expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

E. Liquidity risk (continued)

The Group and Company maintains adequate cash resources to meet all of these needs and does not require overdraft facilities. Management monitors the level of call deposits to ensure their adequacy to cover expenditure at unexpected levels of demand. These call deposits are placed at competitive interest rates.

The tables below presents a maturity analysis of the portfolio of insurance contracts and reinsurance contracts held that are in a liability position based on estimated timing of the remaining contractual undiscounted cashflows. The amounts presented do not include those relating to liability for remaining coverage of insurance and reinsurance contracts.

Insurance and Reinsurance Contracts

GROUP

At 31 December 2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Non-Life business							
Assets							
Insurance contract assets	1,908,602	-	-	-	-	-	1,908,602
Reinsurance contract assets	188,288	160,205	21,966	6,324	4,330	2,504	383,617
	2,096,890	160,205	21,966	6,324	4,330	2,504	2,292,219
Liabilities							
Insurance contract liabilities	1,355,533	660,812	185,000	113,032	65,615	68,642	2,448,634
Reinsurance contract liabilities	313,088	-	-	-	-	-	313,088
	1,668,621	660,812	185,000	113,032	65,615	68,642	2,761,722
At 31 December 2024							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Non-Life business							
Assets							
Insurance contract assets	1,384,603	-	-	-	-	-	1,384,603
Reinsurance contract assets	193,675	101,196	83,773	12,813	5,777	5,398	402,632
	1,578,278	101,196	83,773	12,813	5,777	5,398	1,787,235
Liabilities							
Insurance contract liabilities	1,297,038	595,697	273,185	126,493	68,177	72,382	2,432,972
Reinsurance contract liabilities	58,517	-	-	-	-	-	58,517
	1,355,555	595,697	273,185	126,493	68,177	72,382	2,491,489
At 31 December 2025							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Life business							
Assets							
Insurance contract assets	592,160	-	-	-	-	-	592,160
Reinsurance contract assets	95,353	45,166	5,943	2,148	700	70	149,380
	687,513	45,166	5,943	2,148	700	70	741,540
Liabilities							
Insurance contract liabilities	294,502	123,557	33,770	11,967	4,470	474	468,740
Reinsurance contract liabilities	562,079	-	-	-	-	-	562,079
	856,581	123,557	33,770	11,967	4,470	474	1,030,819



NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

E. Liquidity risk

GROUP (continued)

Insurance and Reinsurance Contracts (continued)

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Life business							
Assets							
Insurance contract assets	434,730	-	-	-	-	-	434,730
Reinsurance contract assets	87,910	39,399	7,459	1,790	454	112	137,124
	522,640	39,399	7,459	1,790	454	112	571,854
Liabilities							
Insurance contract liabilities	307,531	127,974	35,351	8,485	2,152	531	482,024
Reinsurance contract liabilities	371,325	-	-	-	-	-	371,325
	678,856	127,974	35,351	8,485	2,152	531	853,349

Financial and Other Assets and Liabilities

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

At 31 December 2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Assets							
Government securities at amortised cost	52,674	355,799	402,146	468,974	1,193,476	3,849,321	6,322,390
Corporate bonds at amortised cost	-	-	-	-	543,843	-	543,843
Equity investments at fair value through profit or loss	43,396	-	-	-	-	-	43,396
Real estate investments trusts (REITs)	191,169	-	-	-	-	-	191,169
Mortgage loans	14,351	7,324	7,324	7,324	7,324	60,249	103,896
Deposits with financial institutions	3,082,619	-	-	-	-	-	3,082,619
Cash and bank balances	529,973	-	-	-	-	-	529,973
Other receivables	115,707	-	-	-	-	-	115,707
Total assets	4,029,889	363,123	409,470	476,298	1,744,643	3,909,570	10,932,993
Liabilities							
Lease liabilities	1,689	-	-	-	-	-	1,689
Other payables	1,038,682	-	-	-	-	-	1,038,682
Total liabilities	1,040,371	-	-	-	-	-	1,040,371

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

E. Liquidity risk (continued)

GROUP (continued)

Financial and Other Assets and Liabilities (continued)

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Assets							
Government securities at amortised cost	1,012,314	635,876	488,206	434,676	358,974	2,299,318	5,229,364
Equity investments at fair value through profit or loss	27,457	-	-	-	-	-	27,457
Real estate investments trusts (REITs)	181,408	-	-	-	-	-	181,408
Mortgage loans	5,268	5,268	5,268	5,268	5,268	89,916	116,256
Deposits with financial institutions	3,347,507	-	-	-	-	-	3,347,507
Cash and bank balances	579,329	-	-	-	-	-	579,329
Other receivables	91,566	-	-	-	-	-	91,566
Total assets	5,244,849	641,144	493,474	439,944	364,242	2,389,234	9,572,887
Liabilities							
Lease liabilities	1,689	1,689	-	-	-	-	3,378
Other payables	525,128	-	-	-	-	-	525,128
Total liabilities	526,817	1,689	-	-	-	-	528,506

COMPANY

Insurance and Reinsurance Contracts

At 31 December 2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Non-Life business							
Assets							
Insurance contract assets	1,406,936	-	-	-	-	-	1,406,936
Reinsurance contract assets	175,623	153,385	21,966	6,324	4,330	2,504	364,132
	1,582,559	153,385	21,966	6,324	4,330	2,504	1,771,068
Liabilities							
Insurance contract liabilities	999,243	468,964	185,000	113,032	65,615	68,642	1,900,496
Reinsurance contract liabilities	111,006	-	-	-	-	-	111,006
	1,110,249	468,964	185,000	113,032	65,615	68,642	2,011,502

2. RISK AND CAPITAL MANAGEMENT (continued)
E. Liquidity risk (continued)
COMPANY (continued)
Insurance and Reinsurance Contracts (continued)

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Non-Life business							
Assets							
Insurance contract assets	839,396	-	-	-	-	-	839,396
Reinsurance contract assets	180,272	93,979	83,773	12,813	5,776	5,397	382,010
	1,019,668	93,979	83,773	12,813	5,776	5,397	1,221,406
Liabilities							
Insurance contract liabilities	1,030,576	452,218	273,185	126,493	68,176	72,382	2,023,030
	1,030,576	452,218	273,185	126,493	68,176	72,382	2,023,030
At 31 December 2025							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Life business							
Assets							
Insurance contract assets	320,016	-	-	-	-	-	320,016
Reinsurance contract assets	39,621	15,157	5,943	2,148	700	70	63,639
	359,637	15,157	5,943	2,148	700	70	383,655
Liabilities							
Insurance contract liabilities	220,239	83,569	33,770	11,967	4,470	474	354,489
Reinsurance contract liabilities	99,144	-	-	-	-	-	99,144
	319,383	83,569	33,770	11,967	4,470	474	453,633
At 31 December 2024							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Life business							
Assets							
Insurance contract assets	203,249	-	-	-	-	-	203,249
Reinsurance contract assets	55,128	21,747	7,459	1,790	454	112	86,690
	258,377	21,747	7,459	1,790	454	112	289,939
Liabilities							
Insurance contract liabilities	261,284	103,072	35,351	8,485	2,152	531	410,875
Reinsurance contract liabilities	114,118	-	-	-	-	-	114,118
	375,402	103,072	35,351	8,485	2,152	531	524,993

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

E. Liquidity risk (continued)

COMPANY (continued)

Financial and Other Assets and Liabilities

The tables below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

At 31 December 2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Assets							
Government securities at amortised cost	52,674	320,685	402,146	468,974	637,645	3,849,321	5,731,445
Corporate bonds at amortised cost	-	-	-	-	543,483	-	543,483
Equity investments at fair value through profit or loss	43,396	-	-	-	-	-	43,396
Real estate investments trusts (REITs)	191,169	-	-	-	-	-	191,169
Mortgage loans	14,351	7,324	7,324	7,324	7,324	60,249	103,896
Deposits with financial institutions	2,305,974	-	-	-	-	-	2,305,974
Cash and bank balances	331,349	-	-	-	-	-	331,349
Other receivables	89,434	-	-	-	-	-	89,434
Total assets	3,028,347	328,009	409,470	476,298	1,188,452	3,909,570	9,340,146
Liabilities							
Other payables	956,087	-	-	-	-	-	956,087
Total liabilities	956,087	-	-	-	-	-	956,087

2. RISK AND CAPITAL MANAGEMENT (continued)

E. Liquidity risk (continued)

COMPANY (continued)

Financial and Other Assets and Liabilities (continued)

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
Assets							
Government securities at amortised cost	726,022	635,876	488,206	434,676	358,974	2,299,318	4,943,072
Equity investments at fair value through profit or loss	27,457	-	-	-	-	-	27,457
Real estate investments trusts (REITs)	181,408	-	-	-	-	-	181,408
Mortgage loans	5,268	5,268	5,268	5,268	5,268	89,916	116,256
Deposits with financial institutions	2,930,361	-	-	-	-	-	2,930,361
Cash and bank balances	396,676	-	-	-	-	-	396,676
Other receivables	132,442	-	-	-	-	-	132,442
Total assets	4,399,634	641,144	493,474	439,944	364,242	2,389,234	8,727,672
Liabilities							
Other payables	426,648	-	-	-	-	-	426,648
Total liabilities	426,648	-	-	-	-	-	426,648

F. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the Group reinsurance contract assets and investments. The Board of Directors sets the Group's strategy for managing credit risk and Management oversees its implementation.

Management is responsible for managing credit risk, including the following:

- Formulating credit policies in consultation with the underwriting team.
- Reviewing and assessing credit risk.
- Limiting concentrations of exposure to counterparties, geographies, and issuers. Retrocessionaires are assessed based on external credit ratings. For debt securities, the Group has a policy to invest only in high-quality corporate and government debt and does not invest in speculative-grade assets.
- Developing and maintaining the Company's risk gradings to categorise exposures according to the estimated degree of risk of default.
- Developing and maintaining the Company's processes for measuring ECL. This includes processes for:
- initial approval, regular validation and back-testing of the models used; Ÿ determination and monitoring of significant increases in credit risk; and Ÿ incorporation of forward-looking information.
- Reviewing compliance with agreed exposure limits. Regular reports on the credit quality of assets held are provided to the Board of Directors, which may require appropriate corrective action to be taken. These include reports containing estimates of loss allowances.

Periodic audits of credit processes are undertaken by the internal audit team.

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

F. Credit risk (continued)

The assets that are exposed to credit risk are:

(i) Cash and cash equivalents

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies.

(ii) Government securities

Management assesses the expected credit loss on government securities based on the probability of default attached to the Government by external rating agencies.

(iii) Corporate bonds

Management assesses the expected credit loss on corporate bonds based on the probability of default attached to the corporate entities by external rating agencies.

For instances where the external agencies ratings do not reflect the country prevailing financial conditions, ratings per the internal counterparty model developed are applied.

(iv) Deposits with financial institutions

For term and call deposits, management assesses the expected credit loss based on the probability of default attached to the various banks by external rating agencies.

Exposure to credit risk

The tables below details the maximum exposure to credit risk:

GROUP

2025

	Note	Gross Amounts Kshs' 000	Expected Credit Loss (ECL) Kshs'000	Net Amounts Kshs'000
Government securities	19	6,335,464	(13,073)	6,322,391
Corporate bonds	18	546,659	(3,176)	543,483
Deposits with financial institutions	20	3,100,068	(17,449)	3,082,619
Reinsurance contract assets		499,297	(1,964)	497,333
Bank balances	27	532,881	(2,908)	529,973
Mortgage loans	16	103,896	-	103,896
Other receivables (excluding prepayments)		87,954	-	87,954
		11,206,219	(38,570)	11,167,649

2. RISK AND CAPITAL MANAGEMENT (continued)

F. Credit risk (continued)

GROUP(continued)

Movement for expected credit losses:

		At 1 January 2025	Credit/ (Charge) for the year	Exchange differences	At 31 December 2025
	Note	Kshs' 000	Kshs'000	Kshs'000	Kshs'000
Government securities	19	(5,227)	(7,810)	(36)	(13,073)
Corporate bonds	18	-	(3,176)	-	(3,176)
Deposits with financial institutions	20	(11,415)	(5,912)	(122)	(17,449)
Reinsurance contract assets		(2,106)	142	-	(1,964)
Bank balances	27	(1,957)	(928)	(23)	(2,908)
		(20,705)	(17,684)	(181)	(38,570)

2024

		Gross Amounts	Expected Credit Loss (ECL)	Net Amounts
	Note	Kshs' 000	Kshs'000	Kshs'000
Government securities	19	5,234,591	(5,227)	5,229,364
Deposits with financial institutions	20	3,358,922	(11,415)	3,347,507
Reinsurance contract assets		502,013	(2,106)	499,907
Bank balances	27	581,286	(1,957)	579,329
Mortgage loans	16	116,256	-	116,256
Other receivables (excluding prepayments)		66,185	-	66,185
		9,859,253	(20,705)	9,838,548

Movement for expected credit losses:

		At 1 January 2024	Credit/ (Charge) for the year	Exchange differences	At 31 December 2024
	Note	Kshs' 000	Kshs'000	Kshs'000	Kshs'000
Government securities	19	(5,006)	(211)	(10)	(5,227)
Deposits with financial institutions	20	(15,775)	4,381	(21)	(11,415)
Reinsurance contract assets		(1,784)	(322)	-	(2,106)
Bank balances	27	(1,370)	(578)	(9)	(1,957)
		(23,935)	3,270	(40)	(20,705)

NOTES TO THE FINANCIAL STATEMENTS continued

2. RISK AND CAPITAL MANAGEMENT (continued)

F. Credit risk (continued)

COMPANY

2025

	Note	Gross Amounts Kshs' 000	Expected Credit Loss (ECL) Kshs'000	Net Amounts Kshs'000
Government securities	19	5,743,182	(11,736)	5,731,446
Corporate bonds	18	546,659	(3,176)	543,483
Deposits with financial institutions	20	2,319,358	(13,384)	2,305,974
Reinsurance contract assets		405,732	(1,844)	403,888
Bank balances	27	333,303	(1,954)	331,349
Mortgage loans	16	103,896	-	103,896
Other receivables (excluding prepayments)		66,449	-	66,449
		9,518,579	(32,094)	9,486,485

Movement for expected credit losses:

	Note	At 1 January 2025 Kshs' 000	Credit/ (Charge) for the year Kshs'000	At 31 December 2025 Kshs'000
Government securities	19	(4,948)	(6,788)	(11,736)
Corporate bonds	18	-	(3,176)	(3,176)
Deposits with financial institutions	20	(10,830)	(2,554)	(13,384)
Reinsurance contract assets		(2,000)	156	(1,844)
Bank balances	27	(1,701)	(253)	(1,954)
		(19,479)	(12,615)	(32,094)

2024

	Note	Gross Amounts Kshs' 000	Expected Credit Loss (ECL) Kshs'000	Net Amounts Kshs'000
Government securities	19	4,948,020	(4,948)	4,943,072
Deposits with financial institutions	20	2,941,191	(10,830)	2,930,361
Reinsurance contract assets		435,757	(2,000)	433,757
Bank balances	27	398,377	(1,701)	396,676
Mortgage loans	16	116,256	-	116,256
Other receivables (excluding prepayments)		109,681	-	109,681
		8,949,282	(19,479)	8,929,803

2. RISK AND CAPITAL MANAGEMENT (continued)

F. Credit risk (continued)

COMPANY (continued)

Movement for expected credit losses:

	Note	At 1 January 2024 Kshs' 000	Credit/ (Charge) for the year Kshs'000	At 31 December 2024 Kshs'000
Government securities	19	(5,006)	58	(4,948)
Corporate bonds	18	(24)	24	-
Deposits with financial institutions	20	(15,775)	4,945	(10,830)
Reinsurance contract assets		(1,784)	(216)	(2,000)
Bank balances	27	(1,370)	(331)	(1,701)
		(23,959)	4,480	(19,479)

All assets are subjected to impairment using the general approach hence considered as stage 1

Credit quality

The following tables sets out information about the credit quality of reinsurance contract assets:

GROUP

Based on AM BEST Ratings	2025 Kshs' 000	2024 Kshs' 000
Reinsurers rated above A-	590,401	616,920
Reinsurers rated above BBB	497,001	459,149
Total	1,087,402	1,076,069

COMPANY

Based on AM BEST Ratings	2025 Kshs' 000	2024 Kshs' 000
Reinsurers rated above A-	374,567	448,127
Reinsurers rated above BBB	315,893	354,902
Total	690,460	803,029

2. RISK AND CAPITAL MANAGEMENT (continued)

G. Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(i) Financial instruments not measured at fair value

The Group's fair value of investment securities held at amortised cost (government securities and corporate bonds) at 31 December 2025 is estimated at Kshs 7,066,828,000 (2024: Kshs 5,101,873,000) compared to their carrying value of Kshs 6,865,872,000 (2024: Kshs 5,229,363,000). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates.

The Company's fair value of investment securities held at amortised cost (government securities and corporate bonds) at 31 December 2025 is estimated at Kshs 6,475,883,000 (2024: Kshs 4,815,582,000) compared to their carrying value of Kshs 6,274,928,000 (2024: Kshs 4,943,073,000). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates.

(ii) Fair value hierarchy

The Group's and Company's financial assets measured at fair value are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques such as discounted cash flow analysis and market comparables are used to determine fair value for the remaining financial instruments.

22. RISK AND CAPITAL MANAGEMENT (continued)

G. Fair Value Estimation (continued)

(ii) Fair value hierarchy (continued)

GROUP AND COMPANY

The following tables gives information about how the fair values of the financial assets are determined (in particular, the valuation technique(s) and inputs used) as well as the analysis by level of the fair value hierarchy.

Assets		2025 Kshs'000	2024 Kshs'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Equity investments	15	43,396	27,457	Level 1	Quoted prices bid in an active market	Not applicable
Real estate investment trusts	15	191,169	181,408	Level 1	Quoted prices bid in an active market	Not applicable
Investment property	14	740,000	735,000	Level 3	External professional valuation	Not applicable
Land and buildings	12	353,750	386,875	Level 3	External professional valuation	Not applicable
Total		1,328,315	1,330,740			

There were no transfers between levels during the year (2024: Nil).

H. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's and Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of mis-selling of products, modelling errors and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's and Company's operations.

The Group's and Company's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Group's and Company's reputation with overall cost-effectiveness and innovation. In all cases, Group and Company policy requires compliance with all applicable legal and regulatory requirements.

The Board Audit & Risk Committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group and Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- IT, data security and cyber risks; and
- risk mitigation.

2. RISK AND CAPITAL MANAGEMENT (continued)

H. Operational risk (continued)

Compliance with Group and Company standards is supported by a programme of periodic reviews undertaken by the internal audit function. The results of internal audit reviews are discussed with management and submitted to the Audit and Risk Committee and the Board of Directors.

I. Capital Management

The Group's and Company's capital management strategy defines the framework for determining the optimal level and the use of capital. The capital management strategy takes into consideration the Group's and Company's business profile, approved strategic plan, risk appetite, prevailing market conditions and existing regulatory capital requirements. The strategy seeks to maintain a strong capital base to maintain market confidence and to sustain future business development.

The Group's and Company's capital comprises mainly shareholders' funds. The Group's and Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial positions, are:

- To comply with the capital requirements as set out in the Insurance Act;
- To comply with regulatory solvency requirements as set out in the Insurance Act;
- To safeguard the Group's and Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing reinsurance and investment contracts commensurately with the level of risk;
- To safeguard the Group's and Company's capital by arranging adequate cover with credible securities; and
- To have an adequate level of risk based capital.

COMPANY

The Insurance Act requires each reinsurance Company to hold the minimum level of capital as follows:

- Non-Life: Kshs 1 billion and Life: Kshs 500 million; and
- Risk based capital determined by the authority from time to time; or Non-Life 20% (Life 5%) of net earned premiums of the preceding financial year.

The Company's share capital meets the minimum capital requirements at 31 December 2025.

The Company's Capital Adequacy Ratio (CAR) stood at 400% and 348% for Non-Life and Life businesses, respectively. The Insurance Regulatory Authority requires all insurance companies to hold a minimum and prescribed capital of 100% and 200% respectively. The Company, therefore, complies with these requirements. The Company's level of CAR underscores the strength and resilience of its capital position.

SUBSIDIARY

In reporting financial strength, capital and solvency is measured using the rules prescribed by TIRA. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent underwriting expertise. Throughout the financial year, the Subsidiary met the requirements from TIRA.

The Tanzania Insurance Act requires that no (re)insurer may carry on business as a (re)insurer unless he maintains a prescribed solvency margin and the minimum required capital. Further, re (insurance) companies are required to maintain a positive solvency margin. Accordingly, the admissible assets of are insurer shall exceed the liabilities by the greater of the sum of 33% of the general insurance net premiums written and 10% of the long-term business liabilities; or the minimum paid-up capital.

The Subsidiary had a solvency margin surplus of TZS 4.50 Billion as at 31 December 2025 and, therefore, met the positive solvency margin surplus requirements.

The minimum paid-up capital to be maintained by a reinsurer as at 31 December 2025 is TZS 10.480 Billion. The Subsidiary's share capital as at 31 December was TZS 11.825 Billion and therefore, meets the minimum capital requirements.

NOTES TO THE FINANCIAL STATEMENTS continued

4. INSURANCE SERVICE EXPENSES AND INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

4.1 INSURANCE SERVICE EXPENSES

GROUP	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Claims and benefits incurred		735,107	2,478,053	3,213,160
Losses on onerous contracts and reversal of such losses	24	(15,184)	(10,633)	(25,817)
Amortisation of insurance acquisition cash flows	24	344,931	1,430,199	1,775,130
Attributable expenses	6	288,024	744,994	1,033,018
Change in risk adjustment for incurred claims	24	(9,305)	(10,398)	(19,703)
Total		1,343,573	4,632,215	5,975,788

2024	Note	Life	Non-Life	Total
		2024	2024	2024
		Kshs '000	Kshs '000	Kshs '000
Claims and benefits incurred		609,037	2,601,062	3,210,099
Losses on onerous contracts and reversal of such losses	24	5,390	(1,266)	4,124
Amortisation of insurance acquisition cash flows	24	323,996	1,228,174	1,552,170
Attributable expenses	6	188,382	613,057	801,439
Change in risk adjustment for incurred claims	24	6,520	26,541	33,061
Total		1,133,325	4,467,568	5,600,893

COMPANY	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Claims and benefits incurred		533,252	2,163,126	2,696,378
Losses on onerous contracts and reversal of those losses	24	(15,184)	(10,633)	(25,817)
Amortisation of insurance acquisition cash flows	24	342,787	1,113,565	1,456,352
Attributable expenses	6	234,933	558,968	793,901
Change in risk adjustment for incurred claims	24	(10,126)	(14,525)	(24,651)
Total		1,085,662	3,810,501	4,896,163

2024	Note	Life	Non-Life	Total
		2024	2024	2024
		Kshs '000	Kshs '000	Kshs '000
Claims and benefits incurred		491,622	2,354,489	2,846,111
Losses on onerous contracts and reversal of such losses	24	5,390	(1,266)	4,124
Amortisation of insurance acquisition cash flows	24	322,674	1,083,459	1,406,133
Change in risk adjustment for incurred claims	24	5,269	15,726	20,995
Attributable expenses	6	160,823	513,365	674,188
Total		985,778	3,965,773	4,951,551



NOTES TO THE FINANCIAL STATEMENTS continued

4. INSURANCE SERVICE EXPENSES AND INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD (continued)

4.2 INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

GROUP	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		227,203	133,872	361,075
Change in non-performance risk	25	398	(260)	138
Change in risk adjustment for incurred claims	25	(1,831)	(3,849)	(5,680)
Change in reinsurance loss recovery component	25	(5,278)	350	(4,928)
Reinsurance recoveries		220,492	130,113	350,605
Reinsurance expenses	25	(457,780)	(858,895)	(1,316,675)
Net expenses from reinsurance contracts		(237,288)	(728,782)	(966,070)

2024	Note	Life	Non-Life	Total
		2024	2024	2024
		Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		178,873	436,172	615,045
Change in non-performance risk	25	(21)	(301)	(322)
Change in risk adjustment for incurred claims	25	(3,779)	6,320	2,541
Change in reinsurance loss recovery component	25	1,717	(4,549)	(2,832)
Reinsurance recoveries		176,790	437,642	614,432
Reinsurance expenses	25	(375,858)	(614,795)	(990,653)
Net expenses from reinsurance contracts		(199,068)	(177,153)	(376,221)

COMPANY	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		67,467	145,126	212,593
Change in non-performance risk	25	414	(258)	156
Change in risk adjustment for incurred claims	25	(2,499)	(3,841)	(6,340)
Change in reinsurance loss recovery component	25	(5,278)	350	(4,928)
Reinsurance recoveries		60,104	141,377	201,481
Reinsurance expenses	25	(151,146)	(660,889)	(812,035)
Net expenses from reinsurance contracts		(91,042)	(519,512)	(610,554)

NOTES TO THE FINANCIAL STATEMENTS continued

4.2 INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD (continued)

COMPANY		Life 2024	Non-Life 2024	Total 2024
2024	Note	Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		89,473	382,620	472,093
Change in non-performance risk	25	(8)	(211)	(219)
Change in risk adjustment for incurred claims	25	(4,666)	5,776	1,110
Change in reinsurance loss recovery component	25	1,717	(4,549)	(2,832)
Reinsurance recoveries		86,516	383,636	470,152
Reinsurance expenses	25	(211,128)	(557,373)	(768,501)
Net expenses from reinsurance contracts		(124,612)	(173,737)	(298,349)

5. FINANCE INCOME AND EXPENSES

GROUP		Life 2025	Non-Life 2025	Total 2025
2025		Kshs '000	Kshs '000	Kshs '000
Net finance expenses from insurance contracts				
Interest accreted		(24,560)	(120,523)	(145,083)
Effect of changes in interest rates and other financial assumptions		(1,554)	(28,921)	(30,475)
Total		(26,114)	(149,444)	(175,558)
Net finance expenses from reinsurance contracts				
Interest accreted		6,926	20,406	27,332
Effect of changes in interest rates and other financial assumptions		1,212	4,278	5,490
Total		8,138	24,684	32,822
Net insurance finance expenses		(17,976)	(124,760)	(142,736)
2024				
Net finance expenses from insurance contracts				
Interest accreted		(25,653)	(134,441)	(160,094)
Effect of changes in interest rates and other financial assumptions		(853)	(45,162)	(46,015)
Total		(26,506)	(179,603)	(206,109)
Net finance expenses from reinsurance contracts				
Interest accreted		5,664	22,432	28,096
Effect of changes in interest rates and other financial assumptions		1,256	7,885	9,141
Total		6,920	30,317	37,237
Net insurance finance expenses		(19,586)	(149,286)	(168,872)



NOTES TO THE FINANCIAL STATEMENTS continued

5. FINANCE INCOME AND EXPENSES (continued)

COMPANY

2025

Net finance expenses from insurance contracts

Interest accreted

(21,055) (100,330) (121,385)

Effect of changes in interest rates and other financial assumptions

(1,288) (22,579) (23,867)

Total

(22,343) (122,909) (145,252)

Net finance income from reinsurance contracts

Interest accreted

4,442 19,387 23,829

Effect of changes in interest rates and other financial assumptions

920 3,939 4,859

Total

5,362 23,326 28,688

Net insurance finance expenses

(16,981) (99,583) (116,564)

2024

Net finance expenses from insurance contracts

Interest accreted

(25,653) (134,441) (160,094)

Effect of changes in interest rates and other financial assumptions

(853) (45,162) (46,015)

Total

(26,506) (179,603) (206,109)

Net finance expenses from reinsurance contracts

Interest accreted

5,664 22,432 28,096

Effect of changes in interest rates and other financial assumptions

1,256 7,885 9,141

Total

6,920 30,317 37,237

Net insurance finance expenses

(19,586) (149,286) (168,872)

NOTES TO THE FINANCIAL STATEMENTS continued

6. EXPENSES

GROUP	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Employee benefits expense		48,986	282,162	331,148
Auditor's remuneration**		1,106	7,482	8,588
Directors' fees	33	1,551	12,160	13,711
Depreciation of property and equipment	12	-	42,627	42,627
Amortisation of intangible assets	13	-	6,472	6,472
Expected credit losses		853	22,370	23,223
Profit commissions and other levies		227,728	304,728	532,456
Other expenses		23,516	180,551	204,067
Total		303,740	858,552	1,162,292
Represented by				
Attributable expenses	4.1	288,024	744,994	1,033,018
*Other expenses		15,716	113,558	129,274
Total		303,740	858,552	1,162,292

* Other expenses are those not attributable to insurance services.

** Auditor's remuneration represent the fees that have been charged for the financial statements audit for the current financial year. There are no other non audit fees paid to the external auditor.

Employee benefits expense comprise the following:

	Life	Non-Life	Total
	2025	2025	2025
	Kshs '000	Kshs '000	Kshs '000
Salaries and wages	45,545	265,342	310,887
Retirement benefit cost	2,257	12,518	14,775
National Social Security benefit cost	1,184	4,302	5,486
Total	48,986	282,162	331,148

GROUP	Note	Life	Non-Life	Total
		2024	2024	2024
2024		Kshs '000	Kshs '000	Kshs '000
Employee benefits expense		48,852	235,212	284,064
Auditor's remuneration		1,429	7,965	9,394
Directors' fees	33	1,886	10,730	12,616
Depreciation of property and equipment	12	-	39,786	39,786
Amortisation of intangible assets	13	-	8,625	8,625
Expected credit losses		357	54,571	54,928
Profit commissions and other levies		125,623	194,025	319,648
Other expenses		25,833	148,296	174,129
Total		203,980	699,210	903,190
Represented by				
Attributable expenses	4.1	188,382	613,057	801,439
*Other expenses		15,598	86,153	101,751
Total		203,980	699,210	903,190

6. EXPENSES (continued)

GROUP (continued)

2024 (continued)

*Other expenses are those not attributable to insurance services.

Employee benefits expense comprise the following:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Salaries and wages	45,567	221,055	266,622
Retirement benefit cost	2,440	11,851	14,291
National Social Security benefit cost	845	2,306	3,151
Total	48,852	235,212	284,064

The average number of employees in 2025 and 2024 by category were:

	2025	2024
Management	8	8
Other staff	31	28
Total	39	36

COMPANY

2025

	Note	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Employee benefits expense		38,583	242,654	281,237
Auditor's remuneration**		712	5,117	5,829
Directors' fees	33	952	8,568	9,520
Depreciation of property and equipment	12	-	38,344	38,344
Amortisation of intangible assets	13	-	3,247	3,247
Expected credit losses		(148)	(8,505)	(8,653)
Profit commissions and other levies		192,492	240,145	432,637
Other expenses		13,844	116,725	130,569
Total		246,435	646,295	892,730
Represented by				
Attributable expenses	4.1	234,933	558,968	793,901
*Other expenses		11,502	87,327	98,829
Total		246,435	646,295	892,730

* Other expenses are those not attributable to insurance services.

** Auditor's remuneration represent the fees that have been charged for the financial statements audit for the current financial year. There are no other non audit fees paid to the external auditor.

NOTES TO THE FINANCIAL STATEMENTS continued

6. EXPENSES (continued)

Employee benefits expense comprise the following:

COMPANY	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
2025			
Salaries and wages	36,037	228,836	264,873
Retirement benefit cost	2,257	12,518	14,775
National Social Security benefit cost	289	1,300	1,589
Total	38,583	242,654	281,237

2024	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Employee benefits expense		39,405	208,938	248,343
Auditor's remuneration		750	5,250	6,000
Directors' fees	33	1,063	7,438	8,501
Depreciation of property and equipment	12	-	35,971	35,971
Amortisation of intangible assets	13	-	6,009	6,009
Expected credit losses		(188)	51,617	51,429
Profit commissions and other levies		114,207	168,769	282,976
Other expenses		17,284	97,657	114,941
Total		172,521	581,649	754,170
Represented by				
Attributable expenses	4.1	160,823	513,365	674,188
*Other expenses		11,698	68,284	79,982
Total		172,521	581,649	754,170

*Other expenses are those not attributable to insurance services.

Employee benefits expense comprise the following:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Salaries and wages	36,804	196,471	233,275
Retirement benefit cost	2,440	11,851	14,291
National Social Security benefit cost	161	616	777
Total	39,405	208,938	248,343

The average number of employees in 2025 and 2024 by category were:

	2025	2024
Management	7	7
Other staff	25	24
Total	32	31

7. INVESTMENT RETURN

7.1 INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD

GROUP	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
2025			
Interest income on government securities	168,583	504,733	673,316
Interest income on bank deposits	119,709	156,948	276,657
Interest income on corporate bonds	2,021	3,688	5,709
Interest income on staff loans	-	6,581	6,581
Total interest income	290,313	671,950	962,263

GROUP	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
2024			
Interest income on government securities	159,904	478,966	638,870
Interest income on bank deposits	121,569	222,682	344,251
Interest income on corporate bonds	2,091	2,114	4,205
Interest income on staff loans	-	3,708	3,708
Total interest income	283,564	707,470	991,034

COMPANY	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
2025			
Interest income on government securities	161,963	462,013	623,976
Interest income on bank deposits	101,818	119,022	220,840
Interest income on corporate bonds	2,021	3,688	5,709
Interest income on staff loans	-	6,311	6,311
Total interest income	265,802	591,034	856,836

COMPANY	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
2024			
Interest income on government securities	159,904	451,502	611,406
Interest income on bank deposits	118,053	202,065	320,118
Interest income on corporate bonds	2,091	2,114	4,205
Interest income on staff loans	-	3,472	3,472
Total interest income	280,048	659,153	939,201

NOTES TO THE FINANCIAL STATEMENTS continued

7. INVESTMENT RETURN (continued)

7.2 OTHER INVESTMENT REVENUE

GROUP	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Unrealised fair value gains on equity investments	15	5,313	10,626	15,939
Dividend income from equity investments		1,150	2,298	3,448
Unrealised fair value gains on REITs	15	-	9,761	9,761
Dividend income from REITs		-	3,905	3,905
Rental income		-	68,018	68,018
Fair value loss on investment property	14	-	(7,332)	(7,332)
Miscellaneous income		-	858	858
Total other investment revenue		6,463	88,134	94,597

2024	Note	Life	Non-Life	Total
		2024	2024	2024
		Kshs '000	Kshs '000	Kshs '000
Unrealised fair value losses on equity investments	15	4,334	8,668	13,002
Dividend income from equity investments		375	927	1,302
Realised gains on sale of equity investments		357	1,546	1,903
Unrealised fair value gains on REITs	15	-	3,606	3,606
Dividend income from REITs		-	6,283	6,283
Rental income		-	72,166	72,166
Fair value loss on investment property	14	-	(803)	(803)
Total other income		5,066	92,393	97,459

COMPANY	Note	Life	Non-Life	Total
		2025	2025	2025
2025		Kshs '000	Kshs '000	Kshs '000
Unrealised fair value gains on equity investments	15	5,313	10,626	15,939
Dividend income from equity investments		1,150	2,298	3,448
Unrealised fair value gains on REITs	15	-	9,761	9,761
Dividend income from REITs		-	3,905	3,905
Rental income		-	68,018	68,018
Fair value loss on investment property	14	-	(7,332)	(7,332)
Miscellaneous income		-	858	858
Total other investment income		6,463	88,134	94,597

7. INVESTMENT RETURN (continued)

7.2 OTHER INVESTMENT REVENUE (continued)

COMPANY		Life 2024	Non-Life 2024	Total 2024
2024	Note	Kshs '000	Kshs '000	Kshs '000
Unrealised fair value losses on equity investments	15	4,334	8,668	13,002
Dividend income from equity investments		375	927	1,302
Realised gains on sale of equity investments		357	1,546	1,903
Unrealised fair value gains on REITs	15	-	3,606	3,606
Dividend income from REITs		-	6,283	6,283
Rental income		-	72,166	72,166
Fair value loss on investment property	14	-	(803)	(803)
Total other investment income		5,066	92,393	97,459

7.3 IMPAIRMENT ON FINANCIAL ASSETS

GROUP		Life 2025	Non-Life 2025	Total 2025
2025		Kshs '000	Kshs '000	Kshs '000
Government securities		(1,859)	(5,951)	(7,810)
Corporate bonds		(1,174)	(2,002)	(3,176)
Deposits with financial institutions		(2,791)	(4,049)	(6,840)
Total impairment		(5,824)	(12,002)	(17,826)

2024		Life 2024	Non-Life 2024	Total 2024
		Kshs '000	Kshs '000	Kshs '000
Government securities		(32)	(179)	(211)
Corporate bonds		11	13	24
Deposits with financial institutions		(1,749)	5,549	3,800
Total impairment		(1,770)	5,383	3,613

COMPANY		Life 2025	Non-Life 2025	Total 2025
2025		Kshs '000	Kshs '000	Kshs '000
Government securities		(1,649)	(5,139)	(6,788)
Corporate bonds		(1,174)	(2,002)	(3,176)
Deposits with financial institutions		(1,674)	(1,133)	(2,807)
Total impairment		(4,497)	(8,274)	(12,771)

NOTES TO THE FINANCIAL STATEMENTS continued

7. INVESTMENT RETURN (continued)

7.3 IMPAIRMENT ON FINANCIAL ASSETS (continued)

COMPANY (continued)	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
2024			
Government securities	(32)	90	58
Corporate bonds	11	13	24
Deposits with financial institutions	(1,574)	6,186	4,612
Total impairment	(1,595)	6,289	4,694

8. INCOME TAX EXPENSE

GROUP	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
2025			
Current income tax	11,671	214,037	225,708
Deferred income charge/(credit)	116,166	(19,630)	96,536
Income tax expense	127,837	194,407	322,244

(b) Reconciliation of tax expense to expected tax based on accounting profit

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Profit before tax	442,602	743,685	1,186,287
Tax applicable at the rate of 30%	132,781	223,106	355,887
Tax effects of adjustments on taxable income			
Tax effect of income not subject to tax	(10,115)	(49,025)	(59,140)
Tax effect of expenses not deductible for tax purposes	5,171	10,722	15,893
Ineligible depreciation	-	9,604	9,604
Income tax expense	127,837	194,407	322,244

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
2024			
Current income tax	4,775	157,958	162,733
Deferred income charge/(credit)	95,529	(105,378)	(9,849)
Income tax expense	100,304	52,580	152,884

8. INCOME TAX EXPENSE (continued)

GROUP (continued)

(b) Reconciliation of tax expense to expected tax based on accounting profit (continued)

2024	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Profit before tax	339,372	617,837	957,209
Tax applicable at the rate of 30%	101,812	185,351	287,163
Tax effects of adjustments on taxable income			
Tax effect of income not subject to tax	(4,850)	(42,513)	(47,363)
Tax effect of expenses not deductible for tax purposes	3,342	14,134	17,476
Ineligible depreciation	-	9,604	9,604
Prior year overprovision of deferred tax	-	(113,996)	(113,996)
Income tax expense	100,304	52,580	152,884

COMPANY

2025

The Company's current tax charge is computed in accordance with income tax rules applicable to Kenyan Non-Life and Life insurance and reinsurance companies.

a) Tax expense

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Current income tax	7,385	164,804	172,189
Deferred income charge/(credit)	116,166	(6,650)	109,516
Income tax expense	123,551	158,154	281,705

(b) Reconciliation of tax expense to expected tax based on accounting profit

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Profit before tax	394,600	630,097	1,024,697
Tax applicable at the rate of 30%	118,380	189,029	307,409
Tax effects of adjustments on taxable income			
Tax effect of income not subject to tax	-	(49,025)	(49,025)
Tax effect of expenses not deductible for tax purposes	5,171	8,546	13,717
Ineligible depreciation	-	9,604	9,604
Income tax expense	123,551	158,154	281,705

NOTES TO THE FINANCIAL STATEMENTS continued

8. INCOME TAX EXPENSE (continued)

COMPANY (continued)

2024

(a) Tax expense

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Current income tax	4,775	121,457	126,232
Deferred income charge/(credit)	95,529	(97,314)	(1,785)
Income tax expense	100,304	24,143	124,447

(b) Reconciliation of tax expense to expected tax based on accounting profit

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Profit before tax	323,208	526,085	849,293
Tax applicable at the rate of 30%	96,962	157,826	254,788
Tax effects of adjustments on taxable income			
Tax effect of income not subject to tax	-	(42,513)	(42,513)
Tax effect of expenses not deductible for tax purposes	3,342	13,222	16,564
Ineligible depreciation	-	9,604	9,604
Prior year overprovision deferred tax	-	(113,996)	(113,996)
Income tax expense	100,304	24,143	124,447

The main expenses not deductible for tax purposes include depreciation, and excess pension contribution while income not subject to tax, primarily comprises fair value gains on investment property and REITs and income from infrastructure bonds.

9. CURRENT INCOME TAX PAYABLE OR RECOVERABLE

GROUP

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	47,756	11,139	58,895
Current income tax expense for the year	(11,671)	(214,037)	(225,708)
At 31 December	(41,436)	29,928	(11,508)
Income tax paid	(5,351)	(172,970)	(178,321)

Balance analysed as follows:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Current tax receivable	(45,083)	(9,970)	(55,053)
Current tax payable	3,647	39,898	43,545
	(41,436)	29,928	(11,508)

9. CURRENT INCOME TAX (continued)

GROUP (continued)

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	52,468	(117,968)	(65,500)
Current income tax expense for the year	(4,775)	(157,958)	(162,733)
At 31 December	(47,756)	(11,139)	(58,895)
Income tax paid	(63)	(287,065)	(287,128)

Balance analysed as follows:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Current tax receivable	(47,756)	(26,931)	(74,687)
Current tax payable	-	15,792	15,792
	(47,756)	(11,139)	(58,895)

COMPANY

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	47,693	26,931	74,624
Current income tax expense for the year	(7,385)	(164,804)	(172,189)
At 31 December	(45,083)	39,898	(5,185)
Income tax paid	(4,775)	(97,975)	(102,750)

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	52,468	(117,968)	(65,500)
Current income tax expense for the year	(4,775)	(121,457)	(126,232)
At 31 December	(47,693)	(26,931)	(74,624)
Income tax paid	-	(266,356)	(266,356)

NOTES TO THE FINANCIAL STATEMENTS continued

10. EARNINGS PER SHARE AND DIVIDENDS

Earnings per ordinary share of are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares issued as follows:

GROUP	Total 2025	Total 2025
At 31 December		
Profit attributable to the shareholders (Kshs '000')	863,035	804,325
Weighted average number of shares ('000')	1,500	1,500
Earnings per share (Basic and Diluted) Kshs	575.36	536.22

COMPANY	Total 2025	Total 2024
At 31 December		
Profit attributable to the shareholders (Kshs '000')	742,992	724,846
Weighted average number of shares ('000')	1,500	1,500
Earnings per share (Basic and Diluted) Kshs	495.33	483.23

There were no potentially dilutive shares outstanding as at 31 December 2025 and 31 December 2024. Diluted earnings per share is therefore the same as basic earnings per share.

Dividends

First and final dividend amounting to Kshs 200,000,000 and Kshs 200,000,000 with respect to 2024 and 2023 was paid in 2025 and 2024 respectively. For the year ended 31 December 2025, the directors recommend the payment of a first and final dividend of Kshs 300,000,000 (2024: Kshs 200,000,000) representing a dividend per share of Kshs 200 (2024: Kshs 133.33) subject to approval at the annual general meeting. The shareholders pay withholding tax at various rates depending on their shareholding or tax residency.



NOTES TO THE FINANCIAL STATEMENTS continued

11. RESERVES

(a) Revaluation reserve

The revaluation surplus is not distributable and represents the surplus arising from the revaluation of property and equipment, net of related deferred taxation.

(b) General reserve

The general reserve represents the accumulated profit for the Life business after transfer to shareholders and provision of relevant taxes. Distribution of the fund is restricted by the Insurance Act.

(c) Retained earnings

Retained earnings represent accumulated profit retained by the Company after payment of dividends to the shareholders. The amount is available for distribution to shareholders.

(d) Contingency reserve

The contingency reserve relates to the subsidiary, East Africa Reinsurance (Tanzania) Company Limited. According to the Tanzania insurance Act, 2009, a contingency reserve is required to be maintained. This reserve shall not be less than 3% (Non-Life) and 1% (Life) of the net premiums or 20% of net profit whichever is greater. The reserve shall accumulate until it reaches the minimum paid share capital of the Company or 50% of the net earned premiums whichever is greater. This reserve is not available for distribution to shareholders.

(e) Currency translation reserve

The statement of financial position of the subsidiary, East Africa Reinsurance (Tanzania) Company limited, is translated into Kenya Shillings at the year end exchange rate, while the statement of comprehensive income is translated into Kenya Shillings at the average rate of exchange for the year. The resulting translation differences are accumulated in equity under the Group's currency translation reserve.

12. PROPERTY AND EQUIPMENT

GROUP	2025			2024		
	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000
Land	400,000	(62,916)	337,084	400,000	(31,458)	368,542
Buildings	20,000	(3,334)	16,666	20,000	(1,667)	18,333
Furniture and fixtures	34,755	(21,678)	13,077	34,088	(19,217)	14,871
Motor vehicles	14,384	(10,228)	4,156	14,452	(8,144)	6,308
Computers	29,433	(20,786)	8,647	21,298	(15,713)	5,585
Total	498,572	(118,942)	379,630	489,838	(76,199)	413,639

NOTES TO THE FINANCIAL STATEMENTS continued

12. PROPERTY AND EQUIPMENT (continued)

COMPANY	2025			2024		
	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000
Land	400,000	(62,916)	337,084	400,000	(31,458)	368,542
Buildings	20,000	(3,334)	16,666	20,000	(1,667)	18,333
Furniture and fixtures	23,610	(19,196)	4,414	22,899	(18,165)	4,734
Motor vehicles	6,231	(6,151)	80	6,199	(6,081)	118
Computers	26,606	(18,990)	7,616	18,614	(14,873)	3,741
Total	476,447	(110,587)	365,860	467,712	(72,244)	395,468

GROUP

Reconciliation of Property and Equipment Year ended 31 December 2025

	Opening balance Kshs '000	Additions Kshs '000	Exchange differences Kshs '000	Depreciation Kshs '000	Closing Balance Kshs '000
Land	368,542	-	-	(31,458)	337,084
Buildings	18,333	-	-	(1,667)	16,666
Furniture and fixtures	14,871	831	(172)	(2,453)	13,077
Motor vehicles	6,308	-	(151)	(2,001)	4,156
Computers	5,585	8,161	(51)	(5,048)	8,647
	413,639	8,992	(374)	(42,627)	379,630

Reconciliation of Property and Equipment Year ended 31 December 2024

	Opening balance Kshs '000	Additions Kshs '000	Revaluation Kshs '000	Depreciation Kshs '000	Closing Balance Kshs '000
Land	400,000	-	-	(31,458)	368,542
Buildings	20,000	-	-	(1,667)	18,333
Furniture and fixtures	5,637	11,080	358	(2,204)	14,871
Motor vehicles	-	8,114	219	(2,025)	6,308
Computers	2,954	4,998	65	(2,432)	5,585
	428,591	24,192	642	(39,786)	413,639

12. PROPERTY AND EQUIPMENT (continued)

COMPANY

Reconciliation of Property and Equipment Year ended 31 December 2025

	Opening balance Kshs '000'	Additions Kshs '000'	Depreciation Kshs '000'	Closing Balance Kshs '000'
Land	368,542	-	(31,458)	337,084
Buildings	18,333	-	(1,667)	16,666
Furniture and fixtures	4,734	744	(1,064)	4,414
Motor vehicles	118	-	(38)	80
Computers	3,741	7,992	(4,117)	7,616
	395,468	8,736	(38,344)	365,860

Reconciliation of Property and Equipment Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Depreciation Kshs '000'	Closing Balance Kshs '000'
Land	400,000	-	(31,458)	368,542
Buildings	20,000	-	(1,667)	18,333
Furniture and fixtures	5,637	286	(1,189)	4,734
Motor vehicles	-	153	(35)	118
Computers	2,954	2,409	(1,622)	3,741
	428,591	2,848	(35,971)	395,468

The leasehold land and buildings were revalued as at 31 December 2023 by Lloyd Masika Limited, independent valuers on the basis of open market value for existing use. The valuation which conforms to International Valuation Standards was determined by reference to open market values. The Company revalues its land and buildings every 3 years and the next valuation will be undertaken as at 31 December 2026.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

GROUP	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2025	-	-	353,750	353,750
2024	-	-	386,875	386,875
COMPANY	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2025	-	-	353,750	353,750
2024	-	-	386,875	386,875

NOTES TO THE FINANCIAL STATEMENTS continued

12. PROPERTY AND EQUIPMENT (continued)

Using the cost model the carrying amount for land and buildings at 31 December 2025 would be Kshs 34,597,000 (2024: Kshs 35,806,000).

GROUP AND COMPANY

	2025 Kshs '000'	2024 Kshs '000'
Revaluation at 1 January	351,070	382,985
Revaluation at 31 December	(319,154)	(351,070)
Excess depreciation	31,916	31,915
Tax on excess depreciation at 30%	(9,575)	(9,575)
	22,341	22,340

13. INTANGIBLE ASSETS

GROUP	2025			204		
	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	152,108	(141,659)	10,449	140,760	(135,211)	5,549

COMPANY	2025			2024		
	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	142,177	(135,746)	6,431	132,624	(132,499)	125

GROUP

Reconciliation of Intangible Assets Year ended 31 December 2025

	Opening balance Kshs '000'	Additions Kshs '000'	Exchanges differences Kshs '000'	Amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	5,549	11,486	(114)	(6,472)	10,449

Reconciliation of Intangible Assets Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Foreign exchange movements	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	5,948	8,034	192	(8,625)	5,549

COMPANY

Reconciliation of Intangible Assets Year ended 31 December 2025

	Opening balance Kshs '000'	Additions Kshs '000'	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	125	9,553	(3,247)	6,431

13. INTANGIBLE ASSETS (continued)

COMPANY (continued)

Reconciliation of Intangible Assets Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	5,948	186	(6,009)	125

14. INVESTMENT PROPERTIES

GROUP AND COMPANY

2025

	Life Kshs '000	Non-Life Kshs '000	Total 2025 Kshs '000
At 1 January	-	735,000	735,000
Additions	-	12,332	12,332
Fair value loss	-	(7,332)	(7,332)
At 31 December	-	740,000	740,000

2024

	Life Kshs '000	Non-Life Kshs '000	Total 2024 Kshs '000
At 1 January	-	735,000	735,000
Additions	-	803	803
Fair value loss	-	(803)	(803)
At 31 December	-	735,000	735,000

Investment properties are carried at fair value and were revalued as at 31 December 2025, by Lloyd Masika, independent valuers, on an investment basis. The resultant change in fair value has been accounted for in the statement of profit or loss and other comprehensive income.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets (investment properties) or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

GROUP

At 31 December

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2025	-	-	740,000	740,000
2024	-	-	735,000	735,000

COMPANY

At 31 December

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2025	-	-	740,000	740,000
2024	-	-	735,000	735,000

NOTES TO THE FINANCIAL STATEMENTS continued

14. INVESTMENT PROPERTIES (continued)

GROUP AND COMPANY (continued)

Valuation technique used to derive level 3 fair values

Level 3 fair value of investment property has been derived using the investment approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Sensitivity analysis

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and a change in some assumptions may be correlated.

Assumption	% change	Fair Value Kshs '000'	Change in Fair Value Kshs '000'
Gross rental income	5	778,000	38,000
Gross rental income	-5	702,000	(38,000)
Discount rate	5	713,000	(27,000)
Discount rate	-5	767,000	27,000

i. Amounts recognised in profit or loss for investment properties

	Note	2025 Kshs '000'	2024 Kshs '000'
Rental income from operating leases	7	68,018	72,166
Fair value loss	7	(7,332)	(803)
		60,686	71,363

ii. Leasing arrangements

Minimum lease payments receivable on the lease of investment properties are as follows:

	2025 Kshs '000'	2024 Kshs '000'
Within one year	67,562	66,919
Between one (1) and five (5) years	226,585	296,113
	294,147	363,032

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

GROUP AND COMPANY

(a) Equity investments

2025

	Life 2025 Kshs '000'	Non-Life 2025 Kshs '000'	Total 2025 Kshs '000'
At 1 January	9,152	18,305	27,457
Fair value gains	5,313	10,626	15,939
At 31 December	14,465	28,931	43,396

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

GROUP AND COMPANY (continued)

(a) Equity investments (continued)

2024

	Life 2024 Kshs '000'	Non-Life 2024 Kshs '000'	Total 2024 Kshs '000'
At 1 January	5,416	11,884	17,300
Disposals	(598)	(2,247)	(2,845)
Fair value losses	4,334	8,668	13,002
At 31 December	9,152	18,305	27,457

(b) Real estate investment trusts (REITs)

2025

	Life 2025 Kshs '000'	Non-Life 2025 Kshs '000'	Total 2025 Kshs '000'
At 1 January	-	181,408	181,408
Fair value gains	-	9,761	9,761
At 31 December	-	191,169	191,169

2024

	Life 2024 Kshs '000'	Non-Life 2024 Kshs '000'	Total 2024 Kshs '000'
At 1 January	-	177,802	177,802
Fair value gains	-	3,606	3,606
At 31 December	-	181,408	181,408

16. MORTGAGE LOANS

GROUP AND COMPANY

	2025 Kshs '000'	2024 Kshs '000'
At 1 January	116,256	17,308
Additions	8,250	103,805
Loans repayments	(20,610)	(4,857)
At 31 December	103,896	116,256

NOTES TO THE FINANCIAL STATEMENTS continued

16. MORTGAGE LOANS (continued)

GROUP AND COMPANY (continued)

Maturity profile of mortgage loans:

	Total 2025 Kshs '000	Total 2024 Kshs '000
1 to 5 years	43,647	26,340
over 5 years	60,249	89,916
At 31 December	103,896	116,256

These are mortgage loans extended to members of staff. The loans are fully secured and are charged interest at the rate 5% per annum (p.a.) (2024: 5% p.a.). The Company paid fringe benefit tax during the year since the rate was below the prescribed rate. The house and staff benefits act as collateral for the loans extended. These loans were assessed for impairment as at the end of the year. The collateral held exceeded the Company loan exposure, hence no impairment losses were recorded against the loans during the year ended 31 December 2025 and 31 December 2024.

Lending commitments:

There were no loans approved but not advanced at 31 December 2025 (2024: Nil).

17. OTHER RECEIVABLES

GROUP

2025

	Note	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Due from Life to Non-Life and vice versa	23	12,418	20,383	32,801
Prepayments		-	27,753	27,753
Car loans (staff)*		-	10,965	10,965
Other receivables		19,553	24,635	44,188
Total		31,971	83,736	115,707

2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Due from Life to Non-Life and vice versa	23	11,227	7,806	19,033
Prepayments		-	25,381	25,381
Car loans (staff)*		-	14,524	14,524
Other receivables		12,938	19,690	32,628
Total		24,165	67,401	91,566

17. OTHER RECEIVABLES (continued)

COMPANY 2025

	Note	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Due from Non-Life to Life	23	12,418	-	12,418
Prepayments		-	22,985	22,985
Receivables from subsidiary	33	7,975	-	7,975
Car loans (staff)*		-	8,515	8,515
Other receivables		19,534	18,007	37,541
Total		39,927	49,507	89,434

2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Due from Non-Life to Life	23	11,227	-	11,227
Prepayments		-	22,761	22,761
Receivables from subsidiary	33	7,975	50,245	58,220
Car loans (staff)*		-	11,383	11,383
Other receivables		12,939	15,912	28,851
Total		32,141	100,301	132,442

*These are car loans extended to members of staff. The loans are fully secured and are charged interest at the rate of 8% p.a (2024: 8% p.a). The average loan period for car loans is 4 years. The Company paid fringe tax benefit during the year for months where the rate was below the prescribed rate. There were no impairment losses recorded against car loans in 2025 (2024: Nil). The car and staff benefits act as collateral for the loans extended.

18. CORPORATE BONDS AT AMORTISED COST

GROUP AND COMPANY

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	-	-	-
Additions	200,000	340,950	540,950
Movement in accrued interest	2,021	3,688	5,709
	202,021	344,638	546,659
Movement in expected credit losses	(1,174)	(2,002)	(3,176)
At 31 December	200,847	342,636	543,483

NOTES TO THE FINANCIAL STATEMENTS continued

18. CORPORATE BONDS AT AMORTISED COST (continued)

GROUP AND COMPANY

2025

Movement for expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	-	-	-
Credit for the year	(1,174)	(2,002)	(3,176)
At 31 December	(1,174)	(2,002)	(3,176)

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
1 to 5 years	202,021	344,638	546,659
Provision for expected credit losses	(1,174)	(2,002)	(3,176)
At 31 December	200,847	342,636	543,483

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	28,608	29,118	57,726
Additions	2,500	3,000	5,500
Maturities	(30,500)	(31,500)	(62,000)
Movement in accrued interest	(619)	(631)	(1,250)
	(11)	(13)	(24)
Movement in expected credit losses	11	13	24
At 31 December	-	-	-

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
1 to 5 years	(11)	(13)	(24)
Provision for expected credit losses	11	13	24
At 31 December	-	-	-

19. GOVERNMENT SECURITIES AT AMORTISED COST

GROUP 2025	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	1,289,032	3,940,332	5,229,364
Additions (Treasury bonds)	770,219	2,205,468	2,975,687
Maturities (Treasury bills)	-	(277,456)	(277,456)
Maturities and disposals (Treasury bonds)	(610,906)	(1,105,906)	(1,716,812)
Movement in accrued interest	5,692	25,567	31,259
Movement in unearned interest (Treasury bills)	-	4,787	4,787
Movement in unearned interest (Treasury bonds)	13,758	61,704	75,462
Exchange difference	3,558	4,352	7,910
	1,471,353	4,858,848	6,330,201
Movement in expected credit losses	(1,859)	(5,951)	(7,810)
At 31 December	1,469,494	4,852,897	6,322,391

Movement for expected credit losses

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(1,290)	(3,937)	(5,227)
Credit for the year	(1,859)	(5,951)	(7,810)
Exchange difference	(8)	(28)	(36)
At 31 December	(3,157)	(9,916)	(13,073)

Maturity profile

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Treasury bonds			
In 1 to 5 years	418,319	2,059,066	2,477,385
Over 5 years	1,054,332	2,803,747	3,858,079
	1,472,651	4,862,813	6,335,464
Provision for expected credit losses	(3,157)	(9,916)	(13,073)
Total	1,469,494	4,852,897	6,322,391

Included above are treasury bonds amounting to Kshs 700,000,000 (2024: 755,000,000) with respect to the Company and Kshs 336,000,000 (2024: Kshs 270,000,000) with respect to the subsidiary held under lien by the Central Bank of Kenya and Bank of Tanzania respectively in compliance with the requirements of the insurance regulations in both jurisdictions. These securities cannot be transferred or sold by the Company or the Subsidiary without the approval of the respective Commissioner of Insurance.

NOTES TO THE FINANCIAL STATEMENTS continued

19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

GROUP (continued)

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	1,256,352	4,028,242	5,284,594
Additions (Treasury bills)	-	281,294	281,294
Additions (Treasury bonds)	80,000	170,000	250,000
Maturities (Treasury bills)	-	(232,295)	(232,295)
Maturities and disposals (Treasury bonds)	(57,750)	(279,450)	(337,200)
Movement in accrued interest	6,449	8,911	15,360
Movement in unearned interest (Treasury bills)	-	(4,853)	(4,853)
Movement in unearned interest (Treasury bonds)	4,013	10,002	14,015
Exchange difference	-	(41,340)	(41,340)
	1,289,064	3,940,511	5,229,575
Movement in expected credit losses	(32)	(179)	(211)
At 31 December	1,289,032	3,940,332	5,229,364

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(1,258)	(3,748)	(5,006)
Credit for the year	(32)	(179)	(211)
Exchange difference	-	(10)	(10)
At 31 December	(1,290)	(3,937)	(5,227)

Maturity profile:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Treasury bills			
Within 90 days	-	260,206	260,206
Over 90 days	-	26,365	26,365
	-	286,571	286,571
Treasury bonds			
In 1 to 5 years	797,832	1,848,569	2,646,401
Over 5 years	492,490	1,809,129	2,301,619
	1,290,322	3,657,698	4,948,020
Provision for expected credit losses	(1,290)	(3,937)	(5,227)
Total	1,289,032	3,940,332	5,229,364

19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

COMPANY

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	1,289,032	3,654,040	4,943,072
Additions (Treasury bonds)	679,264	1,740,587	2,419,851
Maturities and disposals (Treasury bonds)	(610,906)	(1,105,906)	(1,716,812)
Movement in accrued interest	3,105	10,130	13,235
Movement in unearned interest (Treasury bonds)	14,212	64,676	78,888
	1,374,707	4,363,527	5,738,234
Movement in expected credit losses	(1,649)	(5,139)	(6,788)
At 31 December	1,373,058	4,358,388	5,731,446

Movement in expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(1,290)	(3,658)	(4,948)
Credit for the year	(1,649)	(5,139)	(6,788)
At 31 December	(2,939)	(8,797)	(11,736)

Maturity profile:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Treasury bonds			
In 1 to 5 years	321,665	1,563,438	1,885,103
Over 5 years	1,054,332	2,803,747	3,858,079
	1,375,997	4,367,185	5,743,182
Provision for expected credit losses	(2,939)	(8,797)	(11,736)
Total	1,373,058	4,358,388	5,731,446

Included above are treasury bonds amounting to Kshs 700,000,000 (2024: Kshs 755,000,000) held under lien by the Central Bank of Kenya in compliance with the requirements of section 32 of the Insurance Act (CAP 487). These securities cannot be transferred or sold by the Company without the approval of the Commissioner of Insurance.

NOTES TO THE FINANCIAL STATEMENTS continued

19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

COMPANY (continued)

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	1,256,352	3,744,487	5,000,839
Additions (Treasury bonds)	80,000	170,000	250,000
Maturities and disposals (Treasury bonds)	(57,750)	(279,450)	(337,200)
Movement in accrued interest	6,449	8,911	15,360
Movement in unearned interest (Treasury bonds)	4,013	10,002	14,015
	1,289,064	3,653,950	4,943,014
Movement in expected credit losses	(32)	90	58
At 31 December	1,289,032	3,654,040	4,943,072

Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(1,258)	(3,748)	(5,006)
Credit for the year	(32)	90	58
At 31 December	(1,290)	(3,658)	(4,948)

Maturity profile:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Treasury bonds			
In 1 to 5 years	797,832	1,848,569	2,646,401
Over 5 years	492,490	1,809,129	2,301,619
	1,290,322	3,657,698	4,948,020
Provision for expected credit losses	(1,290)	(3,658)	(4,948)
Total	1,289,032	3,654,040	4,943,072

20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

GROUP

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	1,200,858	2,146,649	3,347,507
Additions	2,382,821	4,386,301	6,769,122
Disposals	(2,441,302)	(4,659,549)	(7,100,851)
Movement in accrued interest	31,954	32,387	64,341
Exchange difference	3,753	4,659	8,412
	1,178,084	1,910,447	3,088,531
Movement in expected credit losses	(2,189)	(3,723)	(5,912)
At 31 December	1,175,895	1,906,724	3,082,619

Movement for expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(4,456)	(6,959)	(11,415)
(Charge)/credit for the year	(2,189)	(3,723)	(5,912)
Exchange difference	(35)	(87)	(122)
At 31 December	(6,680)	(10,769)	(17,449)

Maturity Profile:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Within 90 days	111,635	63,515	175,150
In 91 days to 1 year	1,070,940	1,853,978	2,924,918
Provision for expected credit losses	(6,680)	(10,769)	(17,449)
At 31 December	1,175,895	1,906,724	3,082,619

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	726,886	2,223,922	2,950,808
Additions	4,197,506	8,825,602	13,023,108
Disposals	(3,746,299)	(8,925,510)	(12,671,809)
Movement in accrued interest	20,925	5,349	26,274
Exchange differences	3,105	11,640	14,745
	1,202,123	2,141,003	3,343,126
Movement in expected credit losses	(1,265)	5,646	4,381
At 31 December	1,200,858	2,146,649	3,347,507

NOTES TO THE FINANCIAL STATEMENTS continued

20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

GROUP (continued)

Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(3,187)	(12,588)	(15,775)
Charge/(credit) for the year	(1,265)	5,646	4,381
Exchange difference	(4)	(17)	(21)
At 31 December	(4,456)	(6,959)	(11,415)

Maturity profile:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Within 90 days	803,485	1,808,154	2,611,639
In 91 days to 1 year	401,829	345,454	747,283
Provision for expected credit losses	(4,456)	(6,959)	(11,415)
At 31 December	1,200,858	2,146,649	3,347,507

COMPANY

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	1,113,013	1,817,348	2,930,361
Additions	2,149,370	3,631,115	5,780,485
Disposals	(2,325,082)	(4,119,005)	(6,444,087)
Movement in accrued interest	22,594	19,175	41,769
	959,895	1,348,633	2,308,528
Movement in expected credit losses	(1,251)	(1,303)	(2,554)
At 31 December	958,644	1,347,330	2,305,974

Movement for expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(4,333)	(6,497)	(10,830)
(Charge)/credit for the year	(1,251)	(1,303)	(2,554)
At 31 December	(5,584)	(7,800)	(13,384)



NOTES TO THE FINANCIAL STATEMENTS continued

20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

COMPANY (continued)

Maturity profile:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Within 90 days	6,498	63,515	70,013
In 91 days to 1 year	957,730	1,291,615	2,249,345
Provision for expected credit losses	(5,584)	(7,800)	(13,384)
At 31 December	958,644	1,347,330	2,305,974

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	726,886	2,223,922	2,950,808
Additions	4,086,850	8,034,674	12,121,524
Disposals	(3,717,610)	(8,444,922)	(12,162,532)
Movement in accrued interest	18,033	(2,417)	15,616
	1,114,159	1,811,257	2,925,416
Movement in expected credit losses	(1,146)	6,091	4,945
At 31 December	1,113,013	1,817,348	2,930,361

Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(3,187)	(12,588)	(15,775)
Charge for the year	(1,146)	6,091	4,945
At 31 December	(4,333)	(6,497)	(10,830)

Maturity profile:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Within 90 days	742,620	1,665,311	2,407,931
In 91 days to 1 year	374,726	158,534	533,260
Provision for expected credit losses	(4,333)	(6,497)	(10,830)
At 31 December	1,113,013	1,817,348	2,930,361

NOTES TO THE FINANCIAL STATEMENTS continued

20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

COMPANY (continued)

The following table summarises the average effective interest rates at the year end on the principal interest bearing investments:

Investment types

	2025 %	2024 %
Government securities (KShs)	12.35	12.30
Government securities (USD)	4.96	-
Corporate bonds	11.10	12.25
Deposits with financial institutions (Kshs)	9.50	13.80
Deposits with financial institutions (USD)	3.85	5.50
Mortgage loans	5.00	5.00

21. SHARE CAPITAL

GROUP AND COMPANY

	Number of ordinary shares	Life Kshs '000'	Non-Life Kshs '000'	Total Kshs '000'
Balance at 1 January 2024, 1 January 2025 and 31 December 2025	1,500,000	500,000	1,000,000	1,500,000

The total authorised number of ordinary shares is 1,500,000 with a par value of Kshs 1,000. All issued shares are fully paid. All ordinary shares rank equally with regards to the Company's residual assets.

The rights of the shareholders are as below:

- Right to attend and vote at the General Meeting (AGM);
- Right to receive dividends when declared and approved at the AGM; and
- Right to receive information regarding the Company's performance and strategic direction.



NOTES TO THE FINANCIAL STATEMENTS continued

22. INVESTMENT IN SUBSIDIARY

The Company has established a subsidiary, East Africa Reinsurance (Tanzania) Company Limited (the "Subsidiary"). The Subsidiary was incorporated on 11 July 2023 and commenced business in January 2024.

Subsidiary	Nature of business	Country of incorporation	Beneficial Ownership 2025	Beneficial Ownership 2024
East Africa Reinsurance (Tanzania) Company Limited	Reinsurance	Tanzania	90.00 %	100.00 %

Movement during the year

	2025 Kshs '000'	2024 Kshs '000'
At 1 January	644,852	289,611
Capital contribution during the year	-	355,241
At 31 December	644,852	644,852

Set out below is the summarised financial information for the Subsidiary.

	2025 Kshs '000'	2024 Kshs '000'
a) Summarised statement of financial position		
Total assets	2,841,713	1,981,663
Total liabilities	(2,014,217)	(1,358,912)
Net assets	827,496	622,751

	2025 Kshs '000'	2024 Kshs '000'
b) Summarised statement of profit or loss and other comprehensive income		
Insurance revenue	1,570,067	837,323
Insurance result result	116,051	97,507
Profit before income tax	161,593	107,914
Income tax charge	(40,538)	(28,437)
Total comprehensive income	121,055	79,477

	2025 Kshs '000'	2024 Kshs '000'
c) Summarised statement of cash flows		
Net cash generated from operating activities	495,847	313,141
Net cash used in investing activities	(580,134)	(659,300)
Net cash used in financing activities	88,188	520,067
Net increase in cash and cash equivalents	3,901	173,908
Cash and cash equivalents at the beginning of the year	176,444	-
Translation differences	11,871	2,536
Cash and cash equivalents at the end of the year	192,216	176,444

Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within Tanzania. The supervisory frameworks require the subsidiary to keep certain solvency levels and comply with other ratios.

NOTES TO THE FINANCIAL STATEMENTS continued

22. INVESTMENT IN SUBSIDIARY (continued)

Non-controlling interest (NCI)

Since the establishment of the subsidiary, the Company had a 100% beneficial ownership. Effective 21st November 2025, the Company onboarded new shareholders reducing its beneficial ownership from 100% to 90%.

Details of the net assets disposed as follows:

	Total Kshs '000
Cash consideration paid	88,188
Assets	(280,483)
Liabilities	208,003
Gain on disposal	15,708

23. OTHER PAYABLES

GROUP

2025

	Note	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Accrued expenses		273	132,849	133,122
Due to Non-Life from Life and vice versa	17	20,383	12,418	32,801
Brokerage payments due		4,675	87,090	91,765
Tenant deposits		-	34,519	34,519
Taxes due (value added tax & premium tax)		7,567	189,205	196,772
Other liabilities		5,359	118,510	123,869
Payables arising from reinsurance arrangements		41,845	383,989	425,834
Total		80,102	958,580	1,038,682

2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Accrued expenses		-	98,882	98,882
Due to Non-Life from Life and vice versa	17	7,806	11,227	19,033
Brokerage payments due		-	55,209	55,209
Tenant deposits		-	34,519	34,519
Taxes due (value added tax and premium taxes)		3,373	98,357	101,730
Other liabilities		1,116	214,639	215,755
Total		12,295	512,833	525,128



NOTES TO THE FINANCIAL STATEMENTS continued

23 OTHER PAYABLES (continued)

COMPANY

2025

	Note	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Accrued expenses		273	110,213	110,486
Due to Life from Non-Life	17	-	12,418	12,418
Brokerage payments due		4,033	53,870	57,903
Tenant deposits		-	34,519	34,519
Payables to subsidiary		-	36,587	36,587
Other liabilities		3,188	275,152	278,340
Payables arising from reinsurance arrangements		41,845	383,989	425,834
Total		49,339	906,748	956,087

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Accrued expenses and other liabilities		-	79,924	79,924
Due to Life from Non-Life	17	-	11,227	11,227
Brokerage payments due		-	43,192	43,192
Tenant deposits		-	34,519	34,519
Other liabilities		-	257,786	257,786
Total		-	426,648	426,648

24. INSURANCE CONTRACTS

A) Non-Life Business

The Liability for Incurred Claims (LIC) for the Non-Life Business consists of an outstanding claims reserve for large losses, a reserve for claims incurred but not reported (IBNR reserve) and an unallocated loss adjustment expenses (ULAE) reserve. These are discounted to the best estimate liability and updated with a risk adjustment for non-financial risk.

The Group's external actuaries use a combination of chain-ladder, expected loss ratio and Bornhuetter Ferguson techniques to estimate the IBNR reserve for attritional claims. Chain ladder techniques are used for mature underwriting years that have a relatively stable development pattern, while expected loss ratio and Bornhuetter Ferguson techniques are used for recent underwriting years. Based on historical claims development factors, development factors and loss ratios assumptions are selected and applied to cumulative claims data for each underwriting year that is not fully developed to produce estimated ultimate claims cost for each underwriting year. The IBNR reserve is, therefore, the difference between the ultimate cost of claims and the cumulative claims paid to the reserving date.

The ULAE reserve is determined at a class of business level by applying class-wise expense assumptions to determine the expenses that would be incurred to run off claims' liabilities. The large losses reserve is an explicit reserve held with respect to outstanding claims that are expected to exceed the Group's and Company's retention.

24. INSURANCE CONTRACTS (continued)

B) Life Business

The Group underwrite three types of Life reinsurance contracts, namely ordinary Life, supplementary benefits under ordinary Life, and group Life business. Ordinary Life business is written on a 'risk premium' basis.

Ordinary Life business is written on a 'risk premium' basis. This type of business can thus be viewed as a series of one-year renewable term assurances reinsured on guaranteed risk premium rates on a specific cohort of business, hence valued as such. Supplementary benefits under ordinary Life business are written on a similar basis as ordinary Life business. Group Life business is also written on a 'risk premium' basis but with fewer guarantees as the risk premium rates used at each policy anniversary date can change.

The Group's Life business is predominantly short-term group Life business, and short-term valuation methodologies are used in line with the Insurance Acts in Kenya and Tanzania. The Group's external actuaries use a combination of chain-ladder, expected loss ratio and Bornhuetter Ferguson techniques to estimate the claim reserve for attritional claims. Chain ladder techniques are used for mature underwriting years that have a relatively stable development pattern, while expected loss ratio and Bornhuetter Ferguson techniques are used for recent underwriting years. Development factors and loss ratio assumptions, based on historical claims development factors, are selected and applied to cumulative claims data for each underwriting year that is not fully developed to produce an estimated ultimate claim cost for each underwriting year. The claim reserve is the difference between the ultimate cost of claims and the cumulative claims paid to the reserving date.

C) Valuation methodology

The significant valuation assumptions for the actuarial valuation as at 31 December 2025 are the ultimate loss ratio and expense assumptions.

GROUP

Insurance Contract Balances

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
31 December 2025			
Insurance contract liabilities:			
Liability for incurred claims	(440,089)	(2,269,964)	(2,710,053)
Liability for remaining coverage	(622,200)	(1,768,309)	(2,390,509)
	(1,062,289)	(4,038,273)	(5,100,562)
31 December 2024			
Insurance contract liabilities:			
Liability for incurred claims	(454,526)	(2,205,199)	(2,659,725)
Liability for remaining coverage	(686,179)	(1,583,554)	(2,269,733)
	(1,140,705)	(3,788,753)	(4,929,458)

24. INSURANCE CONTRACTS (continued)

GROUP (continued)

Movement in Insurance Contract Balances

Non-Life business

2025	Liability for Incurred Claims Contracts under the PAA					
	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets		-	-	-	-	-
Opening liabilities		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)
Net opening balance		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)
Changes in the statement of profit or loss						
Insurance revenue	3	5,595,682	-	-	-	5,595,682
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(2,157,225)	41,728	(2,115,497)
Amortisation of insurance acquisition cashflows	4.1	(1,430,199)	-	-	-	(1,430,199)
Adjustment to liabilities for incurred claims		-	-	(1,065,822)	(31,330)	(1,097,152)
Losses and reversals of losses on onerous contracts	4.1	-	10,633	-	-	10,633
Total insurance service expenses	4.1	(1,430,199)	10,633	(3,223,047)	10,398	(4,632,215)
		4,165,483	10,633	(3,223,047)	10,398	963,467
Insurance finance expenses	5			(149,444)		(149,444)
Total changes in profit or loss		4,165,483	10,633	(3,372,491)	10,398	814,023
Cash flows						
Premiums received		(5,881,790)	-	-	-	(5,881,790)
Insurance acquisition cash flows paid		1,531,811	-	-	-	1,531,811
Claims and other insurance service expenses paid		-	-	3,293,112	-	3,293,112
Foreign exchange differences		(10,892)	-	4,239	(23)	(6,676)
Total cash flows		(4,360,871)	-	3,297,351	(23)	(1,063,543)
Net closing balance		(1,722,519)	(45,790)	(2,159,087)	(110,877)	(4,038,273)
Closing assets		-	-	-	-	-
Closing liabilities		(1,722,519)	(45,790)	(2,159,087)	(110,877)	(4,038,273)
Net closing balance		(1,722,519)	(45,790)	(2,159,087)	(110,877)	(4,038,273)

NOTES TO THE FINANCIAL STATEMENTS continued

24. INSURANCE CONTRACTS (continued)

GROUP (continued)

Non-Life business (continued)

2024	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Liability for Incurred Claims Contracts under the PAA		Total KShs '000'
				Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
Net opening balance		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
Changes in the statement of profit or loss						
Insurance revenue	3	4,894,727	-	-	-	4,894,727
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(2,133,209)	15,937	(2,117,272)
Amortisation of insurance acquisition cashflows	4.1	(1,228,174)	-	-	-	(1,228,174)
Adjustment to liabilities for incurred claims		-	-	(1,080,910)	(42,478)	(1,123,388)
Losses and reversals of losses on onerous contracts	4.1	-	1,266	-	-	1,266
Total insurance service expenses	4.1	(1,228,174)	1,266	(3,214,119)	(26,541)	(4,467,568)
		3,666,553	1,266	(3,214,119)	(26,541)	427,159
Insurance finance expenses	5	-	-	(179,603)	-	(179,603)
Total changes in profit or loss		3,666,553	1,266	(3,393,722)	(26,541)	247,556
Cash flows						
Premiums received		(5,291,477)	-	-	-	(5,291,477)
Insurance acquisition cash flows paid		1,282,498	-	-	-	1,282,498
Claims and other insurance service expenses paid		-	-	2,948,041	-	2,948,041
Foreign exchange differences		10,654	-	(13,209)	(396)	(2,951)
Total cash flows		(3,998,325)	-	2,934,832	(396)	(1,063,889)
Net closing balance		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)
Closing assets		-	-	-	-	-
Closing liabilities		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)
Net closing balance		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)

24. INSURANCE CONTRACTS (continued)
GROUP (continued)
Life business

2025	Note	Liabilities for Remaining Coverage excluding Loss Component		Liability for Incurred Claims Contracts under the PAA		Total KShs '000'
		Loss component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		(627,846)	(58,333)	(431,591)	(22,935)	(1,140,705)
Net opening balance		(627,846)	(58,333)	(431,591)	(22,935)	(1,140,705)
Changes in the statement of profit or loss						
Insurance revenue	3	1,768,578	-	-	-	1,768,578
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(722,906)	14,270	(708,636)
Amortisation of insurance acquisition cashflows	4.1	(344,931)	-	-	-	(344,931)
Adjustment to liabilities for incurred claims		-	-	(300,225)	(4,965)	(305,190)
Losses and reversals of losses on onerous contracts	4.1	-	15,184	-	-	15,184
Total insurance service expenses		(344,931)	15,184	(1,023,131)	9,305	(1,343,573)
		1,423,647	15,184	(1,023,131)	9,305	425,005
Insurance finance expenses	5	-	-	(26,114)	-	(26,114)
Total changes in profit or loss		1,423,647	15,184	(1,049,245)	9,305	398,891
Cash flows						
Premiums received		(1,715,872)	-	-	-	(1,715,872)
Insurance acquisition cash flows paid		340,919	-	-	-	340,919
Claims and other insurance service expenses paid		-	-	1,055,181	-	1,055,181
Foreign exchange differences		101	-	(788)	(16)	(703)
Total cash flows		(1,374,852)	-	1,054,393	(16)	(320,475)
Net closing balance		(579,051)	(43,149)	(426,443)	(13,646)	(1,062,289)
Closing assets		-	-	-	-	-
Closing liabilities		(579,051)	(43,149)	(426,443)	(13,646)	(1,062,289)
Net closing balance		(579,051)	(43,149)	(426,443)	(13,646)	(1,062,289)

24. INSURANCE CONTRACTS (continued)

GROUP (continued)

Life business (continued)

2024	Note	Liability for Incurred Claims Contracts under the PAA			Total KShs '000'
		Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	
Opening assets		-	-	-	-
Opening liabilities		(322,403)	(52,943)	(308,829)	(16,369)
Net opening balance		(322,403)	(52,943)	(308,829)	(16,369)
Changes in the statement of profit or loss					
Insurance revenue	3	1,461,180	-	-	-
Insurance service expenses					
Incurred claims and other insurance service expenses		-	-	(581,840)	4,024
Amortisation of insurance acquisition cashflows	4.1	(323,996)	-	-	-
Adjustment to liabilities for incurred claims		-	-	(215,579)	(10,544)
Losses and reversals of losses on onerous contracts	4.1	-	(5,390)	-	-
Total insurance service expenses	4.1	(323,996)	(5,390)	(797,419)	(6,520)
		1,137,184	(5,390)	(797,419)	(6,520)
Insurance finance expenses		-	-	(26,506)	-
Total changes in profit or loss		1,137,184	(5,390)	(823,925)	(6,520)
Cash flows					
Premiums received		(1,806,661)	-	-	-
Insurance acquisition cash flows paid		362,235	-	-	-
Claims and other insurance service expenses paid		-	-	703,636	-
Foreign exchange differences		1,799	-	(2,473)	(46)
Total cash flows		(1,442,627)	-	701,163	(46)
Net closing balance		(627,846)	(58,333)	(431,591)	(22,935)
Closing assets		-	-	-	-
Closing liabilities		(627,846)	(58,333)	(431,591)	(22,935)
Net closing balance		(627,846)	(58,333)	(431,591)	(22,935)

24. INSURANCE CONTRACTS (continued)

GROUP

The tables below illustrate how the Group's estimates of total insurance contract liabilities for each underwriting year has changed at successive year ends.

Life business

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	2025 Kshs '000	Total Kshs '000
Accident year	437,156	726,810	277,754	386,751	423,244	454,009	2,705,724
One year later	1,012,647	782,603	691,957	537,539	656,650	-	3,681,396
Two years later	969,758	817,217	455,394	486,804	-	-	2,729,173
Three years later	372,339	716,957	440,311	-	-	-	1,529,607
Four years later	495,509	713,094	-	-	-	-	1,208,603
Five years later	512,134	-	-	-	-	-	512,134
Gross estimate cumulative claims	512,134	713,094	440,311	486,804	656,650	454,009	3,263,002
Gross cumulative payments to date	511,105	701,143	426,052	432,607	420,200	303,153	2,794,260
Gross liabilities	1,029	11,951	14,259	54,197	236,450	150,856	468,742
Total gross liability							468,742
Effect of discounting							(42,299)
Liability for Incurred Claims							426,443

Non-Life business

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	2025 Kshs '000	Total Kshs '000
Accident year	887,874	916,112	1,198,053	1,242,584	1,729,875	1,601,497	7,575,995
One year later	1,497,072	1,600,158	1,803,120	2,167,666	2,623,408	-	9,691,424
Two years later	1,574,358	1,770,737	1,838,412	2,102,173	-	-	7,285,680
Three years later	1,588,024	1,727,427	1,850,629	-	-	-	5,166,080
Four years later	1,574,067	1,725,438	-	-	-	-	3,299,505
Five years later	1,584,667	-	-	-	-	-	1,584,667
Current estimate of cumulative claims	1,584,667	1,725,438	1,850,629	2,102,173	2,623,408	1,601,497	11,487,812
Gross cumulative payments to date	1,544,132	1,649,236	1,703,697	1,835,733	1,731,682	835,180	9,299,660
Gross liabilities	40,535	76,202	146,932	266,440	891,726	766,317	2,188,152
Gross liability in respect to prior years							253,509
Total gross liability							2,441,661
Effect of discounting							(282,574)
Liability for Incurred Claims							2,159,087

NOTES TO THE FINANCIAL STATEMENTS continued

24. INSURANCE CONTRACTS (continued)

COMPANY

Insurance Contract Balances

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
31 December 2025			
Insurance contract liabilities:			
Liability for incurred claims	(331,245)	(1,749,534)	(2,080,779)
Liability for remaining coverage	(419,702)	(1,366,324)	(1,786,026)
	(750,947)	(3,115,858)	(3,866,805)
31 December 2024			
Insurance contract liabilities:			
Liability for incurred claims	(388,367)	(1,820,276)	(2,208,643)
Liability for remaining coverage	(505,563)	(1,339,760)	(1,845,323)
	(893,930)	(3,160,036)	(4,053,966)

24. INSURANCE CONTRACTS (continued)
COMPANY (continued)
Non-Life business

2025	Note	Liability for Incurred Claims Contracts under the PAA			Total KShs '000'	
		Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows		Risk adjustment for non-financial risk
Opening assets		-	-	-	-	
Opening liabilities		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)
Net opening balance		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)
Changes in the statement of profit or loss						
Insurance revenue	3	4,478,184	-	-	-	4,478,184
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(1,723,362)	41,284	(1,682,078)
Amortisation of insurance acquisition cashflows	4.1	(1,113,565)	-	-	-	(1,113,565)
Adjustment to liabilities for incurred claims		-	-	(998,732)	(26,759)	(1,025,491)
Losses and reversals of losses on onerous contracts		-	10,633	-	-	10,633
Total insurance service expenses		(1,113,565)	10,633	(2,722,094)	14,525	(3,810,501)
		3,364,619	10,633	(2,722,094)	14,525	667,683
Insurance finance expenses	5	-	-	(122,909)	-	(122,909)
Total changes in profit or loss		3,364,619	10,633	(2,845,003)	14,525	544,774
Cash flows						
Premiums received		(4,558,139)	-	-	-	(4,558,139)
Insurance acquisition cash flows paid		1,156,323	-	-	-	1,156,323
Claims and other insurance service expenses paid		-	-	2,901,220	-	2,901,220
Total cash flows		(3,401,816)	-	2,901,220	-	(500,596)
Net closing balance		(1,320,534)	(45,790)	(1,654,018)	(95,516)	(3,115,858)
Closing assets		-	-	-	-	-
Closing liabilities		(1,320,534)	(45,790)	(1,654,018)	(95,516)	(3,115,858)
Net closing balance		(1,320,534)	(45,790)	(1,654,018)	(95,516)	(3,115,858)

24. INSURANCE CONTRACTS (continued)

COMPANY (continued)

Non-Life business (continued)

2024	Note	Liability for Incurred Claims Contracts under the PAA				Total KShs '000'
		Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
Net opening balance		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
Changes in the statement of profit or loss						
Insurance revenue	3	4,310,411	-	-	-	4,310,411
Insurance service expenses						
Incurring claims and other insurance service expenses		-	-	(1,786,944)	15,937	(1,771,007)
Amortisation of insurance acquisition cashflows	4.1	(1,083,459)	-	-	-	(1,083,459)
Adjustment to liabilities for incurred claims		-	-	(1,080,910)	(31,663)	(1,112,573)
Losses and reversals of losses on onerous contracts	4.1	-	1,266	-	-	1,266
Total insurance service expenses	4.1	(1,083,459)	1,266	(2,867,854)	(15,726)	(3,965,773)
		3,226,952	1,266	(2,867,854)	(15,726)	344,638
Insurance finance expenses	5	-	-	(179,603)	-	(179,603)
Total changes in profit or loss		3,226,952	1,266	(3,047,457)	(15,726)	165,035
Cash flows						
Premiums received		(4,360,484)	-	-	-	(4,360,484)
Insurance acquisition cash flows paid		1,045,554	-	-	-	1,045,554
Claims and other insurance service expenses paid		-	-	2,962,279	-	2,962,279
Total cash flows		(3,314,930)	-	2,962,279	-	(352,651)
Net closing balance		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)
Closing assets		-	-	-	-	-
Closing liabilities		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)
Net closing balance		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)

24. INSURANCE CONTRACTS (continued)
COMPANY (continued)
Life business

2025	Liability for Incurred Claims Contracts under the PAA					
	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets		-	-	-	-	-
Opening liabilities		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)
Net opening balance		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)
Changes in the statement of profit or loss						
Insurance revenue	3	1,334,886	-	-	-	1,334,886
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(565,617)	15,182	(550,435)
Amortisation of insurance acquisition cashflows	4.1	(342,787)	-	-	-	(342,787)
Adjustment to liabilities for incurred claims		-	-	(202,568)	(5,056)	(207,624)
Losses and reversals of losses on onerous contracts	4.1	-	15,184	-	-	15,184
Total insurance service expenses	4.1	(342,787)	15,184	(768,185)	10,126	(1,085,662)
		992,099	15,184	(768,185)	10,126	249,224
Insurance finance expenses	5	-	-	(22,343)	-	(22,343)
Total changes in profit or loss		992,099	15,184	(790,528)	10,126	226,881
Cash flows						
Premiums received		(1,260,152)	-	-	-	(1,260,152)
Insurance acquisition cash flows paid		338,730	-	-	-	338,730
Claims and other insurance service expenses paid		-	-	837,524	-	837,524
Total cash flows		(921,422)	-	837,524	-	(83,898)
Net closing balance		(376,553)	(43,149)	(319,733)	(11,512)	(750,947)
Closing assets		-	-	-	-	-
Closing liabilities		(376,553)	(43,149)	(319,733)	(11,512)	(750,947)
Net closing balance		(376,553)	(43,149)	(319,733)	(11,512)	(750,947)

24. INSURANCE CONTRACTS (continued)

COMPANY (continued)

Life business (continued)

2024	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Liability for Incurred Claims Contracts under the PAA		Total KShs '000'
				Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
Net opening balance		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
Changes in the statement of profit or loss						
Insurance revenue	3	1,220,774	-	-	-	1,220,774
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(436,866)	4,024	(432,842)
Amortisation of insurance acquisition cashflows	4.1	(322,674)	-	-	-	(322,674)
Adjustment to liabilities for incurred claims		-	-	(215,579)	(9,293)	(224,872)
Losses and reversals of losses on onerous contracts	4.1	-	(5,390)	-	-	(5,390)
Total insurance service expenses	4.1	(322,674)	(5,390)	(652,445)	(5,269)	(985,778)
		898,100	(5,390)	(652,445)	(5,269)	234,996
Insurance finance expenses	5	-	-	(26,506)	-	(26,506)
Total changes in profit or loss		898,100	(5,390)	(678,951)	(5,269)	208,490
Cash flows						
Premiums received		(1,383,252)	-	-	-	(1,383,252)
Insurance acquisition cash flows paid		360,325	-	-	-	360,325
Claims and other insurance service expenses paid		-	-	621,051	-	621,051
Total cash flows		(1,022,927)	-	621,051	-	(401,876)
Net closing balance		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)
Closing assets		-	-	-	-	-
Closing liabilities		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)
Net closing balance		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)

24. INSURANCE CONTRACTS (continued)

COMPANY (continued)

The tables below illustrate how the Group's estimates of total insurance contract liabilities for each underwriting year has changed at successive year ends.

Life business

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	2025 Kshs '000	Total Kshs '000
Accident year	437,156	726,810	277,754	386,751	296,784	346,153	2,471,408
One year later	1,012,647	782,603	691,957	537,539	423,216	-	3,447,962
Two years later	969,758	817,217	455,394	486,804	-	-	2,729,173
Three years later	372,339	716,957	440,311	-	-	-	1,529,607
Four years later	495,509	713,094	-	-	-	-	1,208,603
Five years later	512,134	-	-	-	-	-	512,134
Current estimate of cumulative claims	512,134	713,094	440,311	486,804	423,216	346,153	2,921,712
Gross cumulative payments to date	511,105	701,143	426,052	432,607	306,068	190,247	2,567,222
Gross liabilities	1,029	11,951	14,259	54,197	117,148	155,906	354,490
Total gross liability							354,490
Effect of discounting							(34,757)
Liability for Incurred Claims							319,733

Non-Life

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	2025 Kshs '000	Total Kshs '000
Accident year	887,874	916,112	1,198,053	1,242,584	1,436,440	1,349,727	7,030,790
One year later	1,497,072	1,600,158	1,803,120	2,167,666	2,247,246	-	9,315,262
Two years later	1,574,358	1,770,737	1,838,412	2,102,173	-	-	7,285,680
Three years later	1,588,024	1,727,427	1,850,629	-	-	-	5,166,080
Four years later	1,574,067	1,725,438	-	-	-	-	3,299,505
Five years later	1,584,667	-	-	-	-	-	1,584,667
Current estimate of cumulative claims	1,584,667	1,725,438	1,850,629	2,102,173	2,247,246	1,349,727	10,859,880
Gross cumulative payments to date	1,544,132	1,649,236	1,703,697	1,835,733	1,734,295	745,801	9,212,894
Gross liabilities	40,535	76,202	146,932	266,440	512,951	603,926	1,646,986
Gross liability in respect to prior years							253,509
Total gross liability							1,900,495
Effect of discounting							(246,477)
Liability for Incurred Claims							1,654,018

NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS

GROUP

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
31 December 2025			
Reinsurance contract assets	393,534	693,946	1,087,480
Reinsurance contract liabilities	(562,079)	(313,088)	(875,167)
Net reinsurance contract assets	(168,545)	380,858	212,313
31 December 2024			
Reinsurance contract assets	395,763	687,520	1,083,283
Reinsurance contract liabilities	(371,325)	(58,517)	(429,842)
Net reinsurance contract assets	24,438	629,003	653,441

Reinsurance contract assets include: claim recoveries, asset for remaining coverage, risk adjustment for non-financial risk and the reinsurance loss recovery component as shown in the movement in reinsurance contract balances.

25. REINSURANCE CONTRACTS (continued)
GROUP (continued)
Non-Life business

2025	Note	Assets for Incurred Claims			Risk adjustment for non-financial risk	Total KShs '000'
		Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		
Opening assets		306,192	10,237	347,805	23,286	687,520
Opening liabilities		(58,517)	-	-	-	(58,517)
Net opening balance		247,675	10,237	347,805	23,286	629,003
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(858,895)	-	-	-	(858,895)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	61,769	(6,170)	55,599
Adjustments to assets for incurred claims	4.2	-	-	72,103	2,321	74,424
Change in risk of non-performance		-	-	(260)	-	(260)
Change in reinsurance loss recovery component	4.2	-	350	-	-	350
Total expenses from reinsurance contracts	4.2	-	350	133,612	(3,849)	130,113
Net expenses from reinsurance contracts		(858,895)	350	133,612	(3,849)	(728,782)
Reinsurance finance expenses through profit or loss	5	-	-	24,684	-	24,684
Total changes in profit or loss		(858,895)	350	158,296	(3,849)	(704,098)
Cash flows						
Reinsurance premiums paid		628,535	-	-	-	628,535
Reinsurance recoveries		-	-	(164,558)	-	(164,558)
Exchange difference		(2,783)	-	(5,234)	(7)	(8,024)
Total cash flows		625,752	-	(169,792)	(7)	455,953
Net closing balance		14,532	10,587	336,309	19,430	380,858
Closing assets		327,620	10,587	336,309	19,430	693,946
Closing liabilities		(313,088)	-	-	-	(313,088)
Net closing balance		14,532	10,587	336,309	19,430	380,858

NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS (continued)

GROUP (continued)

Non-Life business (continued)

2024	Assets for Incurred Claims				Total KShs '000'	
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		115,031	14,786	273,537	16,946	420,300
Opening liabilities		(31,981)	-	-	-	(31,981)
Net opening balance		83,050	14,786	273,537	16,946	388,319
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(614,795)	-	-	-	(614,795)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	96,634	4,104	100,738
Adjustments to assets for incurred claims	4.2	-	-	339,538	2,216	341,754
Change in risk of non-performance		-	-	(301)	-	(301)
Change in reinsurance loss recovery component		-	(4,549)	-	-	(4,549)
Total expenses from reinsurance contracts	4.2	-	(4,549)	435,871	6,320	437,642
Net expenses from reinsurance contracts		(614,795)	(4,549)	435,871	6,320	(177,153)
Reinsurance finance expenses through profit or loss	5	-	-	30,317	-	30,317
Total changes in profit or loss		(614,795)	(4,549)	466,188	6,320	(146,836)
Cash flows						
Reinsurance premiums paid		767,880	-	-	-	767,880
Reinsurance recoveries		-	-	(392,581)	-	(392,581)
Foreign exchange differences		11,540	-	661	20	12,221
Total cash flows		779,420	-	(391,920)	20	387,520
Net closing balance		247,675	10,237	347,805	23,286	629,003
Closing assets		306,192	10,237	347,805	23,286	687,520
Closing liabilities		(58,517)	-	-	-	(58,517)
Net closing balance		247,675	10,237	347,805	23,286	629,003

25. REINSURANCE CONTRACTS (continued)

GROUP (continued)

Life business

2025	Assets for Incurred Claims				Total KShs '000'	
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		252,731	14,215	123,331	5,486	395,763
Opening liabilities		(371,325)	-	-	-	(371,325)
Net opening balance		(118,594)	14,215	123,331	5,486	24,438
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(457,780)	-	-	-	(457,780)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	176,399	(2,495)	173,904
Adjustments to assets for incurred claims		-	-	50,804	664	51,468
Change in risk of non-performance	4.2	-	-	398	-	398
Change in reinsurance loss recovery component	4.2	-	(5,278)	-	-	(5,278)
Total expenses from reinsurance contracts	4.2	-	(5,278)	227,601	(1,831)	220,492
Net expenses from reinsurance contracts		(457,780)	(5,278)	227,601	(1,831)	(237,288)
Reinsurance finance expenses through profit or loss	5	-	-	8,138	-	8,138
Total changes in profit or loss		(457,780)	(5,278)	235,739	(1,831)	(229,150)
Cash flows						
Reinsurance premiums paid		262,600	-	-	-	262,600
Reinsurance recoveries		-	-	(221,868)	-	(221,868)
Foreign exchange differences		(5,302)	-	723	14	(4,565)
Total cash flows		257,298	-	(221,145)	14	36,167
Net closing balance		(319,076)	8,937	137,925	3,669	(168,545)
Closing assets		243,003	8,937	137,925	3,669	393,534
Closing liabilities		(562,079)	-	-	-	(562,079)
Net closing balance		(319,076)	8,937	137,925	3,669	(168,545)

NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS (continued)

GROUP (continued)

Life business

2024	Assets for Incurred Claims				Total KShs '000'	
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		88,533	12,498	68,187	9,232	178,450
Opening liabilities		(61,762)	-	-	-	(61,762)
Net opening balance		26,771	12,498	68,187	9,232	116,688
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(375,858)	-	-	-	(375,858)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	171,975	(6,627)	165,348
Adjustments to assets for incurred claims		-	-	6,898	2,848	9,746
Change in risk of non-performance	4.2	-	-	(21)	-	(21)
Change in reinsurance loss recovery component	4.2	-	1,717	-	-	1,717
Total expenses from reinsurance contracts	4.2	-	1,717	178,852	(3,779)	176,790
Net expenses from reinsurance contracts		(375,858)	1,717	178,852	(3,779)	(199,068)
Reinsurance finance expenses through profit or loss	5	-	-	6,920	-	6,920
Total changes in profit or loss		(375,858)	1,717	185,772	(3,779)	(192,148)
Cash flows						
Reinsurance premiums paid		234,878	-	-	-	234,878
Reinsurance recoveries		-	-	(132,253)	-	(132,253)
Foreign exchange differences		(4,385)	-	1,625	33	(2,727)
Total cash flows		230,493	-	(130,628)	33	99,898
Net closing balance		(118,594)	14,215	123,331	5,486	24,438
Closing assets		252,731	14,215	123,331	5,486	395,763
Closing liabilities		(371,325)	-	-	-	(371,325)
Net closing balance		(118,594)	14,215	123,331	5,486	24,438



NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS COMPANY

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
31 December 2025			
Reinsurance contract assets	155,817	534,720	690,537
Reinsurance contract liabilities	(99,144)	(111,006)	(210,150)
Net reinsurance contract assets	56,673	423,714	480,387
31 December 2024			
Reinsurance contract assets	215,739	593,021	808,760
Reinsurance contract liabilities	(114,118)	-	(114,118)
Net reinsurance contract assets	101,621	593,021	694,642

Reinsurance contract assets include: claim recoveries, asset for remaining coverage, risk adjustment for non-financial risk and the reinsurance loss recovery component as shown in the movement in reinsurance contract balances.

NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS (continued)

COMPANY (continued)

Non-Life business

2025	Assets for Incurred Claims					Total KShs '000'
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non- financial risk	
Opening assets		230,961	10,237	329,101	22,722	593,021
Net opening balance		230,961	10,237	329,101	22,722	593,021
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(660,889)	-	-	-	(660,889)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	44,448	(5,923)	38,525
Adjustments to assets for incurred claims	4.2	-	-	100,678	2,082	102,760
Change in risk of non-performance		-	-	(258)	-	(258)
Change in reinsurance loss recovery component	4.2	-	350	-	-	350
Total expenses from reinsurance contracts	4.2	-	350	144,868	(3,841)	141,377
Net expenses from reinsurance contracts		(660,889)	350	144,868	(3,841)	(519,512)
Reinsurance finance expenses through profit or loss	5	-	-	23,326	-	23,326
Total changes in profit or loss		(660,889)	350	168,194	(3,841)	(496,186)
Cash flows						
Reinsurance premiums paid		499,095	-	-	-	499,095
Reinsurance recoveries		-	-	(172,216)	-	(172,216)
Total cash flows		499,095	-	(172,216)	-	326,879
Net closing balance		69,167	10,587	325,079	18,881	423,714
Closing assets		180,173	10,587	325,079	18,881	534,720
Closing liabilities		(111,006)	-	-	-	(111,006)
Net closing balance		69,167	10,587	325,079	18,881	423,714

25. REINSURANCE CONTRACTS (continued)

COMPANY (continued)

Non-Life business (continued)

2024	Assets for Incurred Claims				Total KShs '000'	
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		115,031	14,786	273,537	16,946	420,300
Opening liabilities		(31,981)	-	-	-	(31,981)
Net opening balance		83,050	14,786	273,537	16,946	388,319
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(557,373)	-	-	-	(557,373)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	43,082	4,104	47,186
Adjustments to assets for incurred claims	4.2	-	-	339,538	1,672	341,210
Change in risk of non-performance		-	-	(211)	-	(211)
Change in reinsurance loss recovery component	4.2	-	(4,549)	-	-	(4,549)
Total expenses from reinsurance contracts	4.2	-	(4,549)	382,409	5,776	383,636
Net expenses from reinsurance contracts		(557,373)	(4,549)	382,409	5,776	(173,737)
Reinsurance finance expenses through profit or loss	5	-	-	30,317	-	30,317
Total changes in profit or loss		(557,373)	(4,549)	412,726	5,776	(143,420)
Cash flows						
Reinsurance premiums paid		705,284	-	-	-	705,284
Reinsurance recoveries		-	-	(357,162)	-	(357,162)
Total cash flows		705,284	-	(357,162)	-	348,122
Net closing balance		230,961	10,237	329,101	22,722	593,021
Closing assets		230,961	10,237	329,101	22,722	593,021

NOTES TO THE FINANCIAL STATEMENTS continued

25. REINSURANCE CONTRACTS (continued)

COMPANY (continued)

Life business

2025	Note	Assets for Incurred Claims			Total KShs '000'	
		Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		119,589	14,215	77,369	4,566	215,739
Opening liabilities		(114,118)	-	-	-	(114,118)
Net opening balance		5,471	14,215	77,369	4,566	101,621
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(151,146)	-	-	-	(151,146)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	86,095	(3,240)	82,855
Adjustments to assets for incurred claims	4.2	-	-	(18,628)	741	(17,887)
Change in risk of non-performance		-	-	414	-	414
Change in reinsurance loss recovery component	4.2	-	(5,278)	-	-	(5,278)
Total expenses from reinsurance contracts	4.2	-	(5,278)	67,881	(2,499)	60,104
Net expenses from reinsurance contracts		(151,146)	(5,278)	67,881	(2,499)	(91,042)
Reinsurance finance expenses through profit or loss	5	-	-	5,362	-	5,362
Total changes in profit or loss		(151,146)	(5,278)	73,243	(2,499)	(85,680)
Cash flows						
Reinsurance premiums paid		133,483	-	-	-	133,483
Reinsurance recoveries		-	-	(92,751)	-	(92,751)
Total cash flows		133,483	-	(92,751)	-	40,732
Net closing balance		(12,192)	8,937	57,861	2,067	56,673
Closing assets		86,952	8,937	57,861	2,067	155,817
Closing liabilities		(99,144)	-	-	-	(99,144)
Net closing balance		(12,192)	8,937	57,861	2,067	56,673

25. REINSURANCE CONTRACTS (continued)

COMPANY (continued)

Life business (continued)

2024	Assets for Incurred Claims				Total KShs '000'	
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF		Risk adjustment for non- financial risk
Opening assets		88,533	12,498	68,187	9,232	178,450
Opening liabilities		(61,762)	-	-	-	(61,762)
Net opening balance		26,771	12,498	68,187	9,232	116,688
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(211,128)	-	-	-	(211,128)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	82,575	(6,627)	75,948
Adjustments to assets for incurred claims	4.2	-	-	6,898	1,961	8,859
Change in risk of non-performance		-	-	(8)	-	(8)
Change in reinsurance loss recovery component	4.2	-	1,717	-	-	1,717
Total expenses from reinsurance contracts	4.2	-	1,717	89,465	(4,666)	86,516
Net expenses from reinsurance contracts		(211,128)	1,717	89,465	(4,666)	(124,612)
Reinsurance finance expenses through profit or loss	5	-	-	6,920	-	6,920
Total changes in profit or loss		(211,128)	1,717	96,385	(4,666)	(117,692)
Cash flows						
Reinsurance premiums paid		189,828	-	-	-	189,828
Reinsurance recoveries		-	-	(87,203)	-	(87,203)
Total cash flows		189,828	-	(87,203)	-	102,625
Net closing balance		5,471	14,215	77,369	4,566	101,621
Closing assets		119,589	14,215	77,369	4,566	215,739
Closing liabilities		(114,118)	-	-	-	(114,118)
Net closing balance		5,471	14,215	77,369	4,566	101,621

NOTES TO THE FINANCIAL STATEMENTS continued

26. DEFERRED TAX

GROUP

2025

(a) Deferred tax movement in the year

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	452,689	(44,756)	407,933
Charge/(credit) to profit or loss	116,166	(19,630)	96,536
Exchange differences	-	(397)	(397)
At 31 December	568,855	(64,783)	504,072

(b) Reconciliation of deferred tax asset/(liability)

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Deferred income tax liability			
Deferred tax on land and buildings	-	42,188	42,188
Unrealised exchange gains	-	1,138	1,138
Life surplus	568,855	-	568,855
	568,855	43,326	612,181
Deferred income tax asset			
Provisions	-	(104,061)	(104,061)
Excess depreciation over capital allowance	-	(2,314)	(2,314)
Right of use asset	-	(65)	(65)
Exchange differences	-	(1,669)	(1,669)
Net deferred tax liability	568,855	(64,783)	504,072

2024

(a) Deferred tax movement in the year

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	357,160	60,917	418,077
Credit to other comprehensive income	95,529	(105,378)	(9,849)
Charge/(credit) to profit or loss	-	(295)	(295)
At 31 December	452,689	(44,756)	407,933

26. DEFERRED TAX (continued)

GROUP (continued)

(b) Reconciliation of deferred tax asset/(liability)

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Deferred income tax liability			
Deferred tax on land and buildings	-	47,156	47,156
Life surplus	-	5,291	5,291
Insurance and reinsurance contracts	452,689	-	452,689
	452,689	52,447	505,136
Deferred income tax asset			
Provisions	-	(89,527)	(89,527)
Excess depreciation over capital allowance	-	(7,323)	(7,323)
Right of use asset	-	(58)	(58)
Foreign exchange differences	-	(295)	(295)
	452,689	(44,756)	407,933

COMPANY

Deferred income tax is calculated using the enacted tax rate of 30% (2024: 30%) except for capital gains, for which the enacted tax rate of 15% (2024: 15%) is used. The movement on the deferred income tax account is as follows:

2025

(a) Deferred tax movement in the year

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	452,689	(36,397)	416,292
Charge/(credit) to profit or loss	116,166	(6,650)	109,516
At 31 December	568,855	(43,047)	525,808

NOTES TO THE FINANCIAL STATEMENTS continued

26. DEFERRED TAX (continued)

COMPANY (continued)

(b) Reconciliation of deferred tax asset/(liability)

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Deferred income tax liability			
Deferred tax on land and buildings	-	42,188	42,188
Unrealised exchange gains	-	(1,138)	(1,138)
Life surplus	568,855	-	568,855
	568,855	41,050	609,905
Deferred income tax asset			
Provisions	-	(82,487)	(82,487)
Excess depreciation over capital allowance	-	(1,610)	(1,610)
Net deferred tax liability	568,855	(43,047)	525,808

2024

(a) Deferred tax movement in the year

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January			
Credit to other comprehensive income	357,160	60,917	418,077
Charge/(credit) to profit or loss	95,529	(97,314)	(1,785)
At 31 December	452,689	(36,397)	416,292

(b) Reconciliation of deferred tax asset/(liability)

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Deferred income tax liability			
Deferred tax on land and buildings	-	47,156	47,156
Life surplus	-	5,291	5,291
Insurance and reinsurance contracts	452,689	-	452,689
	452,689	52,447	505,136
Deferred income tax asset			
Provisions	-	(80,530)	(80,530)
Excess depreciation over capital allowance	-	(8,314)	(8,314)
Net deferred tax liability/(asset)	452,689	(36,397)	416,292

27. CASH AND BANK BALANCES

GROUP
2025

Cash and bank balances consist of:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Cash and Bank Balances	244,143	288,738	532,881
Less: Provision for expected credit losses	(1,344)	(1,564)	(2,908)
Total	242,799	287,174	529,973

Movement in expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(736)	(1,221)	(1,957)
Charge for the year	(602)	(326)	(928)
Exchanges difference	(6)	(17)	(23)
At 31 December	(1,344)	(1,564)	(2,908)

Cash and Cash equivalents consist of:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Cash and Bank Balances	244,143	288,738	532,881
Deposits with financial institutions maturing within 90 days	6,463	63,073	69,536
At 31 December	250,606	351,811	602,417

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	149,330	431,956	581,286
Less: Provision for expected credit losses	(736)	(1,221)	(1,957)
Total	148,594	430,735	579,329

NOTES TO THE FINANCIAL STATEMENTS continued

27. CASH AND BANK BALANCES (continued)

GROUP (continued)

Movement in expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(250)	(1,120)	(1,370)
Credit for the year	(484)	(94)	(578)
Foreign exchange differences	(2)	(7)	(9)
At 31 December	(736)	(1,221)	(1,957)

Cash and Cash equivalents consist of:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	149,330	431,956	581,286
Deposits with financial institutions maturing within 90 days	677,740	1,550,314	2,228,054
At 31 December	827,070	1,982,270	2,809,340

COMPANY

2025

Cash and bank balances consist of:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Cash and Bank Balances	188,857	144,446	333,303
Less: Provision for expected credit losses	(1,101)	(853)	(1,954)
Total	187,756	143,593	331,349

Movement in expected credit losses:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
At 1 January	(678)	(1,023)	(1,701)
(Charge)/credit for the year	(423)	170	(253)
At 31 December	(1,101)	(853)	(1,954)

27. CASH AND BANK BALANCE (continued)

COMPANY (continued)

Cash and Cash equivalents consist of:

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Cash and Bank Balances	188,857	144,446	333,303
Deposits with financial institutions maturing within 90 days	6,463	63,073	69,536
At 31 December	195,320	207,519	402,839

2024

Cash and bank balances consist of:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	107,675	290,702	398,377
Less: Provision for expected credit losses	(678)	(1,023)	(1,701)
Total	106,997	289,679	396,676

Movement in expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(250)	(1,120)	(1,370)
Credit for the year	(428)	97	(331)
At 31 December	(678)	(1,023)	(1,701)

Cash and Cash equivalents consist of:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	107,675	290,702	398,377
Deposits with financial institutions maturing within 90 days	677,740	1,550,314	2,228,054
At 31 December	785,415	1,841,016	2,626,431

28. CASH GENERATED FROM OPERATIONS

GROUP	Note	2025 Kshs '000	2024 Kshs '000
Profit before income tax		1,186,287	957,209
Adjustments for:			
Depreciation on property and equipment	12	42,627	39,786
Depreciation on right of use asset		1,366	1,389
Interest expenses lease liability		263	437
Gain on disposal of equities		-	(1,903)
Change in fair value of equity investments		(15,939)	(13,002)
Change in fair value of investment property	15	7,332	803
Change in insurance contract liabilities	14	171,104	1,256,494
Change in reinsurance contract liabilities		445,325	336,099
Change in other payables		513,554	13,021
Change in insurance contract assets		(681,429)	(754,547)
Change in reinsurance contract assets		(4,197)	(484,533)
Change in other receivables		(24,141)	(15,555)
Investment income		(1,038,496)	(1,070,785)
Amortisation of intangible assets		6,472	8,625
Impairment of financial assets	13	17,826	(3,613)
Change in fair value of REITs		(9,761)	(3,606)
Unrealised foreign exchange losses	15	4,857	4,294
Total		623,050	270,613

COMPANY	Note	2025 Kshs '000	2024 Kshs '000
Profit before income tax		1,024,697	849,293
Adjustments for:			
Depreciation on property and equipment	12	38,344	35,970
Gain on disposal of equities		-	(1,903)
Change in fair value of equity investments		(15,939)	(13,002)
Change in fair value of investment property	15	7,332	803
Change in insurance contract liabilities	14	(187,161)	381,002
Change in reinsurance contract liabilities		96,032	20,375
Change in other payables		529,439	(46,566)
Change in insurance contract assets		(684,307)	12,442
Change in reinsurance contract assets		118,223	(188,464)
Change in other receivables		43,008	(54,199)
Investment income		(934,749)	(1,018,952)
Amortisation of intangible assets		3,247	6,009
Impairment of financial assets	13	12,771	(4,694)
Change in fair value of REITs		(9,761)	(3,606)
Unrealised foreign exchange (losses)/gains	15	4,490	(16,395)
Total		45,666	(41,887)



NOTES TO THE FINANCIAL STATEMENTS continued

29. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Group leases office space and the average term is 3 years. The lease agreement commenced on 1 December 2023. Details pertaining to leasing arrangements where the Group is lessee are presented below:

GROUP

(a) Lease liabilities

Movement of lease liabilities is shown below:

	2025 Kshs '000	2024 Kshs '000
At 1 January	3,071	-
Additions	-	4,156
Interest expense	263	437
Principal payments in the period	(1,344)	(1,193)
Interest paid	(263)	(437)
Exchange difference	(88)	108
At 31 December	1,639	3,071

Maturity analysis of the lease liabilities recognised on 31 December is analysed as below:

	2025 Kshs '000	2024 Kshs '000
Non-current	-	1,689
Current	1,689	1,689
Total	1,689	3,378

(b) Right-of-use assets

Movement of right-of-use assets is shown below:

	2025 Kshs '000	2024 Kshs '000
At 1 January	2,868	-
Additions	-	4,156
Depreciation	(1,366)	(1,389)
Exchange difference	(87)	101
At 31 December	1,415	2,868

The Group leases office space for a term of one year with an option to renew the lease. The lease does not contain any restrictions or covenants other than the protective rights of the lessor nor does it carry a residual value guarantee.

NOTES TO THE FINANCIAL STATEMENTS continued

29. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (continued)

GROUP (continued)

(c) Amounts recognised in the statement of financial position

	2025 Kshs '000	2024 Kshs '000
Right-of-use asset	1,415	2,868
Lease liability	1,639	3,071

(d) Amounts recognised in the statement of profit or loss

	2025 Kshs '000	2024 Kshs '000
Depreciation on right-of-use assets	1,366	1,389
Interest expense - lease liability	263	437

The total cash outflow for leases was Kshs 1,600,000.

30. CAPITAL COMMITMENTS

GROUP

	2025 Kshs '000	2024 Kshs '000
Approved capital expenditure	17,172	6,722

COMPANY

	2025 Kshs '000	2024 Kshs '000
Approved capital expenditure	15,800	6,350

31. CONTINGENT LIABILITIES

The Kenya Revenue Authority (KRA) audited the Company's corporate income tax records during the years 2014 to 2020 and issued an assessment which the Company objected to. In 2024, the High Court upheld the Tax Appeals Tribunal (TAT) decision that the claimed taxes were not payable by the Company. KRA filed a notice of Appeal seeking to appeal the High Court's decision at the Court of Appeal. The Company, in conjunction with its tax advisors, continues to engage KRA on resolving this matter.

The resulting obligation if any, arising from the audit cannot be measured with sufficient reliability and thus its quantum has not been disclosed.

Having sought the advice of the Company's tax advisors, the Directors are of the opinion that the possibility of an outflow of resources on the above-mentioned contingency is remote and will it not have a material effect on the financial position or performance of the Company.

The Group and Company are also subject to insurance solvency regulations and has complied with the solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.



NOTES TO THE FINANCIAL STATEMENTS continued

32. FOREIGN EXCHANGE

GROUP

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Realised foreign exchange (losses)/gains	(2,473)	4,192	1,719
Unrealised foreign exchange gains/(losses)	98	(4,956)	(4,858)
Total	(2,375)	(764)	(3,139)

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Realised foreign exchange losses	(38,334)	(201,147)	(239,481)
Unrealised foreign exchange losses	(2,757)	(829)	(3,586)
Total	(41,091)	(201,976)	(243,067)

COMPANY

2025

	Life 2025 Kshs '000	Non-Life 2025 Kshs '000	Total 2025 Kshs '000
Realised foreign exchange (losses)/gains	(2,170)	1,735	(435)
Unrealised foreign exchange losses	(697)	(3,793)	(4,490)
Total	(2,867)	(2,058)	(4,925)

COMPANY

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Realised foreign exchange losses	(38,148)	(202,716)	(240,864)
Unrealised foreign exchange (losses)/gains	(1,263)	17,635	16,372
Total	(39,411)	(185,081)	(224,492)

33. RELATED PARTIES

The Group is controlled by First Chartered Securities Limited, a company incorporated and domiciled in Kenya, which is its immediate parent company. The Group's ultimate holding company is Asset Managers Limited. There are several other companies, which are related to the Group through common shareholdings or common directorships.

In the normal course of business, the Group issues reinsurance policies and has banking relationships with its related parties. All transactions with related parties are at arm's length. The terms and conditions of the reinsurance and banking related party transactions are equivalent to those available to other customers.

Transactions with related parties during the year and related outstanding balances are disclosed below:

a) Transactions with related parties during the year

GROUP

	2025 Kshs '000	2024 Kshs '000
Insurance revenue	2,466,115	2,370,979
Interest earned on bank deposits	40,666	52,394
Total	2,506,781	2,423,373

COMPANY

	2024 Kshs '000	2024 Kshs '000
Insurance revenue	2,246,306	2,257,503
Interest earned on bank deposits	13,710	45,811
Total	2,260,016	2,303,314

a) Balances with related parties

i Balances Receivable from related parties

GROUP

	2025 Kshs '000	2024 Kshs '000
ICEA LION Holdings Limited and subsidiaries	149,460	112,332
GA Insurance Limited and subsidiaries	56,593	50,663
Kenindia Assurance Limited	5,025	16,563
Apollo Investments and subsidiaries	51,781	14,318
Total	262,859	193,876

COMPANY

	2025 Kshs '000	2024 Kshs '000
ICEA LION Holdings Limited and subsidiaries	109,775	43,540
GA Insurance Limited and subsidiaries	42,245	50,663
Kenindia Assurance Limited	5,025	16,563
Apollo Investments and subsidiaries	51,781	14,318
East Africa Reinsurance (Tanzania) Company Limited	7,975	58,220
Total	216,801	183,304

33. RELATED PARTIES (continued)

a) Balances with related parties (continued)

ii. Balances Payable to related parties

GROUP

	2025 Kshs '000	2024 Kshs '000
ICEA LION Holdings Limited and subsidiaries	5,106	47,678
Kenindia Assurance Limited	42,390	25,125
GA Insurance Limited and subsidiaries	20,294	17,581
Apollo Investments and subsidiaries	8,839	10,176
Total	76,629	100,560

COMPANY

	2024 Kshs '000	2024 Kshs '000
ICEA LION Holdings Limited and subsidiaries	5,106	47,678
Kenindia Assurance Limited	42,390	25,125
GA Insurance Limited and subsidiaries	20,294	17,581
Apollo Investments and subsidiaries	8,839	10,176
East Africa Reinsurance (Tanzania) Company Limited	36,587	-
Total	113,216	100,560

iii. Investment Balances with related parties

GROUP

	2025 Kshs '000	2024 Kshs '000
Fixed deposits with NCBA Group Plc	643,524	313,818
Bank balances with NCBA Group Plc	100,979	335,434
Staff mortgages	103,896	116,256
Total	848,399	765,508

COMPANY

	2025 Kshs '000	2024 Kshs '000
Fixed deposits with NCBA Bank Limited	260,805	216,365
Bank balances with NCBA Bank Limited	44,022	195,241
Staff mortgages	103,896	116,256
Total	408,723	527,862

Mortgages are in respect of loans extended to the Group's staff at terms prescribed in the Group policy. Additional details on the terms of the mortgage loans are disclosed under Note 16.

NOTES TO THE FINANCIAL STATEMENTS continued

33. RELATED PARTIES (continued)

c) Directors' fees

GROUP

	2025 Kshs '000	2024 Kshs '000
Directors' emoluments	13,711	12,616

COMPANY

	2025 Kshs '000	2024 Kshs '000
Directors' emoluments	9,520	8,501

d) Key management personnel remuneration

GROUP

	2025 Kshs '000	2024 Kshs '000
Salaries	110,758	103,511
National Social Security benefit cost	1,877	1,233
Retirement benefit costs	7,457	7,112
Other benefits	1,396	1,389
Total	121,488	113,245

COMPANY

	2025 Kshs '000	2024 Kshs '000
Salaries	96,358	92,111
National Social Security benefit cost	149	74
Retirement benefit costs	7,457	7,112
Other benefits	1,316	1,389
Total	105,280	100,686

Key management personnel remuneration comprises short-term employee benefits such as salaries, non-cash benefits and contributions to the retirement benefits schemes. Other benefits mainly include medical insurance and group Life insurance.

e) Loans to Directors and Key management

The Group and Company did not advance loans to its non-executive directors in 2025 (2024: Nil). Loans to Key management staff amounted to Kshs 63,570,000 (2024: Kshs 77,700,000).

34. EVENTS SUBSEQUENT TO YEAR END

There were no material subsequent events after the reporting date requiring disclosure in these financial statements as at the date of the financial statements approval.

**NON-LIFE CLASSWISE REVENUE ACCOUNT
GROUP
2025**

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellaneous Accident Kshs'000	2025 Total Kshs'000
Insurance revenue	23,376	470,556	2,464,869	80,714	242,357	284,756	83,808	1,073,496	871,750	5,595,682
Insurance service expenses	(8,288)	(393,163)	(1,958,924)	(41,589)	(214,673)	(333,360)	(53,043)	(1,107,148)	(522,027)	(4,632,215)
Reinsurance recoveries	-	128	121,574	-	-	-	-	-	8,411	130,113
Reinsurance expenses	(14,956)	(184,014)	(388,848)	(15,614)	(7,820)	1,101	115	1,447	(250,306)	(858,895)
Insurance service result	132	(106,493)	238,671	23,511	19,864	(47,503)	30,880	(32,205)	107,828	234,685
Interest income calculated using the effective interest method	2,798	56,316	297,255	9,660	29,005	34,080	10,030	128,476	104,330	671,950
Other investment revenue	368	7,411	38,823	1,271	3,817	4,485	1,320	16,908	13,731	88,134
Impairment on financial assets	(50)	(1,006)	(5,309)	(173)	(518)	(609)	(179)	(2,295)	(1,863)	(12,002)
Net investment income	3,116	62,721	330,769	10,758	32,304	37,956	11,171	143,089	116,198	748,082
Net finance expenses from insurance contracts	(443)	(18,746)	(62,649)	(1,294)	(9,787)	(30,531)	(767)	(15,922)	(9,305)	(149,444)
Net finance income from reinsurance contracts	22	145	24,016	48	108	63	2	52	228	24,684
Net insurance finance expenses	(421)	(18,601)	(38,633)	(1,246)	(9,679)	(30,468)	(765)	(15,870)	(9,077)	(124,760)
Net insurance and investment result	2,827	(62,373)	530,807	33,023	42,489	(40,015)	41,286	95,014	214,949	858,007
Other expenses	(474)	(9,549)	(50,022)	(1,638)	(4,918)	(5,779)	(1,701)	(21,785)	(17,692)	(113,558)
Foreign exchange losses	(3)	(64)	(338)	(11)	(33)	(39)	(11)	(146)	(119)	(764)
Profit before tax	2,350	(71,986)	480,447	31,374	37,538	(45,833)	39,574	73,083	197,138	743,685
Income tax expense	(817)	(16,445)	(86,141)	(2,821)	(8,470)	(9,952)	(2,929)	(37,516)	(30,465)	(195,556)
Profit after tax	1,533	(88,431)	394,306	28,553	29,068	(55,785)	36,645	35,567	166,673	548,129



NON-LIFE CLASSWISE REVENUE ACCOUNT (continued)
GROUP (continued)
2024

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellaneous Accident Kshs'000	2024 Total Kshs'000
Insurance revenue	7,238	415,340	2,319,009	49,437	236,184	260,308	126,634	821,939	658,638	4,894,727
Insurance service expenses	(6,890)	(276,841)	(2,367,622)	(30,603)	(200,928)	(135,849)	(87,040)	(934,381)	(427,414)	(4,467,568)
Reinsurance recoveries	692	65,179	364,471	-	280	-	-	-	7,020	437,642
Reinsurance expenses	(1,082)	(159,693)	(347,838)	-	(9,721)	-	-	-	(96,461)	(614,795)
Insurance service result	(42)	43,985	(31,980)	18,834	25,815	124,459	39,594	(112,442)	141,783	250,006
Interest income calculated using the effective interest method	588	64,726	328,499	7,778	29,213	37,805	17,950	130,502	90,409	707,470
Other investment revenue	24	8,471	41,858	1,051	3,660	5,050	2,495	17,998	11,786	92,393
Impairment on financial assets	(6)	497	2,289	67	191	311	167	1,186	681	5,383
Net investment income	606	73,694	372,646	8,896	33,064	43,166	20,612	149,686	102,876	805,246
Net finance expenses from insurance contracts	(27,075)	(65,020)	(389)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(179,603)
Net finance income from reinsurance contracts	-	-	30,317	-	-	-	-	-	-	30,317
Net insurance finance expenses	(66)	(27,075)	(34,703)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(149,286)
Net insurance and investment result	498	90,604	305,963	27,341	46,677	118,551	60,107	19,131	237,094	905,966
Other expenses	(171)	(7,848)	(41,984)	(881)	(3,852)	(4,390)	(1,900)	(14,079)	(11,048)	(86,153)
Foreign exchange losses	(193)	(18,470)	(94,296)	(2,203)	(8,416)	(10,738)	(5,050)	(36,788)	(25,822)	(201,976)
Profit before tax	134	64,286	169,683	24,257	34,409	103,423	53,157	(31,736)	200,224	617,837
Income tax expense	(250)	(4,740)	(28,522)	(440)	(2,782)	(2,367)	(742)	(5,939)	(6,798)	(52,580)
Profit after tax	(116)	59,546	141,161	23,817	31,627	101,056	52,415	(37,675)	193,426	565,257

NON-LIFE CLASSWISE REVENUE ACCOUNT (continued)
COMPANY
2025

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellaneous Accident Kshs'000	2024 Total Kshs'000
Insurance revenue	4,567	348,699	1,906,066	40,045	151,672	232,010	81,968	1,029,600	683,557	4,478,184
Insurance service expenses	(1,386)	(317,382)	(1,509,429)	(16,680)	(142,782)	(294,049)	(52,559)	(1,083,575)	(392,659)	(3,810,501)
Reinsurance recoveries	-	128	132,834	-	-	-	-	-	8,415	141,377
Reinsurance expenses	-	(168,460)	(261,359)	-	(8,710)	-	-	-	(222,360)	(660,889)
Insurance service result	3,181	(137,015)	268,112	23,365	180	(62,039)	29,409	(53,975)	76,953	148,171
Interest income calculated using the effective interest method	800	48,687	236,104	5,735	21,567	32,536	8,002	144,220	93,383	591,034
Other investment revenue	90	6,863	37,513	788	2,985	4,566	1,613	20,263	13,453	88,134
Impairment on financial assets	(11)	(682)	(3,305)	(80)	(302)	(455)	(112)	(2,019)	(1,308)	(8,274)
Net investment income	879	54,868	270,312	6,443	24,250	36,647	9,503	162,464	105,528	670,894
Net finance expenses from insurance contracts	(4)	(15,900)	(49,160)	(344)	(7,670)	(29,299)	(724)	(14,897)	(4,911)	(122,909)
Net finance income from reinsurance contracts	-	-	23,326	-	-	-	-	-	-	23,326
Net insurance finance expenses	(4)	(15,900)	(25,834)	(344)	(7,670)	(29,299)	(724)	(14,897)	(4,911)	(99,583)
Net insurance and investment result	4,056	(98,047)	512,590	29,464	16,760	(54,691)	38,188	93,592	177,570	719,482
Other expenses	(89)	(6,800)	(37,169)	(781)	(2,958)	(4,524)	(1,598)	(20,078)	(13,330)	(87,327)
Foreign exchange losses	(3)	(170)	(822)	(20)	(75)	(113)	(28)	(502)	(325)	(2,058)
Profit before tax	3,964	(105,017)	474,599	28,663	13,727	(59,328)	36,562	73,012	163,915	630,097
Income tax expense	(162)	(12,404)	(67,805)	(1,425)	(5,395)	(8,253)	(2,916)	(36,626)	(24,317)	(159,303)
Profit after tax	3,802	(117,421)	406,794	27,238	8,332	(67,581)	33,646	36,386	139,598	470,794



NON-LIFE CLASSWISE REVENUE ACCOUNT (continued)
COMPANY (continued)
2024

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellaneous Accident Kshs'000	2023 Total Kshs'000
Insurance revenue	2,035	374,612	1,952,123	45,944	203,222	226,534	125,514	796,282	584,145	4,310,411
Insurance service expenses	(1,936)	(212,302)	(2,102,402)	(26,509)	(159,402)	(113,746)	(85,146)	(900,048)	(364,282)	(3,965,773)
Reinsurance recoveries	-	62,783	314,853	-	-	-	-	-	6,000	383,636
Reinsurance expenses	-	(154,544)	(298,877)	-	(8,786)	-	-	-	(95,166)	(557,373)
Insurance service result	99	70,549	(134,303)	19,435	35,034	112,788	40,368	(103,766)	130,697	170,901
Interest income calculated using the effective interest method	173	60,434	298,622	7,498	26,110	36,025	17,797	128,402	84,092	659,153
Other investment revenue	24	8,471	41,858	1,051	3,660	5,050	2,495	17,998	11,786	92,393
Impairment on financial assets	2	577	2,849	72	249	344	170	1,225	801	6,289
Net investment income	199	69,482	343,329	8,621	30,019	41,419	20,462	147,625	96,679	757,835
Net finance expenses from insurance contracts	(66)	(27,075)	(65,020)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(179,603)
Net finance income from reinsurance contracts	-	-	30,317	-	-	-	-	-	-	30,317
Net insurance finance expenses	(66)	(27,075)	(34,703)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(149,286)
Net insurance and investment result	232	112,956	174,323	27,667	52,851	105,133	60,731	25,746	219,811	779,450
Other expenses	(18)	(6,261)	(30,935)	(777)	(2,705)	(3,732)	(1,844)	(13,302)	(8,710)	(68,284)
Foreign exchange losses	(48)	(16,969)	(83,849)	(2,105)	(7,331)	(10,115)	(4,997)	(36,054)	(23,613)	(185,081)
Profit before tax	166	89,726	59,539	24,785	42,815	91,286	53,890	(23,610)	187,488	526,085
Income tax expense	(6)	(2,214)	(10,938)	(275)	(956)	(1,319)	(652)	(4,703)	(3,080)	(24,143)
Profit after tax	160	87,512	48,601	24,510	41,859	89,967	53,238	(28,313)	184,408	501,942



SUPPLEMENTARY INFORMATION continued

LIFE CLASSWISE REVENUE ACCOUNT

GROUP

2025

	Individual Life Kshs '000	Group Life Kshs '000	Total 2025 Kshs '000'
Insurance revenue	136,106	1,632,472	1,768,578
Insurance service expenses	(110,695)	(1,232,878)	(1,343,573)
Reinsurance recoveries	6,128	214,364	220,492
Reinsurance expenses	(15,411)	(442,369)	(457,780)
Insurance service result	16,128	171,589	187,717
Interest revenue calculated using the effective interest method	26,580	263,733	290,313
Other investment income	646	5,817	6,463
Impairment on financial assets	(45)	(5,779)	(5,824)
Net investment income	27,181	263,771	290,952
Net finance expenses from insurance contracts	(2,278)	(23,836)	(26,114)
Net finance income from reinsurance contracts	547	7,591	8,138
Net insurance finance expenses	(1,731)	(16,245)	(17,976)
Net insurance and investment result	41,578	419,115	460,693
Other income expenses	(1,150)	(14,566)	(15,716)
Foreign exchange losses	(287)	(2,088)	(2,375)
Profit before tax	40,141	402,461	442,602
Income tax expense	(12,784)	(115,053)	(127,837)
Profit after tax	27,357	287,408	314,765

2024

	Individual Life Kshs '000	Group Life Kshs '000	Total 2024 Kshs '000'
Insurance revenue	115,416	1,345,764	1,461,180
Insurance service expenses	(93,199)	(1,040,126)	(1,133,325)
Reinsurance recoveries	8,179	168,611	176,790
Reinsurance expenses	(19,961)	(355,897)	(375,858)
Insurance service result	10,435	118,352	128,787
Interest revenue calculated using the effective interest method	26,477	257,087	283,564
Other investment income	479	4,587	5,066
Impairment on financial assets	(151)	(1,619)	(1,770)
Net investment income	26,805	260,055	286,860
Net finance expenses from insurance contracts	(2,506)	(24,000)	(26,506)
Net finance income from reinsurance contracts	654	6,266	6,920
Net insurance finance expenses	(1,852)	(17,734)	(19,586)
Net insurance and investment result	35,388	360,673	396,061
Other income expenses	(1,106)	(14,492)	(15,598)
Foreign exchange gains	(3,726)	(37,365)	(41,091)
Profit before tax	30,556	308,816	339,372
Income tax expense	(9,483)	(90,821)	(100,304)
Profit after tax	21,073	217,995	239,068

LIFE CLASSWISE REVENUE ACCOUNT

COMPANY

2025

	Individual Life Kshs '000	Group Life Kshs '000	Total 2025 Kshs '000'
Insurance revenue	136,106	1,198,780	1,334,886
Insurance service expenses	(110,695)	(974,967)	(1,085,662)
Reinsurance recoveries	6,128	53,976	60,104
Reinsurance expenses	(15,411)	(135,735)	(151,146)
Insurance service result	16,128	142,054	158,182
Interest revenue calculated using the effective interest method	26,580	239,222	265,802
Other investment income	646	5,817	6,463
Impairment on financial assets	(45)	(4,452)	(4,497)
Net investment income	27,181	240,587	267,768
Net finance expenses from insurance contracts	(2,278)	(20,065)	(22,343)
Net finance income from reinsurance contracts	547	4,815	5,362
Net insurance finance expenses	(1,731)	(15,250)	(16,981)
Net insurance and investment result	41,578	367,391	408,969
Other income expenses	(1,150)	(10,352)	(11,502)
Foreign exchange losses	(287)	(2,580)	(2,867)
Profit before tax	40,141	354,459	394,600
Income tax expense	(12,355)	(111,196)	(123,551)
Profit after tax	27,786	243,263	271,049

2024

	Individual Life Kshs '000	Group Life Kshs '000	Total 2024 Kshs '000'
Insurance revenue	115,416	1,105,358	1,220,774
Insurance service expenses	(93,199)	(892,579)	(985,778)
Reinsurance recoveries	8,179	78,337	86,516
Reinsurance expenses	(19,961)	(191,167)	(211,128)
Insurance service result	10,435	99,949	110,384
Interest revenue calculated using the effective interest method	26,477	253,571	280,048
Other investment income	479	4,587	5,066
Impairment on financial assets	(151)	(1,444)	(1,595)
Net investment income	26,805	256,714	283,519
Net finance expenses from insurance contracts	(2,506)	(24,000)	(26,506)
Net finance income from reinsurance contracts	654	6,266	6,920
Net insurance finance expenses	(1,852)	(17,734)	(19,586)
Net insurance and investment result	35,388	338,929	374,317
Other income expenses	(1,106)	(10,592)	(11,698)
Foreign exchange gains	(3,726)	(35,685)	(39,411)
Profit before tax	30,556	292,652	323,208
Income tax expense	(9,483)	(90,821)	(100,304)
Profit after tax	21,073	201,831	222,904





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